

28 February 2024

Subject: Management Discussion and Analysis yearly ended 31 December 2023

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 yearly ended 31 December 2023 of the Company and the subsidiaries as follow:

### Summary of Operating Results

	Q4/2023	Q3/2023	Q4/2022	% Change		2023	2022	% Change
				QoQ	YoY			
(Unit: THB million)								
Revenue from sale of goods	2,360.3	2,221.8	2,274.3	6.2%	3.8%	8,617.3	8,250.9	4.4%
Revenue from rental and rendering of services	180.6	173.9	161.1	3.9%	12.1%	691.8	638.0	8.4%
<b>Operating revenue</b>	<b>2,540.9</b>	<b>2,395.6</b>	<b>2,435.4</b>	<b>6.1%</b>	<b>4.3%</b>	<b>9,309.1</b>	<b>8,888.9</b>	<b>4.7%</b>
Cost of sale of goods	1,323.1	1,220.0	1,295.5	8.5%	2.1%	4,682.7	4,565.8	2.6%
Cost of rental and rendering of services	87.0	89.5	81.6	-2.7%	6.6%	343.0	311.7	10.1%
<b>Cost of sales and services</b>	<b>1,410.2</b>	<b>1,309.5</b>	<b>1,377.2</b>	<b>7.7%</b>	<b>2.4%</b>	<b>5,025.7</b>	<b>4,877.5</b>	<b>3.0%</b>
<b>Gross profit</b>	<b>1,130.7</b>	<b>1,086.2</b>	<b>1,058.2</b>	<b>4.1%</b>	<b>6.8%</b>	<b>4,283.4</b>	<b>4,011.4</b>	<b>6.8%</b>
Other income	29.1	22.1	34.8	31.6%	-16.2%	107.1	120.1	-10.9%
Selling and distribution expenses	560.9	550.8	539.7	1.8%	3.9%	2,178.9	2,097.3	3.9%
Administrative expenses	311.2	276.1	282.8	12.7%	10.0%	1,133.1	1,038.8	9.1%
Finance costs	55.2	55.1	54.7	0.3%	1.0%	215.9	214.3	0.7%
<b>Profit before income tax expenses</b>	<b>232.8</b>	<b>226.4</b>	<b>215.8</b>	<b>2.8%</b>	<b>7.9%</b>	<b>862.4</b>	<b>781.0</b>	<b>10.4%</b>
Tax expenses	37.6	37.0	32.3	1.7%	16.4%	139.8	122.0	14.6%
<b>Profit for the Company</b>	<b>196.6</b>	<b>191.5</b>	<b>183.5</b>	<b>2.7%</b>	<b>7.1%</b>	<b>726.0</b>	<b>659.1</b>	<b>10.2%</b>

### Revenue from sale of goods

	Q4/2023	Q3/2023	Q4/2022	% Change		2023	2022	% Change
				QoQ	YoY			
(Unit: THB million)								
<b>Domestic sales</b>								
1.1 Retail stores	1,799.7	1,681.5	1,645.6	7.0%	9.4%	6,827.1	6,229.5	9.6%
1.2 Projects	207.4	194.7	320.6	6.5%	-35.3%	517.8	773.1	-33.0%
1.3 Dealers	20.7	17.2	24.6	20.2%	-16.1%	83.1	92.7	-10.4%
1.4 Online	306.7	286.4	219.7	7.1%	39.6%	1,055.8	902.8	16.9%
<b>Total revenue from domestic sales</b>	<b>2,334.4</b>	<b>2,179.8</b>	<b>2,210.5</b>	<b>7.1%</b>	<b>5.6%</b>	<b>8,483.8</b>	<b>7,998.1</b>	<b>6.1%</b>
<b>Overseas sales</b>	<b>25.9</b>	<b>42.0</b>	<b>63.8</b>	<b>-38.4%</b>	<b>-59.4%</b>	<b>133.5</b>	<b>252.8</b>	<b>-47.2%</b>
<b>Total revenue from sale of goods</b>	<b>2,360.3</b>	<b>2,221.8</b>	<b>2,274.3</b>	<b>6.2%</b>	<b>3.8%</b>	<b>8,617.3</b>	<b>8,250.9</b>	<b>4.4%</b>
Cost of sales of goods	1,323.1	1,220.0	1,295.5	8.5%	2.1%	4,682.7	4,565.8	2.6%
Gross profit from sale of goods	1,037.2	1,001.8	978.7	3.5%	6.0%	3,934.6	3,685.1	6.8%
Gross profit margin from sale	43.9%	45.1%	43.0%			45.7%	44.7%	

In **Q4/2023**, the Company reported revenue from sale of goods of Baht 2,360.3 million, record-breaking on quarterly revenue.

- **YoY:** Revenue from sale of goods increased by Baht 86.2 million or +3.8%, resulted from high growth in retail store and online channels. High-growth 9.4% in retail stores coming from strong strategies on increasing the product variety in stores attract variety-seeking customers, renovation the core stores (Phuket and Pattaya) plus the sharp rise from the stores in tourist provinces. Online channel could keep good momentum with 39.6% growth successfully from the existing platforms and new channel, TikTok. Successful growth on both channels enhance the total sales of goods to break the record even though other channels (project and oversea sales) dropped.
- **QoQ:** Revenue from sales of goods increased by Baht 138.7 million or +6.2%, still pursue the success from the previous quarters, mainly from the domestic sales both retail and online channels, growth 7.0% and 7.1% respectively, as higher consumer spending during the festive season in the final quarter. In addition, in the final quarter, sales from projects and wholesales also increased but oversea still dropped.

**For FY2023**, considered to be another success year for the Company breaking the record on sales (excluded the home electrical appliances, already discontinued in 2021). With total sales of Baht 8,617.3 million, an increase of Baht 366.4 million or +4.4% YoY resulted from the strong strategy on increasing the product variety in stores attract variety-seeking customers, renovation the core stores, space optimization. Even though the number of stores decreased from closing the Rattana Thibet branch in January 2023, but growth from other stores is strong with growth of 9.6% especially in the tourist provinces. Online channel could keep good momentum with 39.6% growth successfully from the existing platforms and new channel, TikTok. Successful growth on both channels enhances the total sales of goods to break the record even though other channels (project and oversea sales) dropped.

#### **Cost of sales of goods**

In **Q4/2023**, the Company reported cost of sales of Baht 1,323.1 million.

- **YoY:** Cost of sales of goods increased by Baht 27.9 million or +2.1%, increased in the same momentum with sales growth. However, the growth rate on the cost of sales was lower than the sales growth rate.
- **QoQ:** Cost of sales of goods increased by Baht 103.1 million or +8.5%, increased in the same direction as sales growth.

**For FY2023**, the Company reported cost of sales of Baht 4,682.7 million, an increase of Baht 117.0 million or +2.6% YoY, which was in the same direction as sales revenue increases. From the efficient cost management, the growth rate of cost was lower than the sales growth.

### Gross profit and gross profit margin from sales

In **4Q/2023**, the Company reported gross profit from sales of Baht 1,037.2 million.

- **YoY:** Gross profit from sales increased by Baht 58.4 million or +6.0%, resulted from the sales increase mainly from the retail store channel which is the high-margin channel. Increase in such high-margin channel together with the efficient cost control help enhance the gross profit margin.
- **QoQ:** Gross profit from sales increased by Baht 35.4 million or +3.5%, which was in the same direction as sales growth. However, gross profit margin seemed to be decreased as higher sales volume from the project channel in the final quarter which has the lower margin.

**For FY2023**, the Company reported gross profit from sales of Baht 3,934.6 million, an increase of Baht 249.5 million or +6.8% YoY, in line with the sales growth mainly from the retail store channel which is the high-margin channel. Increase in such high-margin channel together with the efficient cost control help enhance the gross profit margin.

### Revenue from rental and rendering of services.

	Q4/2023	Q3/2023	Q4/2022	% Change		2023	2022	% Change
				QoQ	YoY			
(Unit: THB million)								
Revenue from rental and services	180.6	173.9	161.1	3.9%	12.1%	691.8	638.0	8.4%
Cost of rental and services	87.0	89.5	81.6	-2.7%	6.6%	343.0	311.7	10.1%
Gross Profit from rental and services	93.5	84.4	79.5	10.8%	17.6%	348.7	326.3	6.9%
Gross Profit Margin from rental and services	51.8%	48.5%	49.3%			50.4%	51.1%	

In **Q4/2023**, the Company reported revenue from rental and rendering of services of Baht 180.6 million.

This segment also breaks the record same as sales of goods.

- **YoY:** Revenue from rental and rendering of services increased by Baht 19.5 million or +12.1%, revenue from rentals and services continues to have strong growth aligned with the Company's strategy aiming to increase the proportion of income from rentals and services. In October 2023, a new location had been opened, Little Walk Krungthep Kreetha with great feedback of 100% tenants, leading the overall average occupancy rate increased from the same period last year.
- **QoQ:** Revenue from rental and rendering of services increased by Baht 6.7 million or +3.9%, mainly from the new location opened Little Walk Krungthep Kreetha.

**For FY2023**, the Company reported revenue from rental and rendering of services of Baht 691.8 million, an increase of Baht 53.8 million or +8.4% YoY, as a result of the new location opened, Little Walk Krungthep Kreetha, and average occupancy rate of 3 existing locations improved.

### Cost of rental and services

In Q4/2023, the Company reported cost of rental and services of Baht 87.0 million.

- **YoY:** Cost of rental and services increased by Baht 5.4 million or +6.6%, from the new location opened.
- **QoQ:** Cost of rental and services decreased by Baht 2.5 million or -2.8%, because of the Ft reduction in electricity prices since September 2023.

For FY2023, the Company reported cost of rental and services of Baht 343.0 million, an increase of Baht 31.3 million or +10.1% YoY, which was in the same direction as rental and services revenue increases. Major increase is from the electricity cost resulted from the higher number of tenants, Ft price was increased during the year and new location opened.

### Gross profit and gross profit margin from rental and services

In 4Q/2023, the Company reported gross profit from rental and services of Baht 93.5 million.

- **YoY:** Gross profit from rental and services increased by Baht 14.1 million or +17.7%, resulted from the new location opened at Krungthep Kreetha and average occupancy rate increased and on the other hand lower Ft cost in the final quarter compared with same period of 2022 which leads to higher gross profit margin.
- **QoQ:** Gross profit from rental and services increased by Baht 9.2 million or +10.9%, due to higher income from the opening of a new Little Walk branch and lower electricity costs from the Ft reduction. Then, gross profit margin increased.

For FY2023, the Company reported gross profit from rental and services of Baht 348.7 million, an increase of Baht 22.4 million or +6.9% YoY, resulted from the new location opened, Little Walk Krungthep Kreetha, and average occupancy rate of 3 existing locations improved. However, the gross profit margin seemed to lower coming from the expensive electricity cost per unit in the first 8 months of 2023 making the 2023 average electricity price higher.

### Selling and Distribution Expenses and Selling and Administrative Expenses

	Q4/2023	Q3/2023	Q4/2022	% Change		2023	2022	% Change
				QoQ	YoY			
(Unit: THB million)								
Selling and Distribution Expenses	560.9	550.8	539.7	1.8%	3.9%	2,178.9	2,097.3	3.9%
Percentage to Operating Revenue	22.1%	23.0%	22.2%			23.4%	23.6%	
Administrative Expenses	311.2	276.1	282.8	12.7%	10.0%	1,133.1	1,038.8	9.1%
Percentage to Operating Revenue	12.2%	11.5%	11.6%			12.2%	11.7%	

### Selling and Distribution Expenses

In 4Q/2023, the Company reported selling and distribution expenses of Baht 560.9 million

- **YoY:** Selling and distribution expenses increased by Baht 21.2 million or +3.9%, the main spending was on promotion expenses to continuously support driving sales and installation expenses with higher sales. While the selling and distribution expenses to operating revenue ratio decreased slightly.

- **QoQ:** Selling and distribution expenses increased by Baht 10.1 million or +1.8%, more spendings on promotion expenses and installation expenses, however, the growth rate on spendings remained lower than the revenue growth rate. As a result, the selling and distribution expenses to operating revenue ratio also decreased.

**For FY2023**, the company reported selling and distribution expenses Baht 2,178.9 million, an increase of Baht 81.6 million or +3.9% YoY, mainly from the promotion expenses and electricity costs from the higher Ft price compared to the same period last year. However, the selling and distribution expenses to operating revenue ratio decreased, reflecting the efficient cost control.

### Administrative Expenses

In **Q4/2023**, the Company reported administrative expenses of Baht 311.2 million.

- **YoY:** Administrative expenses increased by Baht 28.3 million or +10.0%, increasing the administrative expenses to operating revenue ratio. The increase resulted from the delivery expense from higher sales volume. However, if excluded the delivery expense, the administrative expense to operating revenue ratio seemed to be decreased resulted from the efficient control.
- **QoQ:** Administrative expenses increased by Baht 35.1 million or +12.7%, due to the higher delivery expense which in line with the sales growth.

**For FY2023**, the company reported administrative expenses of Baht 1,133.1 million, an increase of Baht 94.3 million or +9.1% YoY. The administrative expenses to operating revenue ratio was higher due to the higher delivery costs moved up in line with sales volume. Excluded the delivery expense, the administrative expenses to operating revenue ratio decreased, reflecting from the cost control.

### Finance Costs and Tax Expenses

	Q4/2023	Q3/2023	Q4/2022	% Change		2023	2022	% Change
(Unit: THB million)				QoQ	YoY			
Finance Costs	55.2	55.1	54.7	0.3%	1.0%	215.9	214.3	0.7%
Tax Expenses	37.6	37.0	32.3	1.7%	16.5%	139.8	122	14.6%

### Finance Costs

In **4Q/2023**, the Company reported finance costs of Baht 55.2 million.

- **YoY:** Finance costs increased Baht 0.5 million or +1.0%, consisted of the financial costs from lease liabilities increased by Baht 1.7 million and financial costs from loans decreased by Baht 1.2 million since all long-term loans have been fully paid.
- **QoQ:** Finance costs slightly increased Baht 0.1 million or +0.3%, resulted from the financial costs from lease liabilities, slightly increased by Baht 0.1 million while financial costs from loans remained as previous quarter.

**For FY2023**, the company reported finance costs of Baht 215.9 million, an increase of Baht 1.6 million compared to FY2022 or +0.7% YoY.

- Finance cost from loans was Baht 20.7 million, decreased by Baht 12.2 million or -37.1% YoY resulting from the prepayments of long-term loans.
- Finance cost from lease liabilities was Baht 195.3 million, increased by Baht 13.8 million or +7.6% YoY.

### Tax Expenses

**In Q4/2023** the Company reported tax expenses of Baht 37.6 million

- **YoY:** Tax expenses increased Baht 5.3 million or +16.5% because of the higher operating profit. The Company utilized tax incentives from the Office of the Board of Investment (BOI) for investment in new machinery of Baht 4.4 million, decreased from tax incentive of Baht 7.5 million utilized in Q4/2022.
- **QoQ:** Tax expenses increased Baht 0.6 million or +1.7% from the higher operating profit. The Company utilized tax incentives from the BOI of Baht 4.4 million, decreased from tax incentive of Baht 5.4 million utilized in Q3/2023.

**For FY2023**, the Company reported tax expenses of Baht 139.8 million, an increase of Baht 17.8 million or +14.6% YoY, increasing from the higher operating profit. The Company utilized tax incentives from the BOI of Baht 24.2 million, the same amount of tax incentive utilized in 2022.

Accumulative tax incentives utilized from 3-year period of 2021 to 2023 was Baht 66.8 million out of total Baht 71.1 million received from BOI.

### Profit for the Company and Net Profit Margin

	Q4/2023	Q3/2023	Q4/2022	% Change		2023	2022	% Change
(Unit: THB million)				QoQ	YoY			
Profit for the Company	196.6	191.5	183.5	2.7%	7.1%	726.0	659.1	10.2%
Net Profit Margin	7.6%	7.9%	7.4%			7.7%	7.3%	

**In Q4/2023**, the Company reported the profit attributable to the equity holders of Baht 196.6 million

- **YoY:** Profit attributable to the equity holders increased by Baht 13.1 million or +7.1% resulted from the strong growth in operating income coupled with better expense controlling, as a result, the net profit margin improved from the previous year.
- **QoQ:** Profit attributable to the equity holders increased by Baht 5.1 million or +2.7%, meanwhile, the net profit margin decreased, partly due to promotional expenses spending to boost sales in the final quarter.

**For FY2023**, the Company reported the profit attributable to the equity holders of Baht 726.0 million, an increase of Baht 66.9 million compared or +10.2% YoY, as results from the significantly increase in operating income combined with the effective cost management. This net profit margin for 2023 improved to 7.7% from 7.3% in previous year.

## Statement of Financial Position

	31 Dec 2023	Proportion	31 Dec 2022	Proportion	Change	% Change
<b>(Unit: THB million)</b>						
Other assets	566.59	5%	412.38	3%	154.21	37.4%
Other receivables	321.68	3%	285.46	2%	36.23	12.7%
Trade receivables	394.77	3%	236.19	2%	158.57	67.1%
Inventories	1,747.85	14%	1,586.35	13%	161.50	10.2%
Investment properties	1,900.09	15%	1,876.79	16%	23.30	1.2%
Right-of-use assets	2,919.25	24%	2,946.54	24%	-27.29	-0.9%
Property, plant and equipment	4,474.24	36%	4,687.84	39%	-213.60	-4.6%
<b>Total assets</b>	<b>12,324.47</b>	<b>100%</b>	<b>12,031.55</b>	<b>100%</b>	<b>292.92</b>	<b>2.4%</b>
Other liabilities	817.94	7%	806.00	7%	11.94	1.5%
Other payables	915.85	7%	899.19	7%	16.66	1.9%
Trade payables	750.50	6%	691.26	6%	59.24	8.6%
Current portion of long-term borrowings	-	0%	244.39	2%	-244.39	-100.0%
Short-term borrowings from financial institutions	400.00	3%	793.00	7%	-393.00	-49.6%
Short-term borrowings from related parties	470.13	4%	-	0%	470.13	N/A
Lease liabilities	2,991.52	24%	2,929.73	24%	61.80	2.1%
Total equity	5,978.53	49%	5,667.98	47%	310.55	5.5%
<b>Total liabilities and equity</b>	<b>12,324.47</b>	<b>100%</b>	<b>12,031.55</b>	<b>100%</b>	<b>292.92</b>	<b>2.4%</b>

### Assets

- At the end of 31 December 2023, the Company reported total assets of Baht 12,324.5 million, an increase of Baht 292.9 million or +2.4% from Baht 12,031.5 million at the end of 2022. The significant changes were from trade receivables and inventory. Trade Receivable increased by Baht 158.6 million, an increase of 67.1% from Baht 236.2 million at the end of 2022 driven from the high volume of sales project in the last quarter. Inventory increased by Baht 161.5 million, an increase of 10.2% from Baht 1,586.3 million at the end of 2022 preparing for New Year festival and “Easy E-receipt”, during January and February 2024 to stimulate the economy from the Government.

### Liabilities

- At the end of 31 December 2023, the Company reported total liabilities of Baht 6,345.9 million, a decrease of Baht 17.6 million or -0.3% from Baht 6,363.5 million at the end of 2022, mainly from the decrease of short-term loans and long-term loans from financial institutions due to the repayment of short-term loans and prepayment on long-term loans netted off with the increase of loans from related parties, trade payables and lease liabilities.

### Equity

- At the end of 31 December 2023, the Company reported total equity of Baht 5,978.5 million, an increase of Baht 310.5 million or +5.5% from Baht 5,668.0 million at the end of 2022, resulting from the Company's profits for the year 2023 netted off with dividend payments.

## Future Outlook

Thailand's economic growth in 2024 is projected to pick up mainly supported by a recovery in tourism. Government has introduced a visa waiver program for tourists from China, India and several more countries in Middle East to be a key driver in stimulating the economy. For domestic spending, the Government announced the campaign "Easy E-receipt" aims to stimulate the economy at the beginning of the year. The Company expects that such campaigns would still continuously support our business growth in 2024. In addition, the important factors affected the low economic growth shall be considered such as the global geopolitical conflicts in various regions, the fluctuation of the global financial market and China's economic situation that may affect exports and the recovery of Thailand's tourism sector.

In terms of the Company's 2024 business plan, the Company is never-ending aim to enhancing the operating profit. As we target on store expansion 2-3 projects per year and increase rental space at least 5,000 to 8,000 square meters, for this year, we plan the store expansion on 2 Index Living Mall and 1 Little Walk and the store renovation to refresh the store environment along with the maximize the spaces for sales and rental. On the product side, we aim to increase the product variety in stores to attract variety-seeking customers.



The Company consistently strive to improve and develop efficiently including expanding online platforms, collaborating with platform partners and marketplace, together with the right marketing campaigns for online channel to response to the customers' needs and to boost sales.

The Company has strong confidence in our business plan in strengthening the Company's business performance and sustainability.