

Indexlivingmall

Index Living Mall Public Company Limited (ILM)

Management Discussion and Analysis (MD&A)

For the Year Ended 31 December 2020



Highlights

Operating Highlights	Q4/2019	Q3/2020	Q4/2020	Change +/-		2019	2020	Change +/-
(Unit: THB million)				%YoY	%QoQ			%YoY
Revenue from sale of goods	2,407.6	1,857.4	1,977.1	-17.9%	+6.4%	9,236.1	7,657.1	-17.1%
Revenue from rental and rendering of services	148.6	117.3	126.8	-14.7%	+8.1%	561.9	462.4	-17.7%
Operating revenue	2,556.2	1,974.7	2,103.9	-17.7%	+6.5%	9,798.0	8,119.5	-17.1%
Gross profit	1,070.6	978.6	952.0	-11.1%	-2.7%	4,285.3	3,712.9	-13.4%
EBITDA	419.3	466.2	444.8	+6.1%	-4.6%	1,566.8	1,651.9	+5.4%
Net profit (loss)	140.7	145.6	143.0	+1.7%	-1.8%	596.1	421.2	-29.3%
Gross profit margin (%)	41.9%	49.6%	45.2%	+3.4%	-4.3%	43.7%	45.7%	+2.0%
EBITDA margin (%)	16.2%	23.4%	20.9%	+4.7%	-2.5%	15.8%	20.2%	+4.3%
Net profit margin (%)	5.4%	7.3%	6.7%	+1.3%	-0.6%	6.0%	5.1%	-0.9%
One-time expenses ^{1/}	0.0	0.0	0.0	-	-	(21.0)	0.0	+100.0%
Impact of TFRS 16 ^{2/}	0.0	(6.3)	(6.4)	-	-1.1%	0.0	(25.2)	-
Net profit excluding one-time expenses and TFRS 16	140.7	151.9	149.4	+6.2%	-1.7%	617.1	446.5	-27.6%

^{1/} One-time expenses in 2019 were resulted from the employee retirement benefit (net after tax) in Q1/2019.

^{2/} Impact from the adoption of Thai Financial Reporting Standards 16 Leases (TFRS 16) since 1 January 2020 which caused higher depreciation and interest expenses (net after tax).

Q4/2020

- In Q4/2020, Index Living Mall Public Company Limited (the "Company" or "ILM") recorded a net profit of Baht 143.0 million, increased by 1.7% YoY, despite a decrease in operating revenue. This was mainly due to the Company's capability to increase gross profit margin from sale and decrease operating costs in every aspect continuously.
- Operating revenue decreased by 17.7% YoY, mainly due to the impact of the newly emerging of COVID-19 in many areas. As a result, government agencies have announced strong measures to prevent the spread of COVID-19 in several provinces. Nevertheless, operating revenue managed to increase QoQ mainly contributed by sales growth from domestic home project, online sales, OEM, Younique Customized Furniture, and a new franchise store in Vietnam.
- Online sales continued to grow remarkably by 109.0% YoY and 28.8% QoQ. The Company is determined to build online sales growth continuously via various marketplaces as well as providing fast services, reaching customers' satisfaction, and selecting products that meet customers' needs.
- OEM sales continued to increase significantly by 139.4% YoY and 171.6% QoQ, mainly supported by the trade war between the U.S. and China, leading to more orders from U.S. importers and retailers.
- Sales from domestic home project grew by 4.7% YoY and 162.7% QoQ as the Company delivered more work to clients.
- Revenue from space rental services has returned to the same level as before the COVID-19 situation, but other service income still decreased since the Company collected less land and building tax from tenants to submit to government agencies following the government's announcement to decrease land and buildings taxation by 90% in 2020.
- Gross profit margin from sale stood at 45.4%, an increase of 4.0% YoY mainly attributable to reduced production costs, increased production efficiency, and efficient sales campaigns. However, gross profit margin from sale dropped QoQ mainly due to higher sales portion from domestic home project and OEM which contributed to lower margin.
- The Company has been able to manage liquidity satisfactorily and repaid long-term loans totaling Baht 135.2 million in Q4/2020, including the prepayment of Baht 70.6 million after the Company received some partial postponement approval for the long-term loan repayment from financial institutions.
- The Company's adoption of Thai Financial Reporting Standards 16 Leases (TFRS 16) since 1 January 2020 resulted in a lower net profit in Q4/2020 by Baht 6.4 million from the recognition of higher depreciation and interest expenses.
- The Company has not yet started to utilize its tax benefits of approximately Baht 64.3 million from the investment in new machinery.

2020

- Net profit in 2020 was Baht 421.2 million, reduced by 29.3% YoY, mainly due to the decrease in operating revenue by 17.1% YoY, as a result of most store closure nationwide between 22 March and 16 May 2020 due to the first epidemic of COVID-19 in late Q1/2020 and some store closure due to the newly merging of COVID-19 in late Q4/2020, as well as consumers' cautious spending resulted from concerns about the economy and the COVID-19 pandemic situation.
- Although operating revenue decreased, gross profit margin managed to improve by 2.4% YoY and stood at 46.0%, while SG&A reduced. These have resulted from lower production costs, higher production efficiency, and reduced operating costs in every aspect continuously.
- Online sales grew remarkably by 153.7% YoY, OEM sales rose by 121.4% YoY, and domestic home project sales increased by 12.4% YoY.
- The Company has been able to manage liquidity satisfactorily and repaid long-term loans totaling Baht 1,502.3 million from the beginning of the year 2020, including the prepayment of Baht 1,156.3 million.
- The Company's adoption of TFRS 16 resulted in a lower net profit in 2020 by Baht 25.2 million from the recognition of higher depreciation and interest expenses.

*Value may differ by one decimal point due to rounding

Significant Events in Q4/2020



The 3rd Index Living Mall Franchise Store in Vietnam

After the successful opening of the first 2 franchise stores in Vietnam in 2019 and the gradual recovery of the COVID-19 situation in Vietnam, the Company has opened the third franchise store in Vietnam in December 2020. Furthermore, additional stores in Vietnam as well as in some other countries are in the Company's pipeline after the COVID-19 situation is getting improved in the future.

With the latest franchise store, this has summed up to 21 franchise stores in 8 countries at the end of 2020.



Solar Rooftop Installation at Another 4 Index Living Mall Stores

After the Company installed solar rooftop at the factory and 4 Index Living Mall stores in 2018 as well as 6 Index Living Mall stores in 2019, electricity costs have been decreasing significantly. In 2020, the Company has installed solar rooftop at another 4 Index Living Mall stores, which will also reduce more electricity costs continuously.

The Company also plans to continue installing solar rooftop at more Index Living Mall stores in 2021 to further reduce electricity costs and support the Company's operation sustainably.



The Closure of BoConcept Store at Index Living Mall Pattaya

Since the epidemic situation of COVID-19 in Thailand has started in late Q1/2020, sales of BoConcept store at Index Living Mall Pattaya was impacted significantly, as Pattaya was one of the cities whose major income came from tourism especially from foreign tourists. Thus, the city's economy was severely affected. While purchasing power has not yet returned to normal, the Company decided to cease the operation of this BoConcept store in order to reduce the burden of expenses and for optimal management.



At the end of 2020, the Company had one BoConcept store at Siam Paragon Department Store.



Discontinued Production and Sale of Serta Mattress

After the termination of the Franchisee contract with Serta in December 2020, the Company has decided to cease the production and sales operation of Serta mattress. On the other hand, the Company has decided to change a policy to focus on selling mattresses of partner's brands, expecting to generate more sales and profits in the mattress category.

Summary of Operating Results

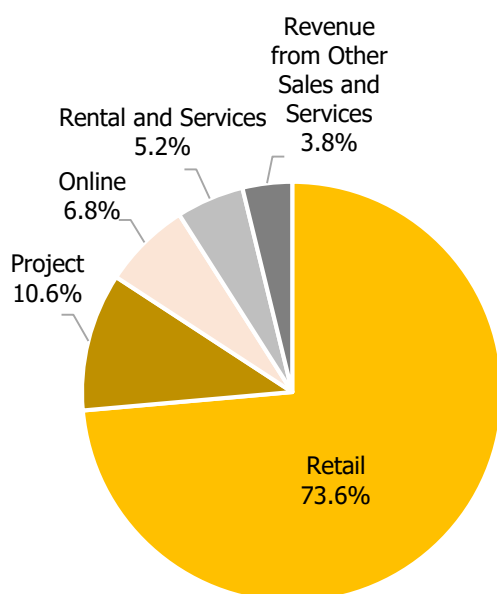
Operating Highlights	Q4/2019	Q3/2020	Q4/2020	Change +/-		2019	2020	Change +/-
(Unit: THB million)				%YoY	%QoQ			%YoY
Revenue from sale of goods	2,407.6	1,857.4	1,977.1	-17.9%	+6.4%	9,236.1	7,657.1	-17.1%
Revenue from rental and rendering of services	148.6	117.3	126.8	-14.7%	+8.1%	561.9	462.4	-17.7%
Operating revenue	2,556.2	1,974.7	2,103.9	-17.7%	+6.5%	9,798.0	8,119.5	-17.1%
Cost of sale of goods	1,410.3	929.7	1,078.6	-23.5%	+16.0%	5,208.2	4,132.2	-20.7%
Cost of rental and rendering of services ^{1/}	75.3	66.4	73.4	-2.6%	+10.5%	304.5	274.4	-9.9%
Cost of sales and services	1,485.6	996.1	1,152.0	-22.5%	+15.6%	5,512.7	4,406.6	-20.1%
Gross profit	1,070.6	978.6	952.0	-11.1%	-2.7%	4,285.3	3,712.9	-13.4%
Other income	25.5	15.0	24.4	-4.3%	+62.3%	104.7	78.2	-25.3%
Selling and distribution expenses	568.3	490.6	489.5	-13.9%	-0.2%	2,347.2	1,980.5	-15.6%
Administrative expenses ^{2/}	299.2	264.9	253.4	-15.3%	-4.3%	1,219.1	1,032.6	-15.3%
Finance costs	45.5	66.8	67.1	+47.4%	+0.5%	184.0	295.9	+60.8%
Other expenses (reversal)	0.0	-	0.0	-	-	0.0	0.0	-
Profit before income tax expenses	183.0	171.3	166.3	-9.1%	-2.9%	639.7	482.1	-24.6%
Tax expenses (reversal)	42.4	25.8	23.3	-44.9%	-9.4%	43.9	60.9	+38.5%
Profit (loss) attributable to non-controlling interests	0.0	0.0	(0.0)	-	-	(0.3)	0.002	+100.6%
Net profit (Loss)	140.7	145.6	143.0	+1.7%	-1.8%	596.1	421.2	-29.3%

^{1/} Figures after reclassification. Cost of rental and rendering of services before reclassification were Baht 81.1 million in Q4/2019 and Baht 327.7 million in 2019 (figures after reclassification decreased by Baht 5.8 million and Baht 23.3 million, respectively when compared with figures before reclassification)

^{2/} Figures after reclassification. Administrative expenses before reclassification were Baht 293.4 million in Q4/2019 and Baht 1,195.8 million in 2019 (figures after reclassification increased by Baht 5.8 million and Baht 23.3 million, respectively when compared with figures before reclassification)

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:



**2020 Operating Revenue:
Baht 8,119.5 million**

**Value may differ by one decimal point due to rounding*

Retail stores

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

Projects

- > 90% are from domestic project

Online

- > 60% are from the Company's online platforms

Revenue from rental and services

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

Revenue from other sales and services

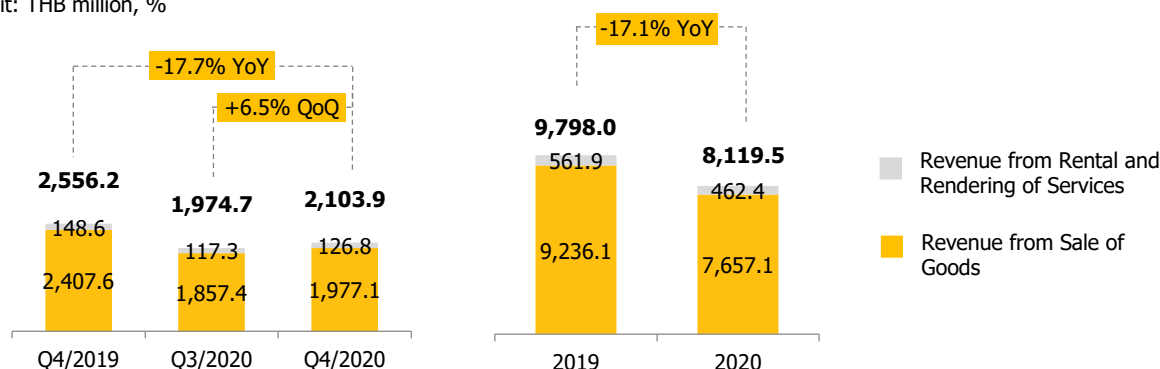
- Revenue from other sales, e.g., revenue from franchise stores, and dealers
- Revenue from other services, e.g., delivery, installation services, and revenue from home, such as moving service, cleaning service, sleeping care service, design and build service, etc.

Operating Results

Operating Highlights	Q4/2019	Q3/2020	Q4/2020	Change +/-		2019	2020	Change +/-
(Unit: THB million)				%YoY	%QoQ			%YoY
A. Revenue from sale of goods								
Domestic sales								
1.1 Retail stores	1,890.0	1,579.2	1,445.7	-23.5%	-8.5%	7,472.7	5,976.0	-20.0%
1.2 Projects	340.1	94.6	284.9	-16.2%	+201.0%	1,189.3	839.0	-29.5%
1.3 Dealers	25.8	24.5	12.3	-52.5%	-50.0%	123.6	83.4	-32.5%
1.4 Online	71.7	116.3	149.8	+109.0%	+28.8%	216.4	548.9	+153.7%
Total revenue from domestic sales	2,327.6	1,814.6	1,892.6	-18.7%	+4.3%	9,001.9	7,447.3	-17.3%
Overseas sales	80.0	42.8	84.5	+5.6%	+97.4%	234.2	209.7	-10.5%
Total revenue from sale of goods	2,407.6	1,857.4	1,977.1	-17.9%	+6.4%	9,236.1	7,657.1	-17.1%
B. Revenue from rental and rendering of services	148.6	117.3	126.8	-14.7%	+8.1%	561.9	462.4	-17.7%
Total operating revenue	2,556.2	1,974.7	2,103.9	-17.7%	+6.5%	9,798.0	8,119.5	-17.1%
Other income	25.5	15.0	24.4	-4.3%	+62.3%	104.7	78.2	-25.3%
Total revenue	2,581.7	1,989.8	2,128.3	-17.6%	+7.0%	9,902.7	8,197.7	-17.2%

1. Operating Revenue

Unit: THB million, %



Q4/2020 vs Q4/2019 (YoY)

- In Q4/2020, the Company recorded total operating revenue of Baht 2,103.9 million, decreased by Baht 452.3 million or 17.7% YoY. The decrease was mainly due to the following reasons:
 - Revenue from sale of goods** decreased by Baht 430.5 million or 17.9% YoY. The decrease was mainly due to consumers' cautious spending resulted from concerns about the economy and the COVID-19 pandemic situation. However, online sales continued to grow remarkably by 109.0% YoY. OEM sales also rose by 139.4% YoY, mainly supported by the trade war between the U.S. and China, leading to more orders from U.S. importers and retailers. Domestic home project sales increased by 4.7% YoY, and Younique Customized Furniture sales grew by 2.0% YoY.
 - Revenue from rental and rendering of services** decreased by Baht 21.8 million or 14.7% YoY, mainly due to lower other service income since the Company collected less land and building tax from tenants to submit to government agencies following the government's announcement to decrease land and buildings taxation by 90% in 2020. However, revenue from space rental services in Q4/2020 has returned to the same level as before the COVID-19 situation.

*Value may differ by one decimal point due to rounding

Q4/2020 vs Q3/2020 (QoQ)

- In Q4/2020, the Company recorded total operating revenue of Baht 2,103.9 million, increased by Baht 129.2 million or 6.5% QoQ. The increase was mainly due to the following reasons:
 - **Revenue from sale of goods** increased by Baht 119.7 million or 6.4% QoQ, recovering from Q3/2020, mainly supported by higher domestic home project sales, online sales, OEM, Younique Customized Furniture, and a new franchise store opening in Vietnam.
 - **Revenue from rental and rendering of services** increased by Baht 9.5 million or 8.1% QoQ, since revenue from space rental services in Q4/2020 has returned to the same level as before the COVID-19 situation.

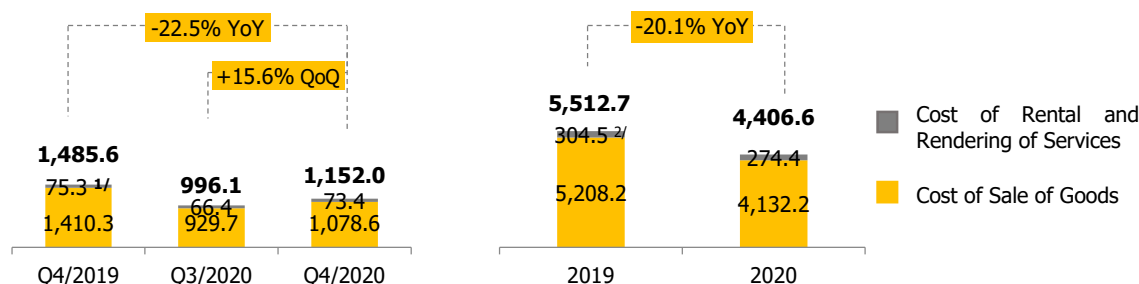
2020 vs 2019 (YoY)

- In 2020, the Company recorded total operating revenue of Baht 8,119.5 million, decreased by Baht 1,678.5 million or 17.1% QoQ. The decrease was mainly due to the following reasons:
 - **Revenue from sale of goods** decreased by Baht 1,579.1 million or 17.1% YoY as a result of most store closure nationwide between 22 March and 16 May 2020 due to the first epidemic of COVID-19 in late Q1/2020 and some store closure due to the newly merging of COVID-19 in late Q4/2020 as well as consumers' cautious spending resulted from concerns about the economy and the COVID-19 pandemic situation. However, online sales continued to grow remarkably by 153.7% YoY; domestic home project sales increased by 12.4% YoY; and OEM sales rose by 121.4% YoY.
 - **Revenue from rental and rendering of services** decreased by Baht 99.4 million or 17.7% YoY, mainly due to the closure of The Walk, Little Walk, and Index Mall between 22 March and 16 May 2020, plus the rental discounts given for a certain period to help reduce the burden and alleviate the impact of COVID-19 for tenants. Also, the Company collected less land and building tax from tenants to submit to government agencies following the government's announcement to decrease land and buildings taxation by 90% in 2020. However, revenue from space rental services has returned to the same level as before the COVID-19 situation.

**Value may differ by one decimal point due to rounding*

2. Cost of Sales and Services

Unit: THB million, %



^{1/} Figure after reclassification. cost of rental and rendering of services before reclassification in Q4/2019 was Baht 81.1 million (figure after reclassification decreased by Baht 5.8 million from before reclassification)

^{2/} Figure after reclassification. cost of rental and rendering of services before reclassification in 2019 was Baht 327.7 million (figure after reclassification decreased by Baht 23.3 million from before reclassification)

Q4/2020 vs Q4/2019 (YoY)

- In Q4/2020, the Company recorded cost of sales and services of Baht 1,152.0 million, decreased by Baht 333.6 million or 22.5% YoY. The decrease was mainly due to the following reasons:
 - Cost of sale of goods** decreased by Baht 331.7 million or 23.5% YoY, following the reduced sales. The decrease was also supported by the lower cost of goods and production costs but higher production efficiency, which was resulted from the organization restructuring and the continuous work process improvement, including a reduced number of headcounts, using robots as a replacement of human labor, and using more common parts, e.g., consolidating the particle board thickness, reducing the variety of surface materials, using the standard fitting, such as hinge, drawer rail, slide rail, screw, nut, etc.
 - Cost of rental and rendering of services** decreased by Baht 2.0 million or 2.6% YoY, mainly due to the Company's adoption of TFRS 16 since 1 January 2020 which lowered the cost of rental and rendering of services in Q4/2020 by Baht 3.8 million. If excluding the impact of TFRS 16, cost of rental and rendering of services would increase due to the transaction of land and building tax expense reversal of Baht 5.9 million in Q4/2019.

Q4/2020 vs Q3/2020 (QoQ)

- In Q4/2020, the Company recorded cost of sales and services of Baht 1,152.0 million, increased by Baht 155.8 million or 15.6% QoQ. The decrease was mainly due to the following reasons:
 - Cost of sale of goods** increased by Baht 148.9 million or 16.0% QoQ, following the increase in sale from goods.
 - Cost of rental and rendering of services** increased by Baht 6.9 million or 10.5% QoQ, following the increase in revenue from rental and rendering of services. Also, in Q3/2020, the Company recorded a transaction of land and building tax discount for the 9M/2020 after the government announced a decrease in land and buildings taxation by 90% for 2020.

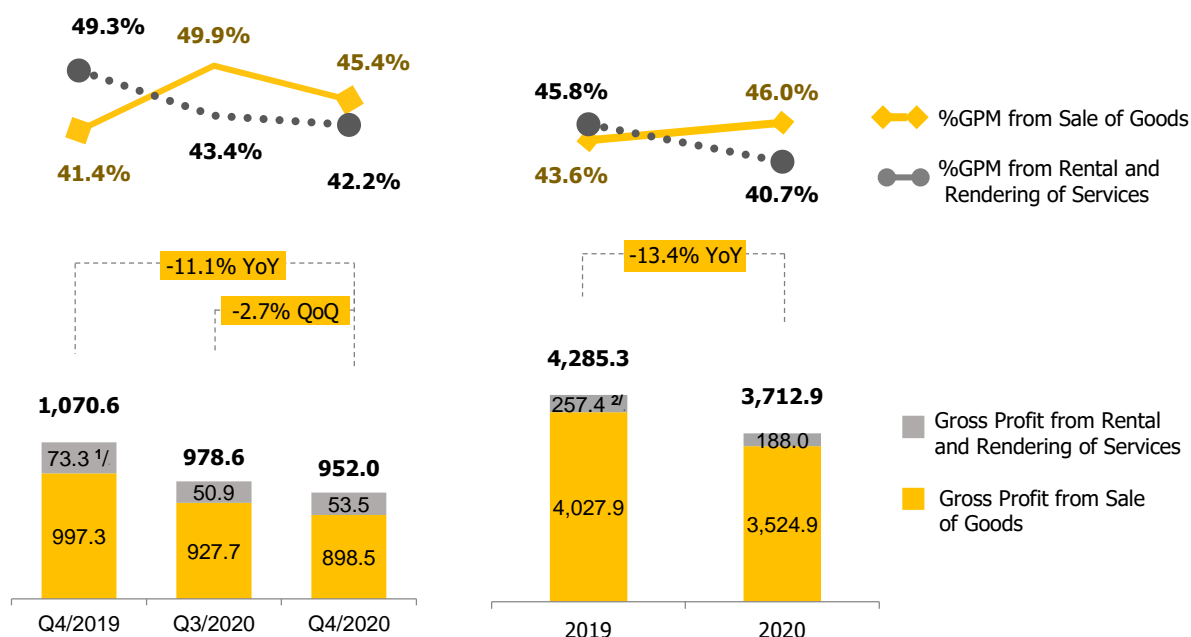
2019 vs 2020 (YoY)

- In 2020, the Company recorded cost of sales and services of Baht 4,406.6 million, decreased by Baht 1,106.1 million or 20.1% YoY. The decrease was mainly due to the following reasons:
 - Cost of sale of goods** decreased by Baht 1,076.0 million or 20.7% YoY, following the reduced sales. The decrease was also supported by the lower cost of goods and production costs but higher production efficiency.
 - Cost of rental and rendering of services** decreased by Baht 30.0 million or 9.9% YoY, following lower revenue from rental and rendering of services caused by the closure of The Walk, Little Walk, and Index Mall between 22 March and 16 May 2020, which resulted in lower expenses, e.g., employee expenses and utilities expenses. The Company's adoption of TFRS 16 since 1 January 2020 also lowered the cost of rental and rendering of services in 2020 by Baht 15.4 million. Plus, the Company recorded less land and buildings tax expense following the government's announcement to decrease land and buildings taxation by 90% in 2020.

*Value may differ by one decimal point due to rounding

3. Gross Profit and Gross Profit Margin

Unit: THB million, %



^{1/} Figure after reclassification. Gross profit from rental and rendering of services before reclassification in Q4/2019 was Baht 67.5 million (figure after reclassification increased by Baht 5.8 million from before reclassification)

^{2/} Figure after reclassification Gross profit from rental and rendering of services before reclassification in 2019 was Baht 234.1 million (figure after reclassification increased by Baht 23.3 million from before reclassification)

Q4/2020 vs Q4/2019 (YoY)

- In Q4/2020, the Company recorded gross profit of Baht 952.0 million, decreased by Baht 118.6 million or 11.1% YoY. The decrease was mainly due to the following reasons:
 - Gross profit from sale of goods** decreased by Baht 98.8 million or 9.9% YoY, following the reduced sales. However, gross profit margin from sale managed to increase YoY, mainly supported by lower cost of goods and production costs but higher production efficiency. Improved product mix with a higher proportion of sales from higher profit margin products as well as managing sales campaigns efficiently were also the driving factors for higher gross profit margin.
 - Gross profit from rental and rendering of services** decreased by Baht 19.8 million or 27.1% YoY, mainly due to lower other service income since the Company collected less land and building tax from tenants to submit to government agencies following the government's announcement to decrease land and buildings taxation by 90% in 2020.

*Value may differ by one decimal point due to rounding

Q4/2020 vs Q3/2020 (QoQ)

- In Q4/2020, the Company recorded gross profit of Baht 952.0 million, decreased by Baht 26.6 million or 27.6% QoQ. The decrease was mainly due to the following reasons:
 - **Gross profit from sale of goods** decreased by Baht 29.2 million or 3.1% QoQ, mainly due to lower gross profit margin from sale QoQ which was resulted from higher sales portion from domestic home project and OEM which contributed to lower margin.
 - **Gross profit from rental and rendering of services** increased by Baht 2.6 million or 5.1% QoQ, following the higher revenue from rental and rendering of services. Revenue from space rental services in Q4/2020 has returned to the same level as before the COVID-19 situation. However, gross profit margin from rental and rendering of services decreased QoQ since in Q3/2020, the Company recorded the transaction of land and building tax discount for the 9M/2020 following the government's announcement to decrease land and buildings taxation by 90% in 2020.

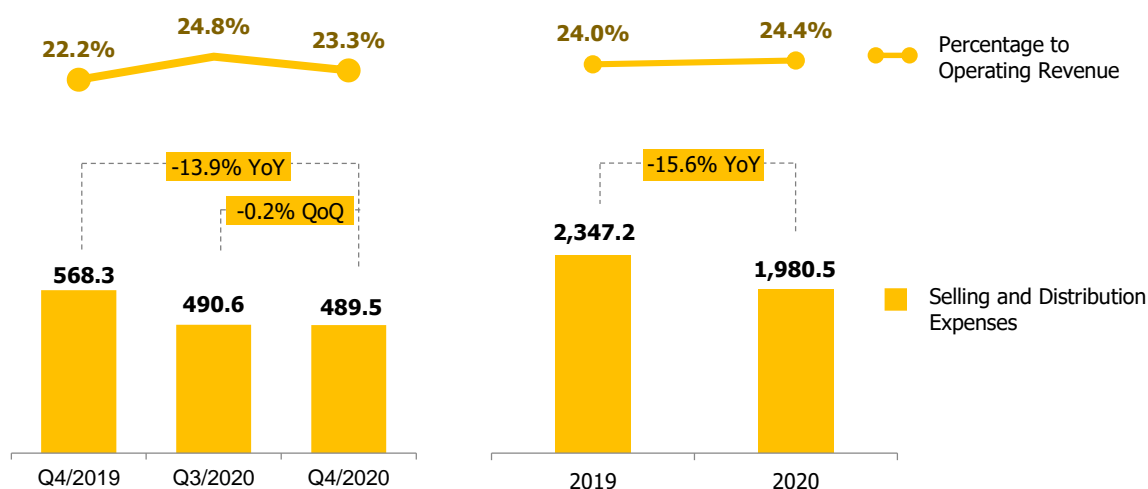
2020 vs 2019 (YoY)

- In 2020, the Company recorded gross profit of Baht 3,712.9 million, decreased by Baht 572.4 million or 13.4% YoY. The decrease was mainly due to the following reasons:
 - **Gross profit from sale of goods** decreased by Baht 503.3 million or 12.5% YoY, following the lower sales as a result of most store closure nationwide between 22 March and 16 May 2020 due to the first epidemic of COVID-19 in late Q1/2020 and some store closure due to the newly merging of COVID-19 in late Q4/2020. However, gross profit margin from sale managed to improve YoY despite the lower sales mainly due to lower cost of goods and production costs but higher production efficiency. Improved product mix with a higher proportion of sales from higher profit margin products as well efficient sales campaigns also helped drive the gross profit margin.
 - **Gross profit from rental and rendering of services** decreased by Baht 69.4 million or 27.0% YoY, following the lower revenue from rental and rendering of services as a result of rental discounts given to tenants due to the closure of The Walk, Little Walk, and Index Mall between 22 March and 16 May 2020. The Company also provided rental discounts for a certain period to help reduce the burden and alleviate the impact of the COVID-19 situation for tenants. However, revenue from space rental services has returned to the same level as before the COVID-19 situation.

**Value may differ by one decimal point due to rounding*

4. Selling and Distribution Expenses*

Unit: THB million, %



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

Q4/2020 vs Q4/2019 (YoY)

- In Q4/2020, the Company recorded selling and distribution expenses of Baht 489.5 million, decreased by Baht 78.8 million or 13.9% YoY, following the lower operating revenue. The decrease was also due to improved cost management such as employee expenses, utilities expenses, and promotional expenses. The Company's adoption of TFRS 16 since 1 January 2020 also lowered the Q4/2020 selling and distribution expenses by Baht 26.7 million.
- The percentage of selling and distribution expenses to operating revenue increased YoY mainly due to lower operating revenue, despite improved cost management.

Q4/2020 vs Q3/2020 (QoQ)

- In Q4/2020, the Company recorded selling and distribution expenses of Baht 489.5 million, slightly decreased by Baht 1.1 million or 0.2% QoQ, despite the higher operating revenue. The decreased selling and distribution expenses was mainly supported by improved cost management including employee expenses and utilities expenses, etc.
- The percentage of selling and distribution expenses to operating revenue decreased QoQ, mainly due to the higher operating revenue and improved cost management.

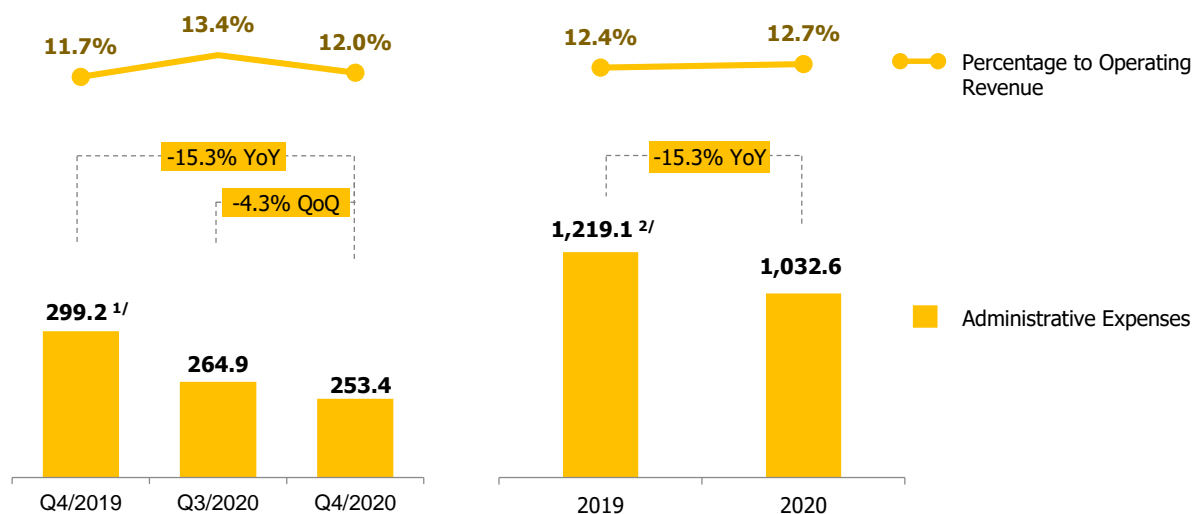
2020 vs 2019 (YoY)

- In 2020, the Company recorded selling and distribution expenses of Baht 1,980.5 million, decreased by Baht 366.6 million or 15.6% YoY. The decrease was mainly due to lower sales and lower store-related expenses following most store closure nationwide between 22 March and 16 May 2020 as well as improved cost management such as employee expenses, utilities expenses, and promotional expenses. The Company's adoption of TFRS 16 since 1 January 2020 also lowered the 2020 selling and distribution expenses by Baht 106.7 million.
- The percentage of selling and distribution expenses to operating revenue increased YoY, mainly due to the lower operating revenue, despite improved cost management.

*Value may differ by one decimal point due to rounding

5. Administrative Expenses*

Unit: THB million, %



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

^{1/} Figure after reclassification. Administrative expenses before reclassification in Q4/2019 was Baht 293.4 million (figure after reclassification increased by Baht 5.8 million from before reclassification)

^{2/} Figure after reclassification. Administrative expenses before reclassification in 2019 was Baht 1,195.8 million (figure after reclassification increased by Baht 23.3 million from before reclassification)

Q4/2020 vs Q4/2019 (YoY)

- In Q4/2020, the Company recorded administrative expenses of Baht 253.4 million, decreased by Baht 45.8 million or 15.3% YoY. The decrease was mainly due to improved cost management, including employee expenses, utilities expenses, and other expenses. The Company's adoption of TFRS 16 since 1 January 2020 also lowered the Q4/2020 administrative expenses by Baht 5.5 million.
- The percentage of administrative expenses to operating revenue increased YoY, mainly due to lower operating revenue, despite improved cost management.

Q4/2020 vs Q3/2020 (QoQ)

- In Q4/2020, the Company recorded administrative expenses of Baht 253.4 million, decreased by Baht 11.5 million or 4.3% QoQ. The decrease was mainly due to improved cost management, including employee expenses, delivery costs, utilities expenses, and other expenses.
- The percentage of administrative expenses to operating revenue decreased QoQ, mainly due to the improved cost management.

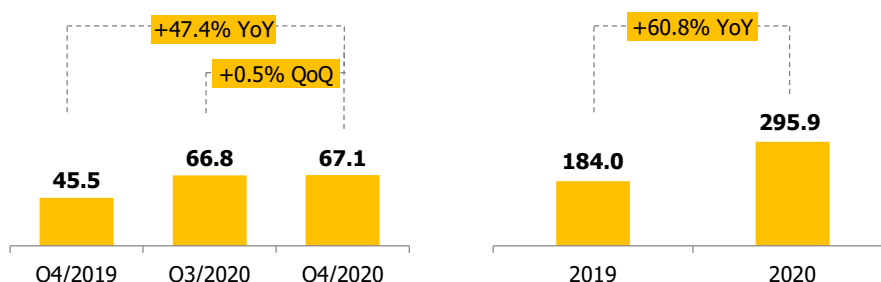
2020 vs 2019 (YoY)

- In 2020, The Company recorded administrative expenses of Baht 1,032.6 million, decreased by Baht 186.5 million or 15.3% YoY. The decrease was mainly due to improved cost management including employee expenses, utilities expenses. The Company's adoption of TFRS 16 since 1 January 2020 also lowered the 2020 administrative expenses by Baht 21.9 million.
- The percentage of administrative expenses to operating revenue increased YoY mainly due to lower operating revenue despite improved cost management.

*Value may differ by one decimal point due to rounding

6. Finance Costs

Unit: THB million, %



Q4/2020 vs Q4/2019 (YoY)

- In Q4/2020, the Company recorded finance costs of Baht 67.1 million, increased by Baht 21.6 million or 47.4% YoY. The increase was mainly due to the adoption of TFRS 16 since 1 January 2020, which resulted in higher interest expenses by Baht 44.0 million. If excluding the impact of TFRS 16, the Q4/2020 finance costs would be Baht 23.2 million, decreased by Baht 22.4 million or 49.1% YoY mainly due to the continuous repayment of loans from financial institutions. The Company has repaid long-term loans totaling Baht 135.2 million in Q4/2020, including the prepayment of Baht 70.6 million. This was supported by the Company's well-managed liquidity, while major investments have been postponed. Also, the Company has significantly reduced inventories, leading to lower storage costs and handling costs. The liquidity well improved consequently.

Interest-bearing debt at the end of Q4/2020 was Baht 5,879.2 million, increased by Baht 1,193.3 million or 25.5% from Baht 4,685.9 million at the end of Q4/2019, mainly due to the adoption of TFRS 16 since 1 January 2020, which resulted in higher lease liabilities by Baht 2,738.3 million.

Borrowings from financial institutions at the end of Q4/2020 were Baht 3,133.4 million, decreased by Baht 1,531.3 million or 32.8% from Baht 4,664.7 million at the end of Q4/2019.

Q4/2020 vs Q3/2020 (QoQ)

- In Q4/2020, the Company recorded finance costs of Baht 67.1 million, an increase by Baht 0.3 million or 0.5% QoQ mainly due to the increased use of short-term loans during the quarter.

Interest-bearing debt at the end of Q4/2020 was Baht 5,879.2 million, decreased by Baht 144.4 million or 2.4% from Baht 6,023.6 million at the end of Q3/2020.

Borrowings from financial institutions at the end of Q4/2020 were Baht 3,133.4 million, decreased by Baht 161.2 million or 4.9% from Baht 3,294.6 million at the end of Q3/2020.

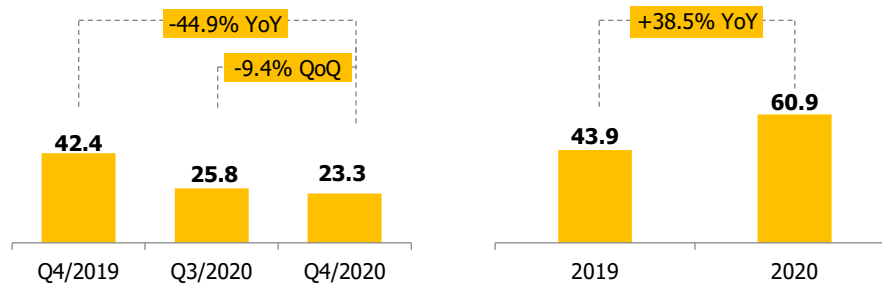
2020 vs 2019 (YoY)

- In 2020, the Company recorded finance costs of Baht 295.9 million, increased by Baht 111.9 million or 60.8% YoY. The increase was mainly due to the adoption of TFRS 16 since 1 January 2020, which resulted in higher interest expenses by Baht 175.5 million. If excluding the impact of TFRS 16, the 2020 finance costs would be Baht 120.4 million, decreased by Baht 63.7 million or 34.6% YoY mainly due to the continuous repayment of loans from financial institutions as well as reduced loan interest rates during the year, following the reduced policy interest rate by the Central Bank of Thailand. In 2020, the Company has repaid long-term loans totaling Baht 1,502.3 million, including the prepayment of Baht 1,156.3 million.

*Value may differ by one decimal point due to rounding

7. Tax Expenses (Income)

Unit: THB million, %

**Q4/2020 vs Q4/2019 (YoY)**

- In Q4/2020, the Company recorded tax expenses of Baht 23.3 million, decreased by Baht 19.0 million or 44.4% YoY as there was an adjustment transaction for higher tax expense in Q4/2019.

Q4/2020 vs Q3/2020 (QoQ)

- In Q4/2020, the Company recorded tax expenses of Baht 23.3 million, decreased by Baht 2.4 million or 9.4% YoY due to lower earnings before tax.

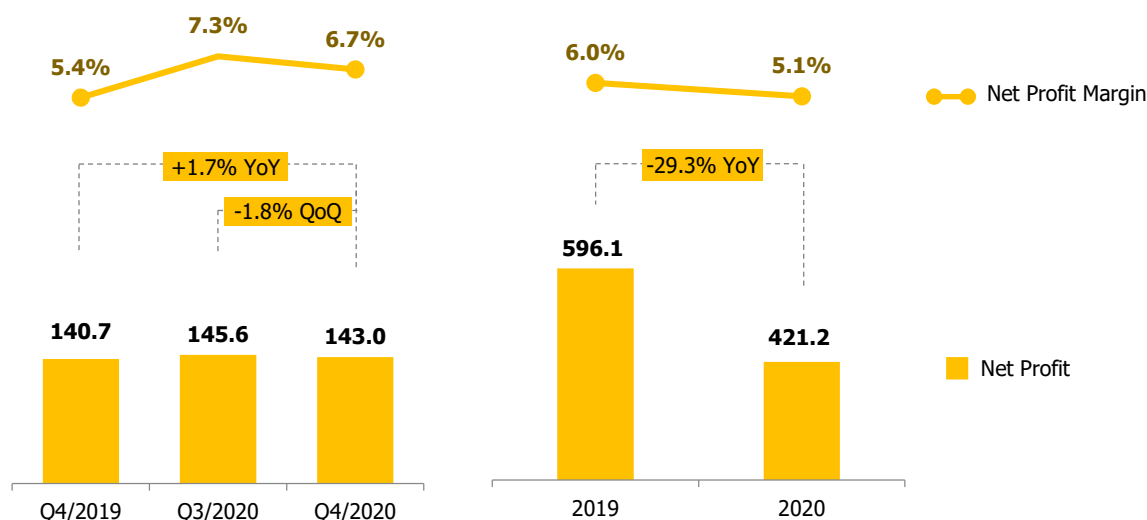
2020 vs 2019 (YoY)

- In 2020, The Company recorded tax expenses of Baht 60.9 million, increased by Baht 16.9 million or 38.5% YoY despite lower earnings before tax. The increase was mainly due to the tax incentives of Baht 70.0 million from The Office of the Board of Investment (BOI) the Company received in 2019 from solar rooftop investment.

*Value may differ by one decimal point due to rounding

8. Net Profit and Net Profit Margin

Unit: THB million, %



Q4/2020 vs Q4/2019 (YoY)

- In Q4/2020, the Company recorded a net profit of Baht 143.0 million, increased by Baht 2.3 million or 1.7% YoY despite lower operating revenue resulted from consumers' cautious spending resulted from concerns about the economy and the COVID-19 pandemic situation. The decrease was mainly due to the following reasons:
 - Higher gross profit margin from sale YoY, supported by lower production costs but higher production efficiency as well as effective sales campaign.
 - Improved SG&A management including employee expenses, utilities expenses, and other expenses.
 - The Company recognized a tax benefit of Baht 9.7 million in Q4/2019, while the Company's adoption of TFRS 16 since 1 January 2020 caused a lower net profit by Baht 6.4 million from the recognition of higher depreciation and interest expenses. If excluding both transactions, Q4/2020 net profit would have significant growth from Q4/2019.

Q4/2020 vs Q3/2020 (QoQ)

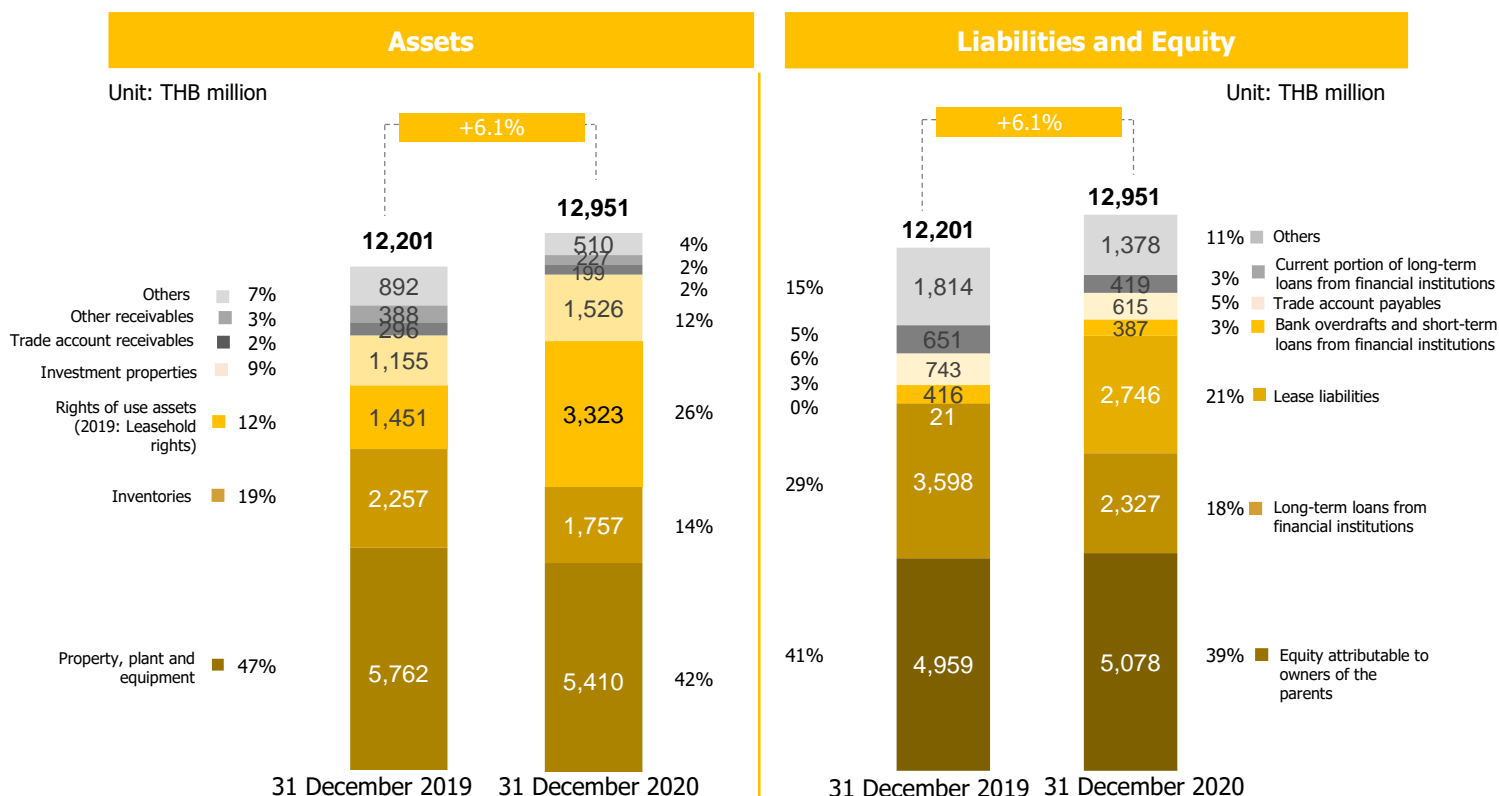
- In Q4/2020, the Company recorded a net profit of Baht 143.0 million, decreased by Baht 2.6 million or 1.8% QoQ. The increase was mainly due to the following reasons:
 - Lower gross profit margin from sale QoQ, mainly due to considerably higher sales portion from domestic home project and OEM which contributed to lower margin.
 - However, SG&A reduced including employee expenses, utilities expenses, and other expenses from improved cost management.

2020 vs 2019 (YoY)

- In 2020, the Company recorded a net profit of Baht 421.2 million, decreased by Baht 174.9 million or 29.3% YoY. The decrease was mainly due to the following reasons:
 - Decreased operating revenue as a result of most store closure nationwide between 22 March and 16 May 2020 and some store closure due to the newly emerging of COVID-19 at the end of the year as well as consumers' cautious spending resulted from concerns about the economy.
 - The adoption of TFRS 16 since 1 January 2020, which caused the lower net profit by Baht 25.2 million from the recognition of higher depreciation and interest expenses.
 - The Company recognized a tax benefit of Baht 70.0 million in 2019.
 - The Company has not yet utilized another tax benefit of approximately Baht 64.3 million from the investment in new machinery, which can be utilized for 3 years from the start.

*Value may differ by one decimal point due to rounding

Statement of Financial Position



Assets

- As at 31 December 2020, the Company had total assets of Baht 12,951.0 million, increased by Baht 749.6 million, or 6.1% from Baht 12,201.4 million as at 31 December 2019. The increase in assets was mainly due to the adoption of TFRS 16 since 1 January 2020, which resulted in the increased assets by Baht 2,436.4 million, comprising of the higher rights of use assets by Baht 3,514.3 million and higher investment properties by Baht 400.7 million, but lower leasehold rights by Baht 1,451.3 million and lower property, plant and equipment by Baht 27.3 million.
- As at 31 December 2020, the Company had inventories of Baht 1,757.0 million, decreased by Baht 500.4 million or 22.2% from Baht 2,257.3 million as at 31 December 2019. The decreased inventories was mainly due to the improved supply chain management.

Liabilities

- As at 31 December 2020, the Company had total liabilities of Baht 7,871.4 million, increased by Baht 630.0 million, or 8.7% from Baht 7,241.4 million as at 31 December 2019. The increase in liabilities was mainly due to the adoption of TFRS 16 since 1 January 2020, which resulted in the increased liabilities by Baht 2,436.4 million, comprising of higher lease liabilities by Baht 2,738.3 million but decreased other payables by Baht 301.9 million. However, borrowings from financial institutions at the end of Q4/2020 were Baht 3,133.4 million, decreased by Baht 1,531.3 million, or 32.8% from Baht 4,664.7 million at the end of Q4/2019.

Equity

- As at 31 December 2020, the Company had equity attributable to owners of the parent of Baht 5,078.3 million, decreased by Baht 119.6 million or 2.4% from Baht 4,958.7 million as at 31 December 2019. The increase in equity mainly came from the Company's operating profit in 2020 of Baht 421.2 million, while the Company has paid dividend to shareholders at Baht 0.46 per share for the 2019 operating performance, totaling Baht 232.3 million, plus an interim dividend of Baht 0.15 per share for the first half of 2020 operating performance, totaling Baht 75.8 million.

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Future Outlook

In the current situation where the domestic economy is still slowing down, the Company will be spending capital expenditures with caution for business expansion to ensure that the Company will be able to generate growth for the business steadily. In 2021, the Company plans to achieve sales growth through cooperation with various business partners. The Company is also determined to maintain a high gross margin, efficiently control expenses in every aspect, and manage the inventory at a low level optimally, which will help support the Company's operating performance to return to the close level as before the COVID-19 situation in 2019 with details as follows:



Younique Customized Furniture Showroom Expansion through Partnership Collaboration

The Company plans to expand more showrooms of Younique Customized Furniture through partnership collaboration including SCG, Boonthavorn, and Lady Home. The Company also plans to work together with contractors to increase the opportunity to reach more customers who are building, renovating, or decorating their homes.



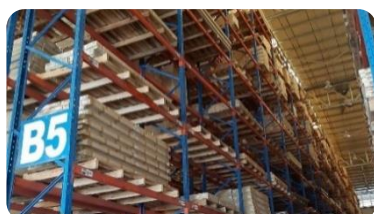
Maintaining the Company's High Gross Profit Margin

The Company has been increasing gross profit margin from sale continuously, and it is determined to maintain it at a high level in the future after reaching at 46.0% in 2020, an increase from 43.6% in 2019, and 44.2% in 2018. The Company has been reducing production costs and increase production efficiency continuously. The Company also has been putting an effort to uplift the selling price and gross profit margin of new collection products, increase sales proportion of high-profit margin products as well as managing sales campaigns efficiently.



Continuously Reducing Operating Expenses

The Company has continuously improved the work process for efficiency enhancement, together with the decrease in the number of headcounts, resulting in a significant reduction in operating costs. Consequently, for 2020, The Company reduced the SG&A by Baht 553.1 million or 15.5% compared to 2019. The Company is determined to continue to control costs consistently, thus improving profitability in the future, especially when the economy returns to the pre-COVID-19 pandemic level.



Decreasing Inventories for Reduced Handling Costs and Generating More Income

The Company has been reducing inventories continuously. Currently, the Company has been able to reduce some stocking areas from the current warehouses at 3 distribution centers. The Company then has brought the free space to rent out to a business partner. The lease contract will be effective approximately in Q1/2021.

The Company has cautiously planned and executed the inventory reduction process to avoid the stock shortage or loss of sales opportunities. Consequently, inventories have been decreasing from Baht 2,378.9 million at the end of 2018 to Baht 2,257.3 million at the end of 2019, and Baht 1,757.0 million at the end of 2020. The Company has the policy to continue reducing and controlling the inventory at a low level optimally in the future to decrease storage costs, operating costs as well as increasing liquidity of the business.