

Indexlivingmall

Index Living Mall Public Company Limited (ILM)

Management Discussion & Analysis (MD&A)

For the year ended 31 December 2019



Key Highlights

Operating Highlights	Q4/18	Q3/19	Q4/19	Change +/-		2018	2019	Change +/-
(THB million)				% YoY	% QoQ			% YoY
Revenue from sale of goods	2,356.1	2,275.0	2,407.6	+2.2%	+5.8%	9,174.2	9,236.1	+0.7%
Revenue from rental and rendering of services	125.3	146.4	148.6	+18.6%	+1.5%	484.1	561.9	+16.1%
Operating revenue	2,481.4	2,421.5	2,556.2	+3.0%	+5.6%	9,658.2	9,798.0	+1.4%
Gross profit	1,137.0	1,088.5	1,064.8	-6.4%	-2.2%	4,263.2	4,262.1	-0.03%
EBITDA	430.7	393.8	419.3	-2.7%	+6.5%	1,360.8	1,566.8	+15.1%
Net profit	235.8	165.6	140.7	-40.3%	-15.1%	542.9	596.1	+9.8%
Gross profit margin (%)	45.8%	45.0%	41.7%	-	-	44.1%	43.5%	-
EBITDA margin (%)	17.3%	16.1%	16.2%	-	-	13.9%	15.8%	-
Net profit margin (%)	9.5%	6.8%	5.4%	-	-	5.6%	6.0%	-
One-time expenses (reversal)*	(83.9)	-	-	-	-	35.4	21.0	-40.7%
Net profit excluding one-time	151.8	165.6	140.7	-7.4%	-15.1%	578.3	617.1	+6.7%

Note: *One-time expenses in 2018 were due to the closure of ILM Malaysia, while the one-time expense in 2019 was resulted from the employee retirement benefit.

Q4/2019 vs Q4/2018

- Index Living Mall Public Company Limited ('ILM') ('the Company') reported net profit in Q4/2019 of Baht 140.7 million, lowered by 40.3% from Q4/2018, mainly due to decreased gross profit from sale of goods resulted from clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales. As a result, inventories have decreased significantly at the end of Q4/2019, thus the Company expects gross profit margin from sales to get back to a normal level in Q1/2020.
- In Q4/2018, there were one-time reversal expenses of Baht 83.9 million from closing ILM Malaysia. If excluding these one-time expenses, net profit in Q4/2018 would be Baht 151.8 million.
- Operating revenue continued to show growth of 3.0% compared to Q4/2018, with key contributions from revenue from rental and rendering of services which increased substantially by 18.6%, while revenue from sale of goods grew by 2.2%, mainly contributed from online sales which impressively increased by 133.1% and "Younique Customized Furniture 4.0" which significantly increased by 25.0%.
- Although overall gross profit decreased, gross profit from rental and rendering of services showed significant improvement of 26.9%, following higher rental spaces and improved occupancy rates.
- Strong growth from overseas sales was supported by 2 new franchise stores in Vietnam, growth from OEM and trading, and growth from overseas project sales.
- ILM continued to successfully open new stores which helped increase the revenue from sale of goods. As for Q4/2019, ILM has opened 2 new franchise stores in Vietnam as well as 2 more "Younique Customized Furniture 4.0" showrooms at Index Living Mall stores.

2019 VS 2018

- ILM reported net profit in 2019 of Baht 596.1 million, representing a growth of 9.8% from 2018 mainly due to the increase in both revenue from sale of goods and revenue from rental and rendering of services, increased gross profit from rental and rendering of services from new rental spaces and improved occupancy rates, and decreased selling and distribution expenses from improved cost management
- Operating revenue increased by 1.4% compared to 2018, with key contribution from revenue from rental and rendering of services which increased outstandingly by 16.1%, while revenue from sale of goods grew marginally by 0.7%, mainly contributed from online sales which increased impressively by 155.0%, "Younique Customized Furniture 4.0" which increased significantly by 55.1%, and domestic project which increased by 9.8%.
- ILM successfully opened several new stores that further contributed to the growth in revenue from sale of goods. The new stores in 2019 were Index Living Mall Chaipruek (opened in Jan 19), Index Living Mall Chanthaburi (opened in Aug 19), WINNER Ratchaburi (opened in Aug 19), 5 "Younique Customized Furniture 4.0" showrooms and 2 franchise stores in Ho Chi Minh, Vietnam.

2019 Significant Events



First 2 franchise stores in Vietnam

In November 2019, ILM successfully opened the first franchise store in Ho Chi Minh City, Vietnam as the 18th overseas store. The second store in Vietnam followed in December 2019, summing up to 19 stores in 8 countries at the end of 2019. With excessive feedback from the Vietnam stores, ILM plans to open more franchise stores in Vietnam in 2020.

Continuous expansion of 'Younique Customized Furniture 4.0'

After receiving impressive feedback from the disruptive furniture model of 'Younique Customized Furniture 4.0' since the launch in late 2017, the Company continued to expand Younique in Index Living Mall store with 5 new openings in 2019, totaling 12 Younique stores at the end of 2019.



Newly opened Index Living Mall store in Chanthaburi

On 2 August 2019, the Company successfully opened a new Index Living Mall store in Chanthaburi as the 31st standalone Index Living Mall store in Thailand. This summed up to a total of 31 standalone stores of Index Living Mall and 6 stores of Index Furniture Center at the end of 2019 in Thailand.



Launched the first WINNER store

On 23 August 2019, the Company has officially launched the 1st standalone WINNER store under a COCO (Company Owned Company Operated) format in Ratchaburi province. ILM developed WINNER store to expand its target segmentation of mass market. The new concept of a smaller size furniture store will focus on penetrating second-tier provinces and cities where Index Living Mall store has not yet operated.

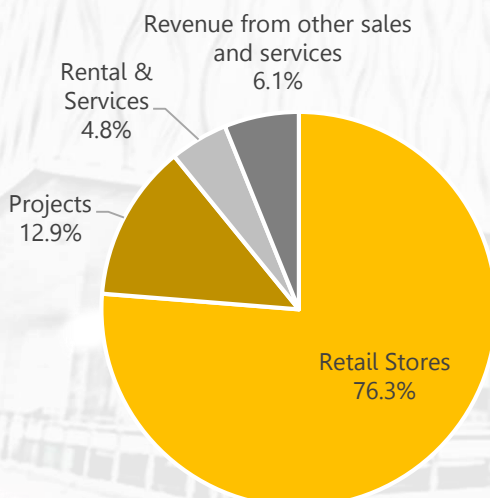


Operating Results

Overall Operating Results	Q4/18	Q3/19	Q4/19	Change +/-		2018	2019	Change +/-
(THB million)				% YoY	% QoQ			% YoY
Revenues								
Revenue from sale of goods	2,356.1	2,275.0	2,407.6	+2.2%	+5.8%	9,174.2	9,236.1	+0.7%
Revenue from rental and rendering of services	125.3	146.4	148.6	+18.6%	+1.5%	484.1	561.9	+16.1%
Total operating revenue	2,481.4	2,421.5	2,556.2	+3.0%	+5.6%	9,658.2	9,798.0	+1.4%
Cost of Sales and Services								
Cost of sale of goods	1,272.3	1,249.0	1,410.3	+10.8%	+12.9%	5,118.9	5,208.2	+1.7%
Cost of rental and rendering of services	72.1	84.0	81.1	+12.5%	-3.4%	276.1	327.7	+18.7%
Total cost of goods sold	1,344.4	1,333.0	1,491.4	+10.9%	+11.9%	5,395.0	5,535.9	+2.6%
Gross Profit	1,137.0	1,088.5	1,064.8	-6.4%	-2.2%	4,263.2	4,262.1	-0.03%
Other income	11.6	27.5	25.5	+120.5%	-7.1%	109.6	104.7	-4.5%
Selling and distribution expenses	695.0	603.7	568.3	-18.2%	-5.9%	2,400.0	2,347.2	-2.2%
Administrative expenses	242.7	307.7	293.4	+20.9%	-4.6%	1,145.0	1,195.8	+4.4%
Finance costs	41.4	50.5	45.5	+9.9%	-9.9%	169.6	184.0	+8.5%
Other expenses (reversal)	(43.0)	-	-	-	-	166.5	-	-
Profit before income tax expenses	212.5	154.0	183.0	-13.8%	+18.9%	491.7	639.7	+30.1%
Tax expenses (income)	(42.4)	(11.6)	42.4	+200.0%	+464.5%	60.7	43.9	-27.6%
Net profit	235.8	165.6	140.7	-40.3%	-15.1%	542.9	596.1	+9.8%

2019 Operating Revenue Structure

ILM operates as a retailer of furniture and home furnishing products. The Company's sources of revenue can be divided into 4 main businesses as follows:



2019 Operating Revenue of Baht 9,798.0 million

Retail Stores

- >98% are sales from Index Living Mall, Index Furniture Center, and WINNER stores

Projects

- >90% are from domestic project sales

Revenue from Rental and Services

- Revenue from rental, services, common area fee, and utilities charges

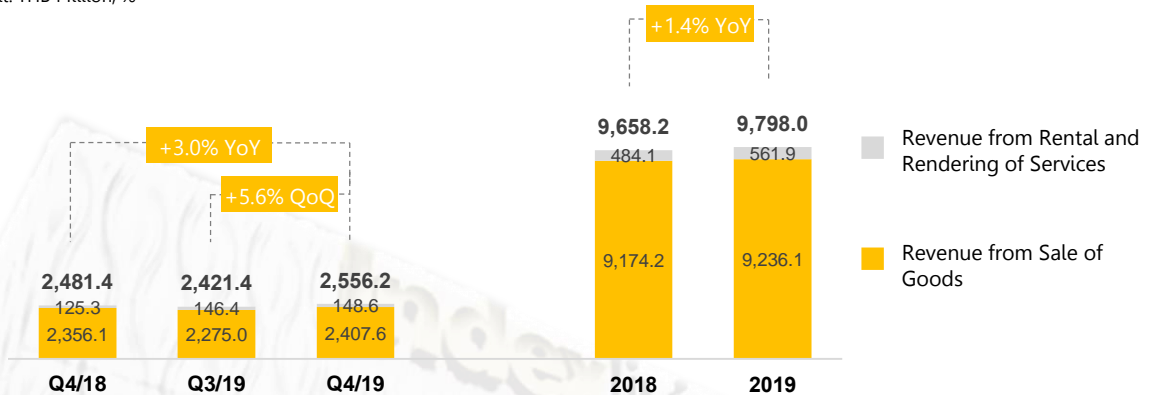
Revenue from other sales and services

- Revenue from other sales, e.g., revenue from franchise stores, dealers, and online
- Revenue from other services, e.g., delivery, installation services

Revenue	Q4/18	Q3/19	Q4/19	Change +/-		2018	2019	Change +/-
(THB million)				% YoY	% QoQ			% YoY
Revenue from sale of goods								
1. Domestic sales								
1.1 Retail stores	1,886.5	1,852.5	1,890.0	+0.2%	+2.0%	7,438.1	7,472.7	+0.5%
1.2 Projects	339.3	281.1	340.1	+0.2%	+21.0%	1,082.8	1,189.3	+9.8%
1.3 Dealers	32.9	27.6	25.8	-21.5%	-6.7%	133.1	123.6	-7.2%
1.4 Online	30.7	70.3	71.7	+133.1%	+2.0%	84.8	216.4	+155.0%
Total revenue from domestic sales	2,289.4	2,231.5	2,327.6	+1.7%	+4.3%	8,738.9	9,001.9	+3.0%
2. Overseas sales	66.7	43.5	80.0	+19.9%	+83.7%	435.3	234.2	-46.2%
Total revenue from sale of goods	2,356.1	2,275.0	2,407.6	+2.2%	+5.8%	9,174.2	9,236.1	+0.7%
Revenue from rental and rendering of services	125.3	146.4	148.6	+18.6%	+1.5%	484.1	561.9	+16.1%
Total operating revenue	2,481.4	2,421.5	2,556.2	+3.0%	+5.6%	9,658.2	9,798.0	+1.4%
Other income	11.6	27.5	25.5	+120.5%	-7.1%	109.6	104.7	-4.5%
Total revenue	2,493.0	2,448.9	2,581.7	+3.6%	+5.4%	9,767.8	9,902.7	+1.4%

1. Operating Revenue

Unit: THB Million, %



Q4/2019 vs Q4/2018 (YoY)

- Total operating revenue was Baht 2,556.2 million in Q4/2019, increased by Baht 74.8 million or 3.0% from Q4/2018. The increase was mainly due to the following reasons:
 - Revenue from sale of goods** increased by Baht 51.5 million or 2.2% from Q4/2018. This increase was contributed by both the better domestic performance which increased by Baht 38.2 million or 1.7% and overseas performance which increased by Baht 13.3 million or 19.9%. The better domestic performance was mainly as a result of the new stores (Index Living Mall Chaiyaprupek opened in Jan 2019, Index Living Mall Chanthaburi as well as WINNER Ratchaburi opened in Aug 2019, while online sales rose significantly by Baht 40.9 million or 133.1%. Overseas sales also increased supported by 2 new franchise stores in Vietnam, plus growth from OEM&Trading and overseas project sales.
 - Revenue from rental and rendering of services** increased by Baht 23.3 million or 18.6% as a result of the increase in rental spaces (Little Walk Pattaya opened in Nov 2018, and Index Mall Chaiyaprupek opened in Mar 2019) and improved occupancy rates as well as higher revenue from home service including moving service, cleaning service, sleeping care service, design and build service, etc.

Q4/2019 vs Q3/2019 (QoQ)

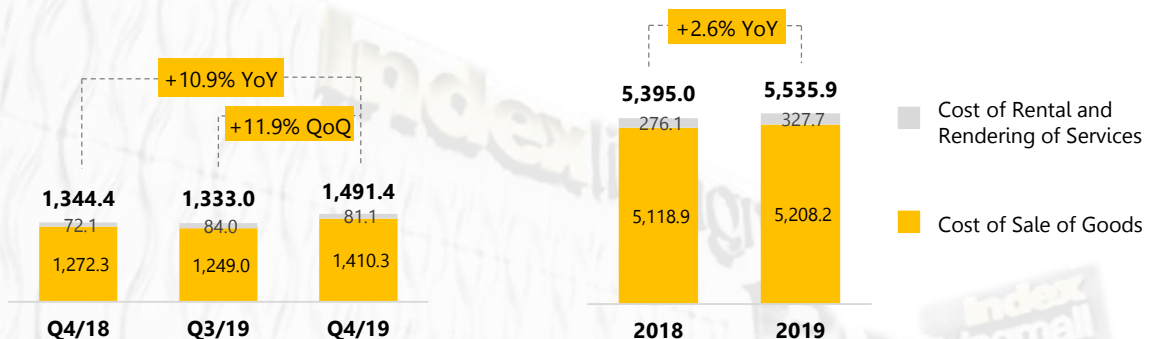
- Total operating revenue was Baht 2,556.2 million in Q4/2019, increased by Baht 134.7 million or 5.6% when compared to Q3/2019 due to the following reasons:
 - Revenue from sale of goods** increased by Baht 132.5 million or 5.8% from Q3/2019 as a result of the increase in domestic sales of Baht 96.1 million or 4.3%, which was mainly from the festive season, increased domestic project sales, and slight growth from online sales. Regarding overseas sales, the growth was supported by 2 new franchise stores in Vietnam, growth from OEM and trading, and growth from overseas project sales.
 - Revenue from rental and rendering of services** increased by Baht 2.2 million or 1.5% from Q3/2019 as a result of the improved occupancy rates.

2019 vs 2018 (YoY)

- Total operating revenue was Baht 9,798.0 million in 2019, increased by Baht 139.8 million or 1.4% when compared to 2018 due to the following reasons:
 - Revenue from sale of goods** increased by Baht 62.0 million or 0.7% from 2018. The increase was mainly contributed by the better domestic performance, which increased by Baht 263.1 million or 3.0% as a result of the new stores (Index Living Mall Bangkruai-Sai Noi opened in Aug 2018, Index Living Mall Chaipayruek opened in Jan 2019, and Index Living Mall Chanthaburi as well as WINNER Ratchaburi opened in Aug 2019), impressive growth from online sales, significant growth from "Younique Customized Furniture 4.0", and increase in domestic project sales. Despite the drop of overseas sales by Baht 201.1 million or 46.2% as a result of the closure of ILM Malaysia as well as the big project sales in Vietnam which have completed since Q1/2018, the Company experienced growth from overseas OEM & Trading as well as overseas franchise sales supported by the 2 new franchise stores in Vietnam.
 - Revenue from rental and rendering of services** increased by Baht 77.8 million or 16.1% from 2018 as a result of the increase in rental spaces (Index Mall Bangna opened in Sep 2018, Little Walk Pattaya opened in Nov 2018, and Index Mall Chaipayruek opened in Mar 2019), improved occupancy rates, and higher revenue from home service including moving service, cleaning service, sleeping care service, design and build service, etc.

2. Cost of Sales and Services

Unit: THB Million, %



Q4/2019 vs Q4/2018 (YoY)

- Cost of sales and services was Baht 1,491.4 million in Q4/2019, increased by Baht 147.0 million or 10.9% when compared to Q4/2018. This is mainly due to the following reasons:
 - Cost of sale of goods** increased by Baht 138.0 million or 10.8% from Q4/2018, mainly due to higher sales, clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales. As a result, inventories have decreased significantly at the end of Q4/2019, thus the Company expects a percentage of cost of goods sold to sales to get back to a normal level in Q1/2020.
 - Cost of rental and rendering of services** increased by Baht 9.0 million or 12.5% from Q4/2018 mainly due to the increase in expenses from new rental spaces, e.g. depreciation, utilities expenses, employee expenses, and rental costs.

Q4/2019 vs Q3/2019 (QoQ)

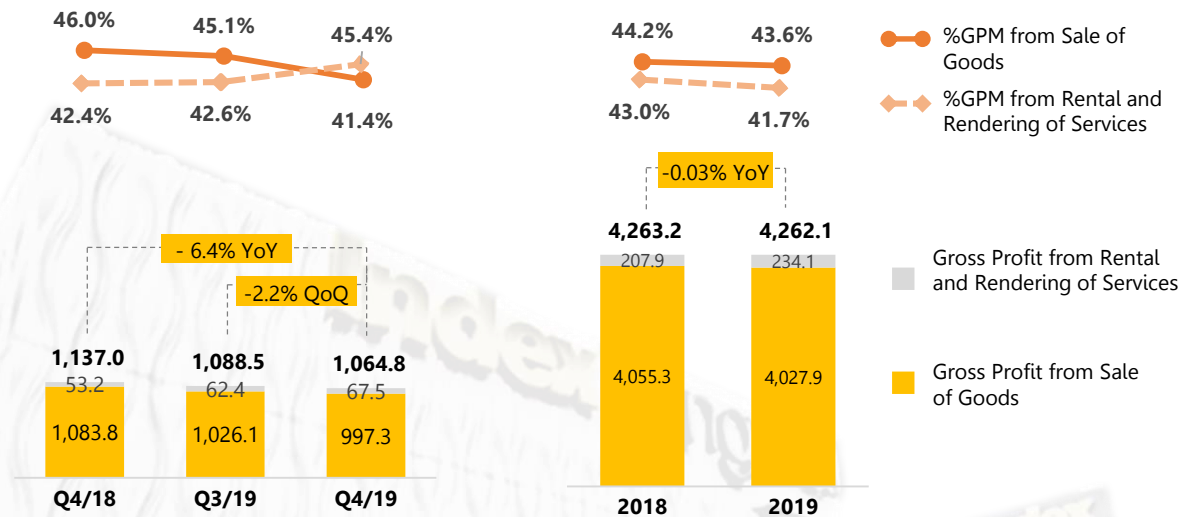
- Cost of sales and services was Baht 1,491.4 million in Q4/2019, increased by Baht 158.4 million or 11.9% when compared to Q3/2019. This was mainly due to the following reasons:
 - Cost of sale of goods** increased by Baht 161.3 million or 12.9% from Q3/2019, mainly due to higher sales, clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales. As a result, inventories have decreased significantly at the end of Q4/2019, thus the Company expects a percentage of cost of goods sold to sales to get back to a normal level in Q1/2020.
 - Cost of rental and rendering of services** decreased by Baht 2.9 million or 3.4% from Q3/2019 supported by better cost management.

2019 vs 2018 (YoY)

- 2019 cost of sales and services was at Baht 5,535.9 million, increased by Baht 140.9 million or 2.6% when compared to 2018. This was mainly due to the following reasons:
 - Cost of sale of goods** increased by Baht 89.3 million or 1.7% from 2018, mainly due to higher sales, clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales. As a result, inventories have decreased significantly at the end of Q4/2019, thus the Company expects a percentage of cost of goods sold to sales to get back to a normal level in Q1/2020.
 - Cost of rental and rendering of services** increased by Baht 51.6 million or 18.7% from 2018 due to the increase in expenses from new rental spaces, e.g. depreciation, utilities expenses, employee expenses, and rental costs.

3. Gross Profit and Gross Profit Margin

Unit: THB Million, %



Q4/2019 vs Q4/2018 (YoY)

- Gross profit was Baht 1,064.8 million in Q4/2019, decreased by Baht 72.3 million or 6.4% from Q4/2018. The decrease was mainly due to the following reasons:
 - Gross profit from sale of goods** decreased by Baht 86.5 million or 8.0% from Q4/2018. The decrease was mainly due to clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales. As a result, inventories have decreased significantly at the end of Q4/2019, thus the Company expects gross profit margin from sales to get back to a normal level in Q1/2020.
 - Gross profit from rental and rendering of services** increased by Baht 14.3 million or 26.9% from Q4/2018 as a result of the increase in rental spaces and the improved occupancy rates.

Q4/2019 vs Q3/2019 (QoQ)

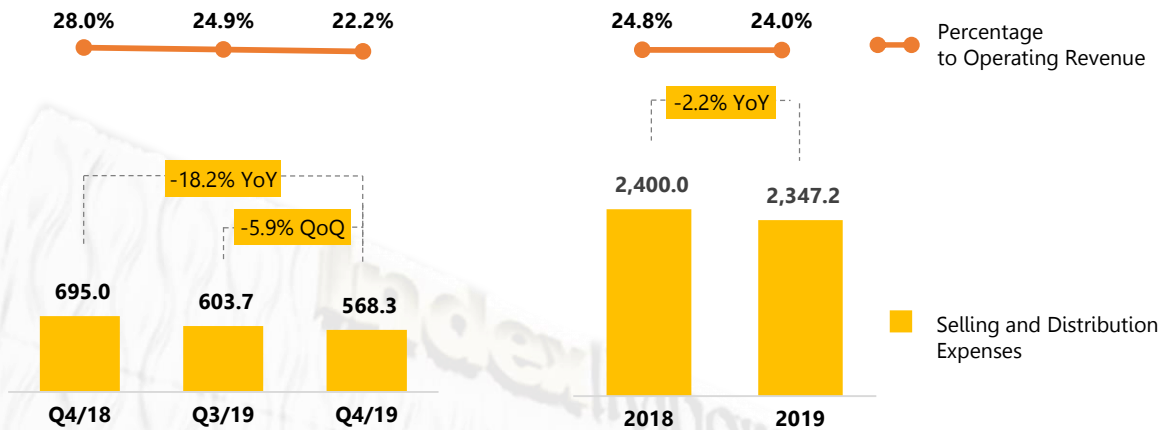
- Gross profit was Baht 1,064.8 million in Q4/2019, decreased by Baht 23.7 million or 2.2% compared to Q3/2019. The decrease was mainly due to the following reasons:
 - Gross profit from sale of goods** decreased by Baht 28.8 million or 2.8% from Q3/2019. The decrease was mainly due to clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales. As a result, inventories have decreased significantly at the end of Q4/2019, thus the Company expects gross profit margin from sales to get back to a normal level in Q1/2020.
 - Gross profit from rental and rendering of services** increased by Baht 5.1 million or 8.2% from Q3/2019 as a result of the improved occupancy rates.

2019 vs 2018 (YoY)

- Gross profit was Baht 4,262.1 million in 2019, slightly decreased by Baht 1.1 million or 0.03% compared to 2018. The slight decrease was mainly due to the following reasons:
 - Gross profit from sale of goods** decreased by Baht 27.3 million or 0.7% from 2018. The decrease was mainly due to clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales. As a result, inventories have decreased significantly at the end of Q4/2019, thus the Company expects gross profit margin from sales to get back to a normal level in Q1/2020.
 - Gross profit from rental and rendering of services** increased by Baht 26.2 million or 12.6% from 2018 as a result of the increase in rental spaces and the improved occupancy rates.

4. Selling and Distribution Expenses*

Unit: THB Million, %



* Selling and distribution expenses are expenses at stores, e.g., employee expenses, depreciation, utilities expenses, rental costs, etc.

Q4/2019 vs Q4/2018 (YoY)

- Selling and distribution expenses were Baht 568.3 million in Q4/2019, decreased by Baht 126.7 million or 18.2% from Q4/2018. The decrease was mainly due to lower number of non-sales workforce employees at Index Living Mall stores, lower utilities expenses, and decreased promotional expenses, despite additional expenses from new stores, both from retail and rental spaces. On the other hand, operating revenue increased; as a result, the percentage of selling and distribution expenses to operating revenue decreased due to higher operating revenue and better cost management.

Q4/2019 vs Q3/2019 (QoQ)

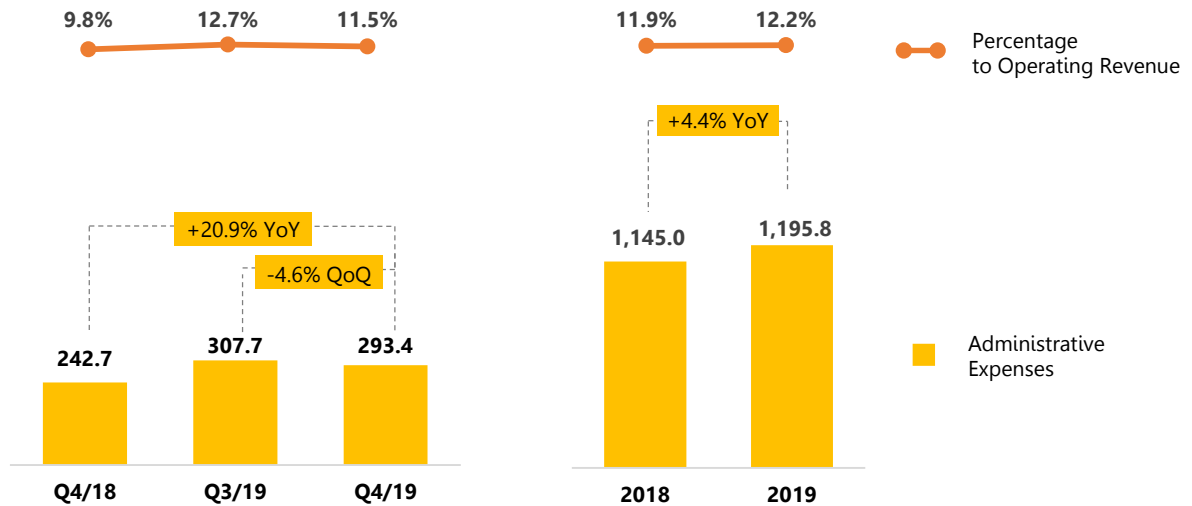
- Selling and distribution expenses were Baht 568.3 million in Q4/2019, decreased by Baht 35.4 million or 5.9% from Q3/2019. The decrease was mainly due to the lower utilities expenses and decreased promotional expenses. On the other hand, operating revenue increased; as a result, the percentage of selling and distribution expenses to operating revenue decreased due to higher operating revenue and better cost management.

2019 vs 2018 (YoY)

- Selling and distribution expenses were Baht 2,347.2 million in 2019, decreased by Baht 52.9 million or 2.2% from 2018. The decrease was mainly due to lower number of non-sales workforce employees at Index Living Mall stores, lower utilities expenses, and decreased promotional expenses, despite additional expenses from new stores, both from retail and rental spaces. On the other hand, operating revenue increased.; as a result, the percentage of selling and distribution expenses to operating revenue decreased due to higher operating revenue and better cost management.

5. Administrative Expenses*

Unit: THB Million, %



*Administrative expenses are back office expenses, e.g., employee expenses, delivery costs, depreciation, etc.

Q4/2019 vs Q4/2018 (YoY)

- Administrative expenses were Baht 293.4 million in Q4/2019, increased by Baht 50.7 million or 20.9% compared to Q4/2018. The increase was mainly due to higher delivery costs caused by the rise in number of delivery trips as a result of the increase in sales. In addition, there were reversal expenses from ILM Malaysia in Q4/2018.

Q4/2019 vs Q3/2019 (QoQ)

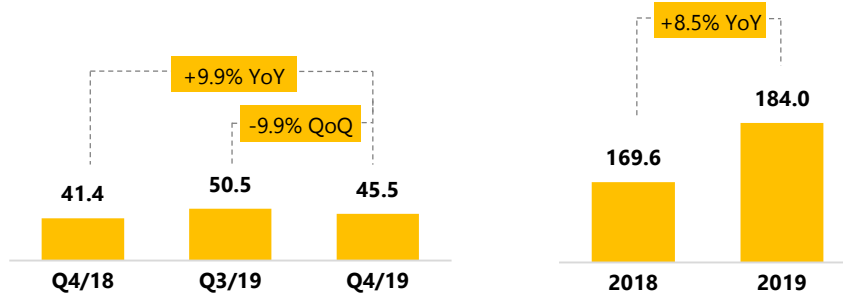
- Administrative expenses were Baht 293.4 million in Q4/2019, decreased by Baht 14.3 million or 4.6% compared to Q3/2019. The decrease was mainly due to lower employee expenses and better cost management, despite higher delivery costs caused by the rise in number of delivery trips as a result of the increase in sales.

2019 vs 2018 (YoY)

- Administrative expenses were Baht 1,195.8 million in 2019, increased by Baht 50.9 million or 4.4% compared to 2018. The increase was mainly due to higher employee expenses, depreciation, delivery costs caused by the rise in number of delivery trips as a result of the increase in sales, and higher outsource transportation rate adjusted since May 2018. In addition, there was a one-time expense of Baht 26.2 million from employee retirement benefits in Q1/2019.

6. Finance Costs

Unit: THB Million, %



Q4/2019 vs Q4/2018 (YoY)

- Finance costs were Baht 45.5 million in Q4/2019, increased by Baht 4.1 million or 9.9% compared to Q4/2018. The increase in finance costs was due to the higher borrowings during the period. However, the interest-bearing debt at the end of Q4/2019 was Baht 4,685.9 million, reduced from Baht 5,102.3 million at the end of Q4/2018.

Q4/2019 vs Q3/2019 (QoQ)

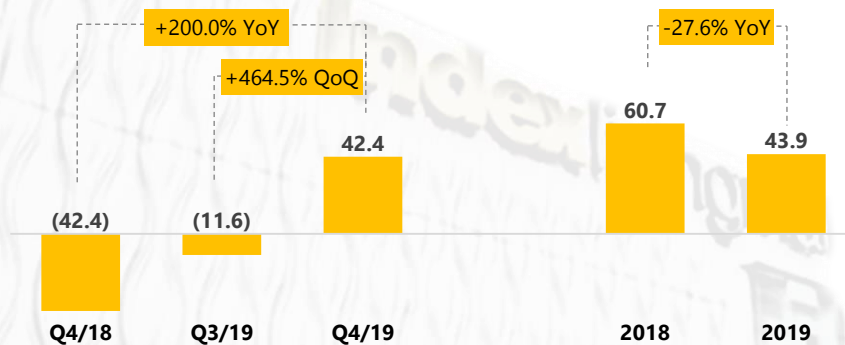
- Finance costs were Baht 45.5 million in Q4/2019, decreased by Baht 5.0 million or 9.9% compared to Q3/2019. The decrease was mainly due to loans repayment during Q4/2019. The interest-bearing debt at the end of Q4/2019 was Baht 4,685.9 million, reduced from Baht 4,975.8 million at the end of Q3/2019.

2019 vs 2018 (YoY)

- Finance costs were Baht 184.0 million in 2019, increased by Baht 14.4 million or 8.5% compared to 2018. The increase in finance costs was due to the higher borrowings during the year. However, the interest-bearing debt at the end of 2019 was Baht 4,685.9 million, reduced from Baht 5,102.3 million at the end of 2018.

7. Tax Expenses (Income)

Unit: THB Million, %



Q4/2019 vs Q4/2018 (YoY)

- Tax expenses was Baht 42.4 million in Q4/2019, compared with tax income of Baht 42.4 million in Q4/2018. This was due to the deferred tax of Baht 70 million from closing ILM Malaysia, recognized in Q4/2018.

Q4/2019 vs Q3/2019 (QoQ)

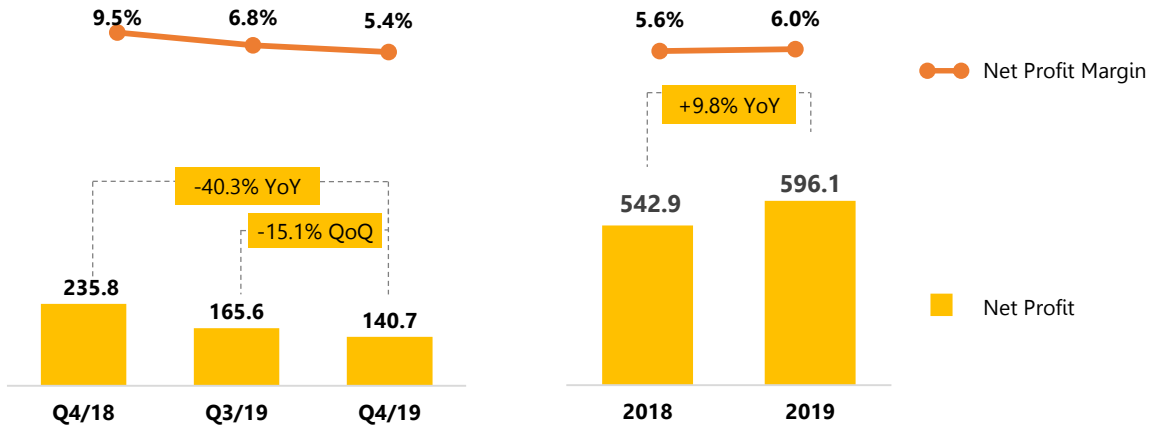
- Tax expenses was Baht 42.4 million in Q4/2019, compared with tax income of Baht 11.6 million in Q3/2019, as a result of less tax benefits from BOI on the investment of Index Furniture Co., Ltd. ('IDF') which is the Company's subsidiary.

2019 vs 2018 (YoY)

- Tax expenses was Baht 43.9 million in 2019, decreased by Baht 16.8 million or 27.6% compared to 2018 as a result of higher tax exempt income and higher tax deductible expenses.

8. Net Profit and Net Profit Margin

Unit: THB Million, %

**Q4/2019 vs Q4/2018 (YoY)**

- Net profit was Baht 140.7 million in Q4/2019, decreased by Baht 95.1 million or 40.3% compared to Q4/2018. This was mainly due to the following reasons:
 - Decrease in gross profit from sale of goods which was mainly due to the clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales. As a result, inventories have decreased significantly in Q4/2019, thus the Company expects gross profit margin from sales to get back to a normal level in Q1/2020.
 - The increase in finance costs due to the higher borrowings during the period.
 - In Q4/2018, there were one-time reversal expenses of Baht 83.9 million from closing ILM Malaysia, including deferred tax of Baht 70 million and other reversal expenses. If excluding these one-time expenses, net profit in Q4/2018 would be Baht 151.8 million.

Q4/2019 vs Q3/2019 (QoQ)

- Net profit was Baht 140.7 million in Q4/2019, decreased by Baht 25.0 million or 15.1% compared to Q3/2019. This was mainly due to the following reasons:
 - Decrease in gross profit from sale of goods which was mainly due to the clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales. As a result, inventories have decreased significantly in Q4/2019, thus the Company expects gross profit margin from sales to get back to a normal level in Q1/2020.
 - Higher tax expenses as a result of less tax benefits from BOI

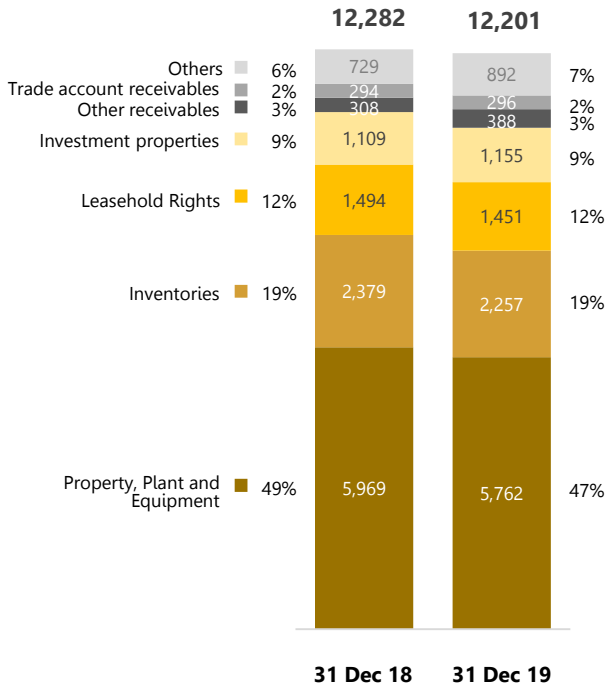
2019 vs 2018 (YoY)

- Net profit was Baht 596.1 million in 2019, increased by Baht 53.2 million or 9.8% compared to 2018. This was mainly due to the following reasons:
 - Revenue from sale of goods showed a growth of 0.7% contributed mainly from online sales which increased significantly by 155.0%, "Younique Customized Furniture 4.0" which increased by 55.1%, and domestic project which increased by 9.8%.
 - Increased revenue and gross profit from rental and rendering of services from additional rental spaces and improved occupancy rates.
 - Decreased selling and distribution expenses from improved cost management.
 - In 2018, there were one-time expenses totaling of Baht 35.4 million from closing ILM Malaysia. If excluding these one-time expenses, net profit in 2018 would be Baht 578.3 million.
 - In 2019, there was one-time expense of Baht 21.0 million from employee retirement benefits. If excluding this one-time expense, net profit in 2019 would be Baht 617.1 million.

Statement of Financial Position

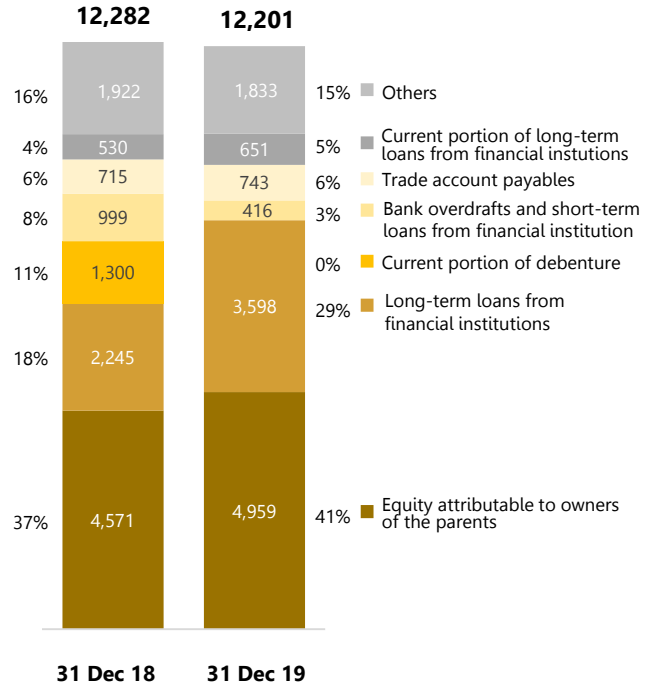
Total Assets

Unit: THB Million, %



Total Liabilities and Equity

Unit: THB Million, %



Assets

- As at 31 December 2019, the Company had total assets of Baht 12,201 million, decreased by Baht 81 million or 0.7% from Baht 12,282 million as at 31 December 2018. The decrease was mainly due to the following reasons:
 - Lower inventories as the Company has enforced stock reduction policy
 - Decrease in property, plant, and equipment due to depreciation
 - Decrease in leasehold rights due to amortization
- However, the overall decrease was mostly offsetted by the increase in the following items:
 - Higher amount of cash and cash equivalents received from IPO proceeds
 - Increase in investment properties from additional rental spaces

Liabilities

- As at 31 December 2019, the Company had total liabilities of Baht 7,241 million, decreased by Baht 469 million or 6.1% from Baht 7,710 million as at 31 December 2018. The decrease was mainly as a result of repaid debenture and some portion of short-term loans.

Equity

- As at 31 December 2019, the Company had equity attributable to owners of the parent of Baht 4,959 million, increased by Baht 388 million or 8.5% from Baht 4,571 million as at 31 December 2018, mainly due to capital raised through IPO and the operating profit during 2019.

Future Outlook

WINNER Store Expansion



An additional WINNER store

After ILM has successfully enlarged its customer base to tackle the mass-market segmentation through the first WINNER store in Ratchaburi province in August 2019, the Company plans to open the second store in the second half of 2020.

Younique Customized Furniture 4.0 Expansion



Younique Customized Furniture 4.0 store expansion

At the end of 2019, the Company has 12 'Younique Customized Furniture 4.0' stores. To enhance product innovation and capture a higher customer base, the Company plans to continuously roll out approximately 2-3 openings every quarter at Index Living Mall stores. ILM also plans to increase types of material to capture the ultra luxury customer segment as well as growing customization ability for customers.

Overseas Expansion



Continuously expanding overseas stores

After receiving impressive feedback from the first two franchise stores in Ho Chi Minh City, Vietnam, ILM plans to open more franchise stores in Vietnam as well as in other countries, such as Cambodia and Myanmar in 2020.

Remodeling Oversized Index Living Mall Stores



Remodeling stores to enhance usage of spaces and increase operating revenue

In recent years, ILM has successfully remodeled 2 of its Index Mall stores, Index Mall Bang Yai and Index Mall Bangna by reducing the Index Living Mall sales area and switching into the rental spaces instead. As a result, both stores have shown an increase in operating revenue by maintaining revenue from sale of goods, while increasing rental and services revenue. With the proven success of both remodeled stores, the Company plans to follow this model by downsizing 1-2 oversized Index Living Mall stores per year and transferring into rental spaces.

Solar Rooftop Installation



Solar rooftop installation

The Company has installed solar rooftop at the factory and 4 Index Living Mall stores in 2018 as well as 6 Index Living Mall stores in 2019, which has proven the significant savings of electricity costs for the business.

The Company plans to continue installing solar rooftop at more Index Living Mall stores in 2020 to further reduce electricity costs for the Company's operation sustainably.