

11 August 2025

Subject: Management Discussion and Analysis for the period ended 30 June 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 30 June 2025 of the Company and the subsidiaries as follow:

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

In the second quarter of 2025, the Thai economy continued to show signs of deceleration, pressured by both domestic and external factors. These include persistently high living costs, elevated household debt, and increasing geopolitical uncertainties. Meanwhile, the tourism sector, which was a key growth driver, has also softened, with a decline in the number of international tourist arrivals. Additionally, the earthquake that occurred in late March, while not causing significant structural damage, adversely affected business sentiment and economic activity in certain areas. Investment and consumption were further impacted by uncertainties surrounding USA tax policy, which has had psychological effects on both the manufacturing and retail sectors.

The overall furniture retail industry continued to slow during the quarter. Demand for home furniture was affected by the continued weakness in the real estate sector. Consumer behavior has focused on value-for-money purchases, while the industry faced intense competition from low-cost imported goods available through e-commerce platforms. To remain competitive in this challenging market, furniture retailers must adapt by developing products that offer strong value propositions, expanding distribution channels, and improving cost management efficiency.

Despite facing several economic challenges, the Company promptly implemented well-rounded strategic adjustments. This included developing products that align with market demands and maintaining effective cost control, allowing the Company to sustain its profitability. In Q2/2025, the Company reported a net profit of Baht 175.7 million, up 2.6% from the same period last year. For the first half of 2025, the Company delivered a net profit of Baht 391.1 million, +3.0% increase year-on-year. The performance details are as follows:

Summary of Operating Results

	Q2/2025	Q1/2025	Q2/2024	% Change		6M/2025	6M/2024	% Change
(Unit: THB million)				QoQ	YoY			YoY
Revenue from sale of goods	2,089.2	2,288.6	2,134.1	-8.7%	-2.1%	4,377.9	4,399.0	-0.5%
Revenue from rental and rendering of services	199.6	191.1	189.9	4.4%	5.1%	390.7	374.3	4.4%
Operating revenue	2,288.8	2,479.7	2,324.0	-7.7%	-1.5%	4,768.6	4,773.3	-0.1%
Cost of sale of goods	1,096.2	1,229.7	1,163.9	-10.9%	-5.8%	2,325.9	2,386.0	-2.5%
Cost of rental and rendering of services	96.1	91.2	88.5	5.4%	8.7%	187.3	178.5	4.9%
Cost of sales and services	1,192.3	1,320.9	1,252.4	-9.7%	-4.8%	2,513.2	2,564.5	-2.0%
Gross profit	1,096.5	1,158.9	1,071.7	-5.4%	2.3%	2,255.4	2,208.8	2.1%
Other income	28.6	42.1	29.0	-32.1%	-1.6%	70.7	52.7	34.2%
Selling and Administrative expenses	853.5	894.9	838.4	-4.6%	1.8%	1,748.4	1,689.7	3.5%
Finance costs	53.3	53.1	52.2	0.2%	2.0%	106.4	104.1	2.1%
Profit before income tax expenses	218.3	253.0	210.1	-13.7%	3.9%	471.3	467.6	0.8%
Tax expenses	42.6	38.3	39.6	11.2%	7.5%	80.9	89.3	-9.4%
Profit for the period	175.7	214.6	170.4	-18.1%	3.1%	390.4	378.3	3.2%
Profit for the Company	175.7	215.4	171.2	-18.4%	2.6%	391.1	379.8	3.0%

Revenue from sale of goods

	Q2/2025	Q1/2025	Q2/2024	% Change		6M/2025	6M/2024	% Change
(Unit: THB million)				QoQ	YoY			YoY
Domestic sales								
1.1 Retail stores	1,596.4	1,747.4	1,661.3	-8.6%	-3.9%	3,343.9	3,450.4	-3.1%
1.2 Projects	103.0	120.9	130.5	-14.8%	-21.1%	223.8	247.6	-9.6%
1.3 Dealers	15.7	19.4	18.0	-19.3%	-12.6%	35.1	36.4	-3.4%
1.4 Online	317.1	329.0	305.3	-3.6%	3.9%	646.1	617.2	4.7%
Total revenue from domestic sales	2,032.2	2,216.7	2,115.1	-8.3%	-3.9%	4,248.9	4,351.6	-2.4%
Overseas sales	57.0	71.9	19.0	-20.7%	200.6%	129.0	47.4	172.1%
Total revenue from sale of goods	2,089.2	2,288.6	2,134.1	-8.7%	-2.1%	4,377.9	4,399.0	-0.5%
Cost of sales of goods	1,096.2	1,229.7	1,163.9	-10.9%	-5.8%	2,325.9	2,386.0	-2.5%
Gross profit from sale of goods	993.0	1,058.9	970.2	-6.2%	2.4%	2,052.0	2,013.0	1.9%
Gross profit margin from sale	47.5%	46.3%	45.5%			46.9%	45.8%	

Revenue from sale of goods

In Q2/2025, the Company reported revenue from sales of Baht 2,089.2 million.

- **YoY:** Revenue from sales decreased by Baht 44.9 million, or -2.1%, primarily due to a slowdown in consumer purchasing power in line with the overall economic conditions. This resulted in lower retail store sales and a decline in project-based orders, which were delayed in the real estate sector due to concerns from the earthquake that occurred in late March. Nevertheless, online sales and OEM

orders from overseas markets continued to grow steadily, while sales through distributors remained comparable to the same period of the previous year.

- **QoQ:** Revenue from sales of goods decreased by Baht 199.4 million or -8.7%, with declines across all distribution channels. The decrease was primarily attributed to the overall economic slowdown and seasonal factors. Since, the first quarter benefited from temporary economic stimuli, including government tax incentive programs (such as “Shop Dee Mee Kuen”), promotional campaigns, and targeted sales-driving activities.

For 6M/2025, The Company reported sales revenue of Baht 4,377.9 million, a slight decrease of Baht 21.1 million or -0.5% compared to the same six-month period in 2024. The decline was mainly attributable to the economic slowdown, which affected retail store sales and led to a slowdown in project deliveries. Nevertheless, continued growth in online sales and overseas OEM orders played as key drivers that helped mitigate the overall impact on total sales.

Gross profit and gross profit margin from sales

In 2Q/2025, the Company reported a gross profit from sales of Baht 993.0 million.

- **YoY:** Gross profit from sales increased by Baht 22.8 million or +2.4%, despite a decrease in sales revenue. This improvement was partly due to a lower proportion of project-based sales, which typically have a lower gross margin, as well as effective discount management. As a result, the gross profit margin improved accordingly.
- **QoQ:** Gross profit from sales decreased by Baht 65.9 million or -6.2%, in line with the decline in sales revenue. Meanwhile, the gross profit margin improved, partly due to a lower proportion of project-based sales and overseas manufacturing orders compared to the previous quarter, both of which typically have lower gross margins.

For 6M/2025, the Company reported gross profit from sales of Baht 2,052.0 million, an increase of Baht 39.0 million or +1.9% compared to the same six-month period in 2024, despite a decrease in sales revenue. This improvement was partly due to a lower proportion of project-based sales, as well as effective discount management which contributed to an increase in the gross profit margin.

Revenue from rental and rendering of services.

(Unit: THB million)	Q2/2025	Q1/2025	Q2/2024	% Change		6M/2025	6M/2024	% Change
				QoQ	YoY			
Revenue from rental and services	199.6	191.1	189.9	4.4%	5.1%	390.7	374.3	4.4%
Cost of rental and services	96.1	91.2	88.5	5.4%	8.7%	187.3	178.5	4.9%
Gross Profit from rental and services	103.4	99.9	101.5	3.5%	1.9%	203.4	195.8	3.9%
Gross Profit Margin from rental and services	51.9%	52.3%	53.4%			52.1%	52.3%	

Revenue from rental and rendering of services

In Q2/2025, the Company reported revenue from rental and rendering of services of Baht 199.6 million.

- **YoY:** Revenue from rental and rendering of services increased by Baht 9.7 million or +5.1%, revenue from rentals and services continued to grow steadily, partly driven by the expansion of rental space at the Chiang Mai branch after renovation, as well as the addition of new rental space at Little Walk, Rattanathibet branch.
- **QoQ:** Revenue from rental and rendering of services increased by Baht 8.5 million or +4.4%, this was driven by a gradual increase in tenants at the Chiang Mai and Rattanathibet branches, as well as higher revenue from warehouse rentals.

For 6M/2025, the Company reported revenue from rental and rendering of services of Baht 390.7 million, an increase of Baht 16.4 million, or +4.4%, compared to the same six-month period in 2024. This growth was partly driven by the expansion of rental space at the Chiang Mai branch following renovations, as well as the addition of new rental space at Little Walk, Rattanathibet branch.

Gross profit and gross profit margin from rental and services

In Q2/2025, the Company reported gross profit from rental and services of Baht 103.5 million.

- **YoY:** Gross profit from rental and services increased by Baht 2.1 million or +2.1%, in line with the growth in rental revenue. However, the gross profit margin from rental and services declined slightly, partly due to a lower occupancy rate compared to the previous year.
- **QoQ:** Gross profit from rental and services increased by Baht 3.6 million or +3.6%, in line with higher rental revenue. However, the gross profit margin from rental and services declined slightly due to a marginal decrease in average tenant occupancy compared to the previous quarter.

For 6M/2025, the Company reported gross profit from rental and services of Baht 203.4 million, an increase of Baht 7.6 million, or +3.9%, compared to the same six-month period in 2024. This increase was driven by higher revenue from the opening of new branches, while the gross profit margin from rental and services declined slightly.

Selling and Distribution Expenses and Administrative Expenses

	Q2/2025	Q1/2025	Q2/2024	% Change		6M/2025	6M/2024	% Change
				QoQ	YoY			
(Unit: THB million)								
Selling and Administrative Expenses	853.5	894.9	838.4	-4.6%	1.8%	1,748.4	1,689.7	3.5%
Percentage to Operating Revenue	37.3%	36.1%	36.1%			36.7%	35.4%	

Selling and Administrative Expenses

In Q2/2025, the Company reported selling and administrative expenses of Baht 853.5 million

- **YoY:** Selling and administrative expenses increased by Baht 15.1 million or +1.8%, partly due to the expansion of the ILM branches, the higher promotional expenses and increased platform fees for online sales channels which were in line with online sales growth and expenses related to information technology system development. As a result, the ratio of selling and administrative expenses to operating revenue increased.

- **QoQ:** Selling and administrative expenses decreased by Baht 41.4 million or -4.6%, partly due to the lower promotional expenses and decreased online platform fees including lower delivery costs following a decline in sales. However, the ratio of selling and administrative expenses to operating revenue increased.

For 6M/2025, the Company reported Selling and administrative expenses Baht 1,748.4 million, an increase of Baht 58.7 million or +3.5% YoY. This was partly attributable to the expansion in the number of ILM branches, higher online platform fees in line with increased online sales, and expenses related to the development of information technology systems. These factors contributed to a higher ratio of selling and administrative expenses to operating revenue.

Finance Costs and Tax Expenses

	Q2/2025	Q1/2025	Q2/2024	% Change		6M/2025	6M/2024	% Change
(Unit: THB million)				QoQ	YoY			
Finance Costs	53.3	53.1	52.2	0.4%	2.1%	106.4	104.1	2.2%
Tax Expenses	42.6	38.3	39.6	11.2%	7.6%	80.9	89.3	-9.4%

Finance Costs

In Q2/2025, the Company reported finance costs of Baht 53.3 million.

- **YoY:** Finance costs increased Baht 1.1 million or +2.1%, consisting of the financial costs from lease liabilities increased by Baht 2.1 million and financial costs from loans decreased by Baht 1.0 million due to the lower of net short-term loans.
- **QoQ:** Finance costs slightly increased Baht 0.2 million or +0.4%, consisting of the financial costs from lease liabilities slightly increased, while financial costs from loans remained relatively stable.

For 6M/2025, the Company reported finance costs of Baht 106.4 million, an increase of Baht 2.3 million or +2.2% YoY. Finance costs from loans decreased by Baht 1.8 million due to the lower average of short-term loans outstanding. Finance cost from lease liabilities increased by Baht 4.1 million YoY.

Tax Expenses

In Q2/2025 the Company reported tax expenses of Baht 42.6 million

- **YoY:** Tax expenses increased Baht 3.0 million or +7.6% because of the higher operating profit.
- **QoQ:** Tax expenses increased Baht 4.3 million or +11.2%, despite a decrease in profit before income tax. This was because, in the previous quarter, the Company received a tax incentive from the Board of Investment (BOI) related to the use of renewable energy (solar power) amounting to Baht 7.9 million, whereas no such incentive was recognized in the current quarter.

For 6M/2025, the Company reported tax expenses of Baht 80.9 million, a decrease of Baht 8.4 million or -9.4% YoY. This decline occurred despite an increase in profit before income tax, primarily because the Company received a tax incentive of Baht 7.9 million from the Board of Investment (BOI) during the current period, while no tax incentive was recognized in the same period of the previous year.

Profit for the Company and Net Profit Margin

(Unit: THB million)	Q2/2025	Q1/2025	Q2/2024	% Change		6M/2025	6M/2024	% Change
				QoQ	YoY			
Profit for the Company	175.7	215.4	171.2	-18.4%	2.6%	391.1	379.8	3.0%
Net Profit Margin	7.6%	8.5%	7.3%			8.1%	7.9%	

In Q2/2025, the Company reported the profit attributable to the equity holders of Baht 175.7 million

- **YoY:** Although operating revenue was affected by the economic slowdown, the Company's strategic adjustments and effective cost control and also better gross profit margin led to an increase in profit attributable to owners of the parent by Baht 4.5 million, or +2.6%. The net profit margin also improved during the period.
- **QoQ:** Both profit attributable to owners of the parent and net profit margin declined, mainly due to lower operating revenue and the absence of the tax incentive that had been recognized in the previous quarter.

For 6M/2025, The Company reported a profit attributable to owners of the parent of Baht 391.1 million, an increase of Baht 11.3 million or +3.0% compared to the same period of last year. This growth was driven by effective management and the recognition of tax incentive, which also contributed to an improvement in the net profit margin.

Statement of Financial Position

	30 Jun 2025	Proportion	31 Dec 2024	Proportion	Change	% Change
(Unit: THB million)						
Cash and cash equivalents	126.3	1.0%	210.6	1.7%	-84.3	-40.0%
Trade accounts receivable	233.1	1.8%	258.7	2.1%	-25.5	-9.9%
Other current receivables	399.1	3.1%	390.8	3.1%	8.3	2.1%
Inventories	1,878.2	14.7%	1,694.1	13.5%	184.1	10.9%
Other current assets	13.3	0.1%	15.6	0.1%	-2.3	-14.8%
Total current assets	2,650.0	20.7%	2,569.7	20.6%	80.3	3.1%
Other non-current financial assets	23.2	0.2%	22.1	0.2%	1.2	5.3%
Investment properties	2,192.0	17.1%	1,876.6	14.9%	315.5	16.8%
Property, plant and equipment	4,871.4	38.0%	4,943.5	39.3%	-72.1	-1.5%
Right-of-use assets	2,701.0	21.1%	2,827.9	22.5%	-126.9	-4.5%
Intangible assets	57.2	0.4%	50.2	0.4%	7.0	14.0%
Deferred tax assets	219.8	1.7%	201.3	1.6%	18.6	9.2%
Other non-current assets	88.6	0.7%	93.7	0.7%	-5.0	-5.4%
Total non-current assets	10,153.4	79.3%	10,015.2	79.6%	138.2	1.4%
Total assets	12,803.4	100.0%	12,584.9	100.0%	218.5	1.7%
Short-term borrowings from financial institutions	497.0	3.9%	632.0	5.0%	-135.0	-21.4%
Trade accounts payables	736.6	5.8%	602.9	4.8%	133.7	22.2%
Deposit for purchase of inventory	411.7	3.2%	381.7	3.0%	30.0	7.9%
Accrued expenses	231.6	1.8%	297.9	2.4%	-66.2	-22.2%
Other current payables	397.3	3.1%	375.0	3.0%	22.2	5.9%
Current portion of lease liabilities	61.4	0.5%	58.0	0.5%	3.4	5.9%
ST loans from and interest payable from related parties	280.0	2.2%	125.0	1.0%	155.0	123.9%
Corporate income tax payable	85.4	0.7%	67.9	0.5%	17.5	25.8%
Other current liabilities	67.4	0.5%	75.1	0.6%	-7.8	-10.4%
Total current liabilities	2,768.4	21.6%	2,615.6	20.8%	152.8	5.8%
Lease liabilities	3,080.3	24.1%	3,048.3	24.2%	32.0	1.0%
Non-current provisions for employee benefits	358.1	2.8%	342.6	2.7%	15.4	4.5%
Other non-current liabilities	417.0	3.3%	400.0	3.2%	16.9	4.2%
Total non-current liabilities	3,855.3	30.1%	3,791.0	30.1%	64.3	1.7%
Total liabilities	6,623.7	51.7%	6,406.6	50.9%	217.1	3.4%
Issued and paid-up share capital	2,525.0	19.7%	2,525.0	20.1%	-	0.0%
Share premium on ordinary shares	1,741.1	13.6%	1,741.1	13.8%	-	0.0%
Retained earnings	1,913.5	14.9%	1,901.2	15.1%	12.3	0.6%
Equity attributable to owners of the parent	6,179.7	48.3%	6,167.3	49.0%	12.3	0.2%
Non-controlling interests	0.0	0.0%	11.0	0.1%	-11.0	-99.9%
Total equity	6,179.7	48.3%	6,178.3	49.1%	1.4	0.0%
Total liabilities and equity	12,803.4	100.0%	12,584.9	100.0%	218.5	1.7%

Assets

As of June 30, 2025, the Company reported total assets of Baht 12,803.4 million, an increase of Baht 218.5 million or +1.7% from Baht 12,584.9 million at the end of 2024. Key changes included 1) the Inventories increased by Baht 184.1 million, primarily due to the addition of new product series being prepared for sale and certain items designated for delivery to project customers. 2) Investment properties rose by Baht 315.5 million as a result of new projects under construction and (2) the transfer of leased areas from "Little Walk Rattanathibet" and "Décor Scape Thonglor" projects from buildings and equipment, and right-of-use assets. Meanwhile Cash and cash equivalents decreased by Baht 84.3 million compared to the end of 2024, partly due to the repayment of short-term loans from financial institutions. Trade receivables decreased by Baht 25.5 million following collections from domestic project customers.

Liabilities

As of June 30, 2025, the Company reported total liabilities of Baht 6,623.7 million, an increase of Baht 217.1 million or +3.4% from Baht 6,406.6 million at the end of 2024. The key movement included an increase of Baht 133.7 million in Trade payable which was mainly due to the purchase of raw materials in preparation for product manufacturing and the increase in short-term loans from related parties by Baht 155.0 million, used to support working capital, offset by a decrease in short-term loans from financial institutions by Baht 135.0 million, from loan repayments.

Equity

At the end of 30 June 2025, the Company reported total equity of Baht 6,179.7 million, a slight increase from the end of 2024, resulting from the Company's profits for the first six-month period, netting off with the Dividend payments.

Future Business Outlook

In the second half of 2025, the domestic furniture retail business is expected to face multiple challenges, despite entering the traditional high season and receiving support from promotional campaigns initiated by many retailers. However, challenges carried over from the first half of the year remain have impacts, these include lower consumer purchasing power, high household debt and inflation costs, competitive pressure from imported products via e-commerce platforms, as well as external risk factors such as the tightening of USA tax policies, which may affect global trade, and ongoing tensions along the Thailand–Cambodia border, which could undermine regional confidence. Then, these factors are likely to place additional pressure on the overall domestic market.

Therefore, domestic players need to adapt swiftly by prioritizing the development of products that offer comprehensive functionality at reasonable price points, strengthening the efficiency of online channels, utilizing a variety of media for marketing in conjunction with flexible promotional strategies, and optimizing cost management to sustain long-term competitiveness.

The Company is fully aware of these trends and has proactively taken steps to enhance product quality and value for money and has focused on sourcing and selecting products that align with consumer preferences, while integrating technology to optimize both production cost and operational efficiency, to achieve sustainable productivity improvements.

Key Business Developments

The Company remains committed to its ongoing business expansion. In the third quarter of this year, the Company plans to launch a new Index Living Mall branch in Chiang Rai to serve both local customers and tourists. Additionally, construction is in progress for the Little Walk community malls, on Ramkhamhaeng Road. Moreover, the Company plans to open at least five branches of *Flying Tiger Copenhagen*, a well-known Danish lifestyle retail brand, within this year at Emsphere, Fashion Island, The Mall Bangkapi, Seacon Square Srinakarin, and Index Pattaya.

Furthermore, the Company has invested in enhancing technological capabilities through the implementation of RISE with SAP S/4 HANA Cloud for Retail. This system is being developed to support improvements across all operational areas, enabling better internal management, cost optimization, and more efficient support for the growth of online and omni-channel sales.

Key Sustainability Developments

The Company continues to drive its sustainability efforts with a strong focus on creating positive impacts across environmental, social, and governance (ESG) dimensions. This commitment is reflected through a range of projects and initiatives. For example, to enhance energy efficiency, the Company has promoted responsible and sustainable energy consumption, all branch stores have changed to LED lighting systems, significantly reducing electricity usage. Additionally, the cooling tower system at the Chonburi branch has been upgraded to a more suitably sized and energy-efficient model, resulting in lower energy consumption and long-term maintenance cost savings. In terms of waste reduction and circular economy practices, the Company has continued its collaboration with customers and Wat Chak Daeng Temple by converting used plastic into fiber to produce monk robes and funeral cloths.

These initiative activities reflect the Company's commitment to operating responsibly & sustainably and reinforce its ongoing journey toward the vision of "Sustainable Living for Future Lifestyle".