

Indexlivingmall

Index Living Mall Public Company Limited (ILM)

Management Discussion and Analysis (MD&A)

For the Second Quarter Ended 30 June 2021



Highlights

Operating Highlights	Q2/2020	Q1/2021	Q2/2021	Change +/-		6M/2020	6M/2021	Change +/-
				%YoY	%QoQ			
(Unit: THB million)								
Revenue from sale of goods	1,746.3	2,005.1	1,910.7	+9.4%	-4.7%	3,822.5	3,915.7	+2.4%
Revenue from rental and rendering of services	83.5	128.4	123.2	+47.6%	-4.1%	218.3	251.6	+15.2%
Operating revenue	1,829.8	2,133.5	2,033.8	+11.2%	-4.7%	4,040.8	4,167.3	+3.1%
Gross profit	767.1	930.9	895.0	+16.7%	-3.9%	1,782.4	1,825.9	+2.4%
EBITDA	300.3	457.3	402.8	+34.1%	-11.9%	740.8	860.1	+16.1%
Net profit (loss)	14.5	145.4	101.0	+596.7%	-30.5%	132.7	246.4	+85.7%
Gross profit margin (%)	41.9%	43.6%	44.0%	+2.1%	+0.4%	44.1%	43.8%	-0.3%
EBITDA margin (%)	16.2%	21.3%	19.7%	+3.5%	-1.6%	18.2%	20.5%	+2.3%
Net profit margin (%)	0.8%	6.8%	4.9%	+4.1%	-1.8%	3.3%	5.9%	+2.6%

Q2/2021

- In Q2/2021, Index Living Mall Public Company Limited (the "Company" or "ILM") recorded a net profit of Baht 101.0 million, increased by 596.7% YoY, mainly supported by the following reasons:
 - Higher operating revenue, both from sale and rental and rendering of services, due to the country lockdown measures to prevent the first outbreak of COVID-19 in the same period last year. Sales that continued to grow included retail sales, which grew by 15.8% YoY; online sales, which grew by 16.5% YoY; overseas OEM sales, which grew by 89.8% YoY; overseas franchise sales, which grew by 17.1% YoY; and Younique Customized Furniture sales, which grew by 68.4% YoY.
 - Improved gross profit margin, both from sale and from rental and rendering of services
 - Lower %SG&A to operating revenue supported by higher revenue and improved cost management
 - The Company utilized tax incentives from the Office of the Board of Investment (BOI) of Baht 4.2 million received from the investment in new machinery.
- Q2/2021 Net profit reduced 30.5% QoQ, mainly due to the following reasons:
 - Lower operating revenue, both from sale and rental and rendering of services, due to the concern over the domestic economy and the third wave of COVID-19 since April 2021. However, some sales channels managed to grow including online, which grew by 53.3% QoQ, and domestic dealers, which grew by 15.2% QoQ.
 - Reduced gross profit margin from rental and rendering of services QoQ, due to rental discounts given to tenants to relieve the impact of the government's measures over the highest and strict control areas. However, gross profit margin from sale improved QoQ resulted from the selling prices increase to compensate for a higher cost of particle board as well as increased sales proportion from retail sales which contributed to high gross margin.
 - Higher SG&A including sales promotional expenses and delivery costs, especially from online sales. However, effective cost management still has been on track.
 - The Company utilized BOI tax incentives of Baht 4.2 million, reduced from Baht 6.2 million in Q1/2021.
- Online sales have made a quarterly new high of Baht 237.8 million, increased by 16.5% YoY and 53.3% QoQ
- The Company's Board of Directors has approved the interim dividend payment of Baht 0.15 per share, totaling Baht 75.8 million for the operating performance between 1 January - 30 June 2021.

6M/2021

- In 6M/2021, the Company recorded a net profit of Baht 246.4 million, increased by 85.7% YoY, mainly supported by the following reasons:
 - Higher operating revenue, both from sale and rental and rendering of services
 - Improved gross profit margin from rental and rendering of services
 - Lower %SG&A to operating revenue supported by higher revenue and improved cost management, e.g., employee expenses, utilities expenses, and promotional expenses
- The Company utilized BOI tax incentives of Baht 10.4 million, out of total tax incentives received from investment in new machinery of Baht 64.3 million.
- The Company has been able to manage liquidity satisfactorily and repay loans continuously. Total borrowings from financial institutions at the end of Q2/2021 stood at Baht 2,575.3 million, reduced by Baht 558.1 million or 17.8% from Baht 3,133.4 million at the end of 2020, with the long-term loan prepayment of Baht 484.7 million.

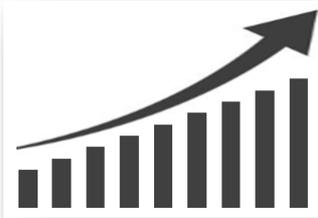
*Values may differ by one decimal point due to figure rounding

Significant Events in Q2/2021



Same Store Sales Growth (SSSG) Turned to be Positive

SSSG has turned to be positive at 15.9% YoY in Q2/2021 and 2.5% YoY in 6M/2021, despite the third wave of COVID-19 situation since April 2021.



Online Sales Achieved a New Quarterly Sales Record

After online sales had reached the quarterly sales record at Baht 204.1 million in Q2/2020, the Company could make another new high record at Baht 237.8 million in Q2/2021, increased by 16.5% YoY and 53.3% QoQ. The support factors included more variety of products, products selection that meets customers' needs, social media marketing which highly attracts customers' interest, technology that helps facilitate the ease of use for customers as well as quick services provided to reach customer satisfaction both from the Company's platforms and partners' marketplaces, etc.

Younique Customized Furniture Rose Remarkably in Provincial Area

After Younique Customized Furniture gradually expanded its showrooms to cover almost every store of Index Living Mall, sales of Younique Customized Furniture in the provincial area have been rising outstandingly. As the competition in provincial is quite low, we also expect much more growth in the future.



Sales of Younique Customized Furniture in Q2/2021 reached Baht 95.8 million, increased by 68.4% YoY but decreased by 8.6% QoQ. The QoQ drop was mainly due to the third wave of the COVID-19 outbreak since April 2021, which caused delays in installation. However, sales of Younique Customized Furniture in provincial managed to increase continuously with the growth of 160.2% YoY in 2020 (overall sales of Younique Customized Furniture reduced by 10.3% YoY), 146.2% YoY in Q1/2021 (overall sales growth of 20.4% YoY) and 158.1% YoY in Q2/2021 (overall sales growth of 68.4% YoY).

Continuous Loans Repayment to Reduce Finance Costs

The Company has been repaying loans from financial institutions continuously. Total borrowings at the end of Q2/2021 stood at Baht 2,575.3 million, decreased by Baht 558.1 million or 17.8% from Baht 3,133.4 million at the end of 2020, and decreased by Baht 73.8 million or 2.8% from Baht 2,649.2 million at the end of Q1/2021. The reduced borrowings included the long-term loan prepayment of Baht 200 million in Q2/2021 and Baht 484.7 million in 6M/2021. Finance costs in Q2/2021 (only from the borrowings from financial institutions) thus reduced by Baht 14.7 million or 44.3% YoY to Baht 18.5 million from Baht 33.2 million in Q2/2020.

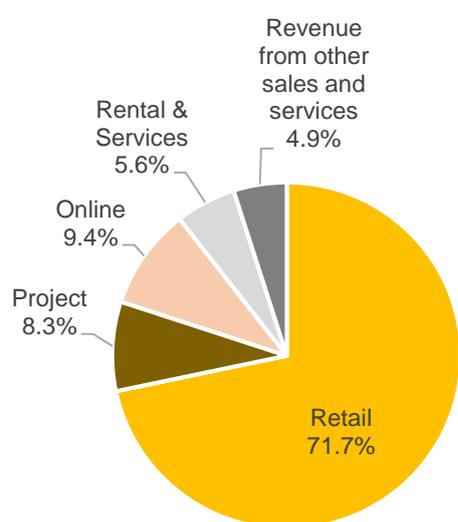


Summary of Operating Results

Operating Highlights	Q2/2020	Q1/2021	Q2/2021	Change +/-		6M/2020	6M/2021	Change +/-
				%YoY	%QoQ			
(Unit: THB million)								
Revenue from sale of goods	1,746.3	2,005.1	1,910.7	+9.4%	-4.7%	3,822.5	3,915.7	+2.4%
Revenue from rental and rendering of services	83.5	128.4	123.2	+47.6%	-4.1%	218.3	251.6	+15.2%
Operating revenue	1,829.8	2,133.5	2,033.8	+11.2%	-4.7%	4,040.8	4,167.3	+3.1%
Cost of sale of goods	1,001.3	1,135.1	1,066.5	+6.5%	-6.0%	2,123.8	2,201.5	+3.7%
Cost of rental and rendering of services	61.4	67.5	72.4	+18.0%	+7.2%	134.7	139.9	+3.9%
Cost of sales and services	1,062.7	1,202.6	1,138.9	+7.2%	-5.3%	2,258.5	2,341.5	+3.7%
Gross profit	767.1	930.9	895.0	+16.7%	-3.9%	1,782.4	1,825.9	+2.4%
Other income	22.9	13.2	14.6	-36.1%	+10.9%	38.7	27.8	-28.2%
Selling and distribution expenses	463.7	472.7	484.2	+4.4%	+2.4%	1,000.4	956.9	-4.4%
Administrative expenses	243.3	232.5	242.7	-0.3%	+4.4%	514.3	475.2	-7.6%
Finance costs	77.3	64.8	65.5	-15.2%	+1.1%	162.0	130.3	-19.5%
Profit before income tax expenses	5.7	174.2	117.2	+1964%	-32.7%	144.4	291.3	+101.7%
Tax expenses (reversal)	(8.8)	28.8	16.1	+282.9%	-44.0%	11.7	44.9	+282.5%
Net profit (Loss)	14.5	145.4	101.0	+596.7%	-30.5%	132.7	246.4	+85.7%

Operating Revenue Structure

ILM operates as a retailer of furniture and home furnishing products. The Company's sources of revenue can be divided into 5 main businesses as follows:



6M/2021 Operating Revenue:
Baht 4,167.3 million

Retail stores

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

Projects

- > 90% are from domestic project

Online

- Sales revenue are from the Company's online platforms and business partners' marketplaces

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 services, installation services, and revenue from home, e.g., moving service, cleaning service, sleeping care service, design, and build service.

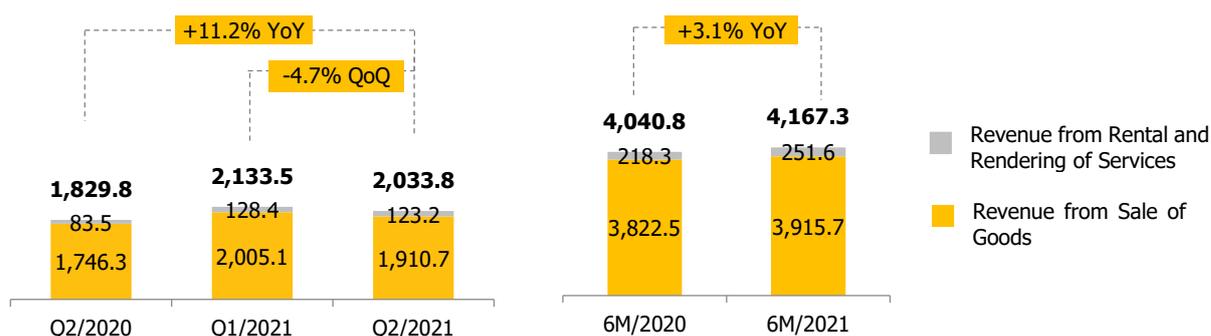
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Operating Results

Operating Highlights	Q2/2020	Q1/2021	Q2/2021	Change +/-		6M/2020	6M/2021	Change +/-
				%YoY	%QoQ			
(Unit: THB million)								
A. Revenue from sale of goods								
Domestic sales								
1.1 Retail stores	1,276.9	1,509.8	1,478.5	+15.8%	-2.1%	2,951.1	2,988.3	+1.3%
1.2 Projects	197.5	230.7	104.3	-47.2%	-54.8%	459.5	335.1	-27.1%
1.3 Dealers	23.3	18.7	21.5	-7.8%	+15.2%	46.6	40.1	-14.0%
1.4 Online	204.1	155.1	237.8	+16.5%	+53.3%	282.8	392.8	+38.9%
Total revenue from domestic sales	1,701.9	1,914.2	1,842.1	+8.2%	-3.8%	3,740.1	3,756.3	+0.4%
Overseas sales	44.4	90.8	68.6	+54.4%	-24.5%	82.4	159.4	+93.4%
Total revenue from sale of goods	1,746.3	2,005.1	1,910.7	+9.4%	-4.7%	3,822.5	3,915.7	+2.4%
B. Revenue from rental and rendering of services	83.5	128.4	123.2	+47.6%	-4.1%	218.3	251.6	+15.2%
Total operating revenue	1,829.8	2,133.5	2,033.8	+11.2%	-4.7%	4,040.8	4,167.3	+3.1%
Other income	22.9	13.2	14.6	-36.1%	+10.9%	38.7	27.8	-28.2%
Total revenue	1,852.6	2,146.7	2,048.5	+10.6%	-4.6%	4,079.6	4,195.1	+2.8%

1. Operating Revenue

Unit: THB million, %



Q2/2021 vs Q2/2020 (YoY)

- In Q2/2021, the Company recorded total operating revenue of Baht 2,033.8 million, increased by Baht 204.1 million or 11.2% YoY. Details were as follows:
 - Revenue from sale of goods** was Baht 1,910.7 million, increased by Baht 164.4 million or 9.4% YoY. The increase was mainly due to the country lockdown to prevent the spread of the first outbreak of COVID-19 in the same period last year, which caused a significant drop in retail sales in Q2/2020. Sales that continued to grow included retail sales, which grew by 15.8% YoY; online sales, which grew by 16.5% YoY; overseas OEM sales, which grew by 89.8% YoY; overseas franchise sales, which grew by 17.1% YoY; and Younique Customized Furniture sales, which grew by 68.4% YoY.
 - Revenue from rental and rendering of services** was Baht 123.2 million, increased by Baht 39.7 million or 47.6% YoY. The increase was mainly resulted from the significant drop of rental revenue in Q2/2020 due to the country lockdown in the same period last year, thus the Company provided rental discounts to tenants to help relieve the impact of their reduced revenue. In Q2/2021, the Company also gave rental discounts to tenants impacted by the government's measures over the highest and strict control areas to prevent the spread of the third wave of COVID-19, but the discounts were not as much as Q2/2020.

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Q2/2021 vs Q1/2021 (QoQ)

- In Q2/2021, the Company recorded total operating revenue of Baht 2,033.8 million, decreased by Baht 99.7 million or 4.7% QoQ. Details were as follows:
 - **Revenue from sale of goods** was Baht 1,910.7 million, decreased by Baht 94.4 million or 4.7% QoQ, mainly due to the third wave of COVID-19 since April 2021, the worst outbreak since it started in Thailand, which caused increased consumers' concern and caution about spending. However, some sales channels managed to grow, including online channel, which grew by 53.3% QoQ, and domestic dealers, which grew by 15.2% QoQ.
 - **Revenue from rental and rendering of services** was Baht 123.2 million, decreased by Baht 5.3 million or 4.1% QoQ, due to rental discounts given to tenants to help relieve the impact of the government's measures over the highest and strict control areas to prevent the spread of the third wave of COVID-19.

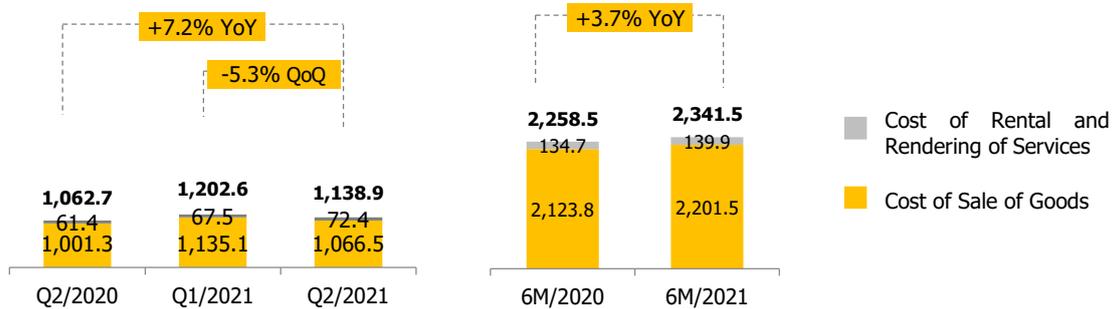
6M/2021 vs 6M/2020 (YoY)

- In 6M/2021, the Company recorded total operating revenue of Baht 4,167.3 million, increased by Baht 126.5 million or 3.1% YoY. Details were as follows:
 - **Revenue from sale of goods** was Baht 3,915.7 million, increased by Baht 93.2 million or 2.4% YoY. The increase was mainly due to the country lockdown in the same period last year, which caused a significant drop in retail sales, despite the second wave of COVID-19 since December 2020 and the third wave since April 2021. Sales that continued to grow included retail sales, which grew by 1.3% YoY; online sales, which grew by 38.9% YoY; overseas OEM, which grew by 168.2% YoY; overseas franchise, which grew by 17.9% YoY; and Younique Customized Furniture sales, which grew by 39.4% YoY.
 - **Revenue from rental and rendering of services** was Baht 251.6 million, increased by Baht 33.3 million or 15.2% YoY, mainly resulted from rental discounts given to tenants to help relieve the impact of the country lockdown in the same period last year. In Q2/2021, the Company also gave rental discounts to tenants impacted by the government's measures over the highest and strict control areas to prevent the spread of the third wave of COVID-19, but the discounts were not as much as the same period last year.

**Values may differ by one decimal point due to figure rounding*

2. Cost of Sales and Services

Unit: THB million, %



Q2/2021 vs Q2/2020 (YoY)

- In Q2/2021, the Company recorded cost of sales and services of Baht 1,138.9 million, increased by Baht 76.2 million or 7.2% YoY. Details were as follows:
 - Cost of sale of goods** was Baht 1,066.5 million, increased by Baht 65.1 million or 6.5% YoY. The increase was following the higher sales as well as increased cost of particle board, which is a major raw material for furniture production.
 - Cost of rental and rendering of services** was Baht 72.4 million, increased by Baht 11.0 million or 18.0% YoY, following the higher revenue from rental and rendering of services.

Q2/2021 vs Q1/2021 (QoQ)

- In Q2/2021, the Company recorded cost of sales and services of Baht 1,138.9 million, decreased by Baht 63.7 million or 5.3% QoQ. Details were as follows:
 - Cost of sale of goods** was Baht 1,066.5 million, decreased by Baht 68.6 million or 6.0% QoQ, following the decrease in sale of goods.
 - Cost of rental and rendering of services** was Baht 72.4 million, increased by Baht 4.9 million or 7.2% QoQ mainly due to higher depreciation from investment properties.

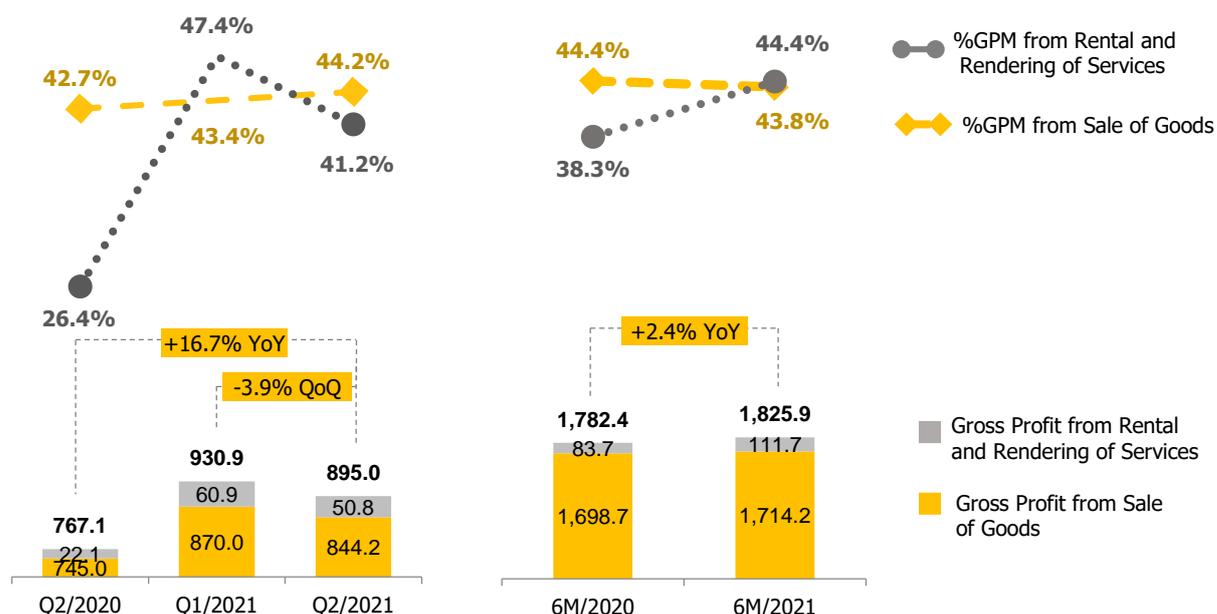
6M/2021 vs 6M/2020 (YoY)

- In 6M/2021, the Company recorded cost of sales and services of Baht 2,341.5 million, increased by Baht 83.0 million or 3.7% YoY. Details were as follows:
 - Cost of sale of goods** was Baht 2,201.5 million, increased by Baht 77.7 million or 3.7% YoY. The increase was following the higher sales as well as higher cost of particle board, which is a major raw material for furniture production.
 - Cost of rental and rendering of services** was Baht 139.9 million, increased by Baht 5.3 million or 3.9% YoY, following the higher revenue from rental and rendering of services.

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3. Gross Profit and Gross Profit Margin

Unit: THB million, %



Q2/2021 vs Q2/2020 (YoY)

- In Q2/2021, the Company recorded gross profit of Baht 895.0 million, increased by Baht 127.9 million or 16.7% YoY. Details were as follows:
 - Gross profit from sale of goods** was Baht 844.2 million, increased by Baht 99.2 million or 13.3% YoY, following the higher sales and improved sales proportion of higher-margin products, e.g., retail sales and Younique Customized Furniture. The Company also increased the selling prices to compensate for the higher cost of particle board, which is a major raw material for furniture production.
 - Gross profit from rental and rendering of services** was Baht 50.8 million, increased by Baht 28.7 million or 130.0% YoY, mainly due to higher revenue from rental and rendering of services resulted from lower rental discounts given to tenants compared to the same period last year.

Q2/2021 vs Q1/2021 (QoQ)

- In Q2/2021, the Company recorded gross profit of Baht 895.0 million, decreased by Baht 35.9 million or 3.0% QoQ. Details were as follows:
 - Gross profit from sale of goods** was Baht 844.2 million, decreased by Baht 25.8 million or 3.0% QoQ, following the reduced sales. However, gross profit margin from sale slightly improved QoQ after the Company has increased the selling prices since April 2021 to compensate for the higher cost of particle board, which is a major raw material for furniture production. Higher sales proportion of retail sales which contributed to better margin also helped support the gross profit margin.
 - Gross profit from rental and rendering of services** was Baht 50.8 million, decreased by Baht 10.1 million or 16.6% QoQ, following the lower revenue from rental and rendering of services resulted from rental discounts given to tenants to help relieve the impact of the government's measures over the highest and strict areas to prevent the spread of the third wave of COVID-19.

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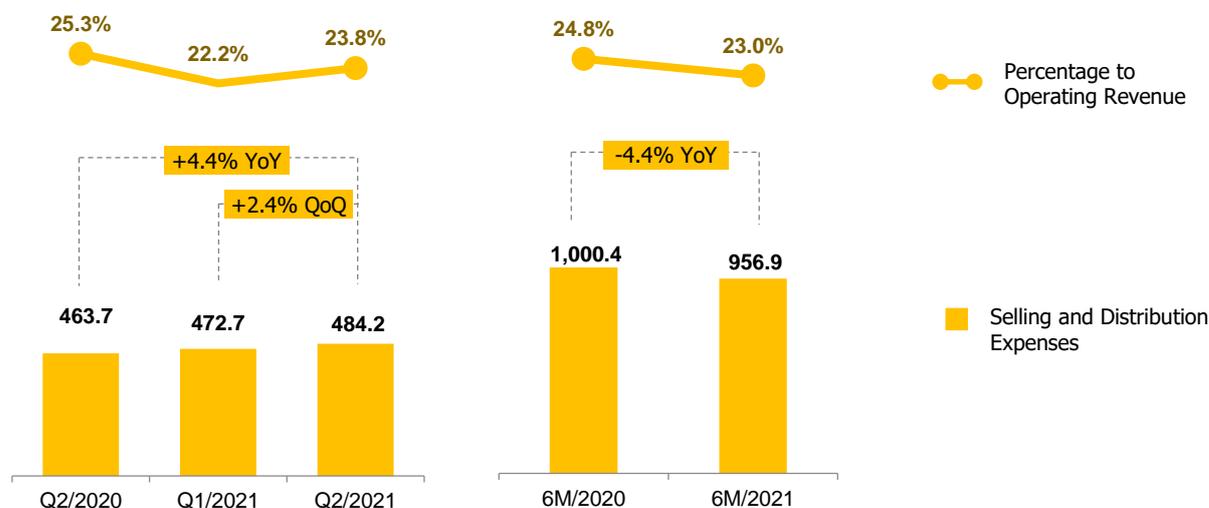
6M/2021 vs 6M/2020 (YoY)

- In 6M/2021, the Company recorded gross profit of Baht 1,825.9 million, increased by Baht 43.5 million or 2.4% YoY. Details were as follows:
 - **Gross profit from sale of goods** was Baht 1,714.2 million, increased by Baht 15.5 million or 0.9% YoY, following the increased sales. Though, gross profit margin from sale decreased mainly due to a higher cost of particle board, which is a major raw material for furniture production. A higher sales proportion of lower-margin products, including OEM sales and clearance of slow-moving goods in Q1/2021 was another factor that pressured gross profit margin from sale. However, the Company has already increased selling prices since April 2021 to compensate for the higher cost of particle board.
 - **Gross profit from rental and rendering of services** was Baht 111.7 million, increased by Baht 28.0 million or 33.5% YoY, mainly due to higher revenue from rental and rendering of services, resulted from reduced rental discounts given to tenants in Q2/2021 compared to the same period last year.

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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, and rental costs.

Q2/2021 vs Q2/2020 (YoY)

- In Q2/2021, the Company recorded selling and distribution expenses of Baht 484.2 million, increased by Baht 20.6 million or 4.4% YoY, following the higher operating revenue. Another reason was the less-than-usual expenses in the same period last year, which was resulted from the closure of most stores following the lockdown measures to prevent the spread of the first COVID-19 outbreak.
- The percentage of selling and distribution expenses to operating revenue decreased YoY, mainly supported by higher operating revenue as well as improved cost management.

Q2/2021 vs Q1/2021 (QoQ)

- In Q2/2021, the Company recorded selling and distribution expenses of Baht 484.2 million, increased by Baht 11.6 million or 2.4% QoQ. The increase was mainly due to higher promotional expenses, especially for online sales.
- The percentage of selling and distribution expenses to operating revenue increased QoQ, mainly due to the lower operating revenue. However, effective cost management still has been on track.

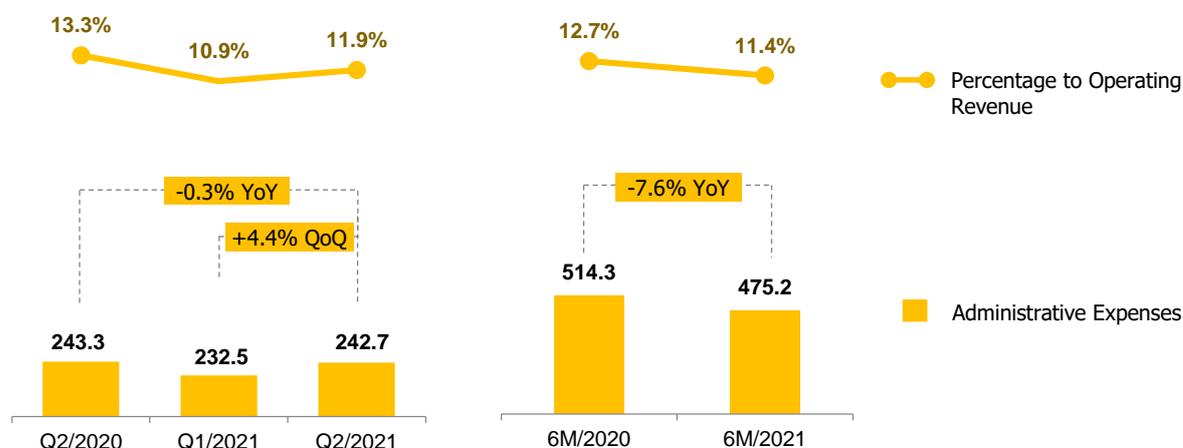
6M/2021 vs 6M/2020 (YoY)

- In 6M/2021, the Company recorded selling and distribution expenses of Baht 956.9 million, decreased by Baht 43.5 million or 4.4% YoY, despite the higher operating revenue. The decrease was mainly supported by improved cost management in almost every aspect, e.g., employee expenses, utilities expenses, and promotional expenses.
- The percentage of selling and distribution expenses to operating revenue decreased YoY, mainly supported by improved cost management as well as higher operating revenue.

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5. Administrative Expenses*

Unit: THB million, %



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

Q2/2021 vs Q2/2020 (YoY)

- In Q2/2021, the Company recorded administrative expenses of Baht 242.7 million, decreased by Baht 0.6 million or 0.3% YoY. The decrease was mainly due to improved cost management despite higher delivery costs following increased sales.
- The percentage of administrative expenses to operating revenue decreased YoY, mainly supported by higher operating revenue and improved cost management.

Q2/2021 vs Q1/2021 (QoQ)

- In Q2/2021, the Company recorded administrative expenses of Baht 242.7 million, increased by Baht 10.2 million or 4.4% QoQ. The increase was mainly due to increased delivery costs resulted from escalated online sales.
- The percentage of administrative expenses to operating revenue increased QoQ, mainly due to lower operating revenue. However, effective cost management still has been on track.

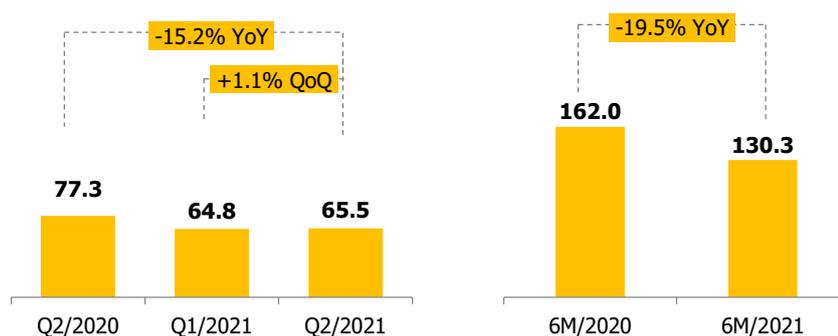
6M/2021 vs 6M/2020 (YoY)

- In 6M/2021, the Company recorded administrative expenses of Baht 475.2 million, decreased by Baht 39.1 million or 7.6% YoY. The decrease was mainly due to improved cost management, e.g., employee expenses.
- The percentage of administrative expenses to operating revenue decreased YoY, mainly supported by improved cost management as well as higher operating revenue.

*Values may differ by one decimal point due to figure rounding

6. Finance Costs

Unit: THB million, %



Q2/2021 vs Q2/2020 (YoY)

- In Q2/2021, the Company recorded finance costs of Baht 65.5 million, decreased by Baht 11.7 million or 15.2% YoY. Details were as follows:
 - Finance costs from loans from financial institutions of Baht 18.5 million, decreased by Baht 14.7 million or 44.3% YoY from Baht 33.2 million in Q2/2020, resulted from the Company's continuous repayment of loans from financial institutions
 - Finance costs from right of use assets of Baht 47.0 million, increased by Baht 3.0 million or 6.7% YoY from Baht 44.0 million in Q2/2020, resulted from higher right of use assets

The Company's total borrowings from financial institutions at the end of Q2/2021 were Baht 2,575.3 million, decreased by Baht 1,185.2 million or 31.5% from Baht 3,760.5 million at the end of Q2/2020. The decrease was supported by the Company's well-managed liquidity, while major investments have been postponed.

Interest-bearing debt at the end of Q2/2021 was Baht 5,369.9 million, decreased by Baht 1,129.8 million or 17.4% from Baht 6,499.7 million at the end of Q2/2020.

Q2/2021 vs Q1/2021 (QoQ)

- In Q2/2021, the Company recorded finance costs of Baht 65.5 million, increased by Baht 0.7 million or 1.1% QoQ. Details were as follows:
 - Finance costs from loans from financial institutions of Baht 18.5 million, decreased by Baht 2.6 million or 12.3% QoQ from Baht 21.1 million in Q1/2021, resulted from the Company's continuous repayment of loans from financial institutions
 - Finance costs from right of use assets of Baht 47.0 million, increased by Baht 3.3 million or 7.6% QoQ from Baht 43.7 million in Q1/2021, resulted from higher right of use assets

The Company's borrowings from financial institutions at the end of Q2/2021 were Baht 2,575.3 million, decreased by Baht 73.8 million or 2.8% from Baht 2,649.2 million at the end of Q1/2021, with the long-term loan prepayment of Baht 200.0 million.

Interest-bearing debt at the end of Q2/2021 was Baht 5,369.9 million, decreased by Baht 18.9 million or 0.4% from Baht 5,388.8 million at the end of Q1/2021.

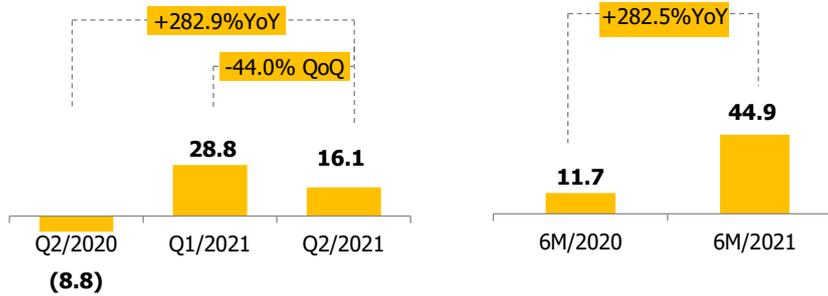
6M/2021 vs 6M/2020 (YoY)

- In 6M/2021, the Company recorded finance costs of Baht 130.3 million, decreased by Baht 31.7 million or 19.5% YoY. Details were as follows:
 - Finance costs from loans from financial institutions of Baht 39.6 million, decreased by Baht 34.2 million or 46.3% YoY from Baht 73.8 million in the same period last year, resulted from the Company's continuous repayment of loans from financial institutions
 - Finance costs from right of use assets of Baht 90.7 million, increased by Baht 2.5 million or 2.9% YoY from Baht 88.1 million in the same period last year, resulted from higher right of use assets.

*Values may differ by one decimal point due to figure rounding

7. Tax Expenses (Income)

Unit: THB million, %



Q2/2021 vs Q2/2020 (YoY)

- In Q2/2021, the Company recorded tax expenses of 16.1 million, increased by Baht 25.0 million, compared to tax income of Baht 8.8 million in Q2/2020 mainly due to higher earnings before tax. Also in Q2/2020, the Company recorded net loss in the separate financial statements (after deducting dividend income) due to the closure of most stores following the lockdown measures in the same period last year.

In Q2/2021, the Company utilized tax incentives from the Office of the Board of Investment (BOI) from investment in new machinery of Baht 4.2 million.

Q2/2021 vs Q1/2021 (QoQ)

- In Q2/2021, the Company recorded tax expenses of Baht 16.1 million, decreased by Baht 12.7 million or 44.0% QoQ mainly due to lower earnings before tax. Also, the Company utilized less tax incentives QoQ, with a total amount of Baht 4.2 million, reduced from Baht 6.2 million in Q1/2021.

6M/2021 vs 6M/2020 (YoY)

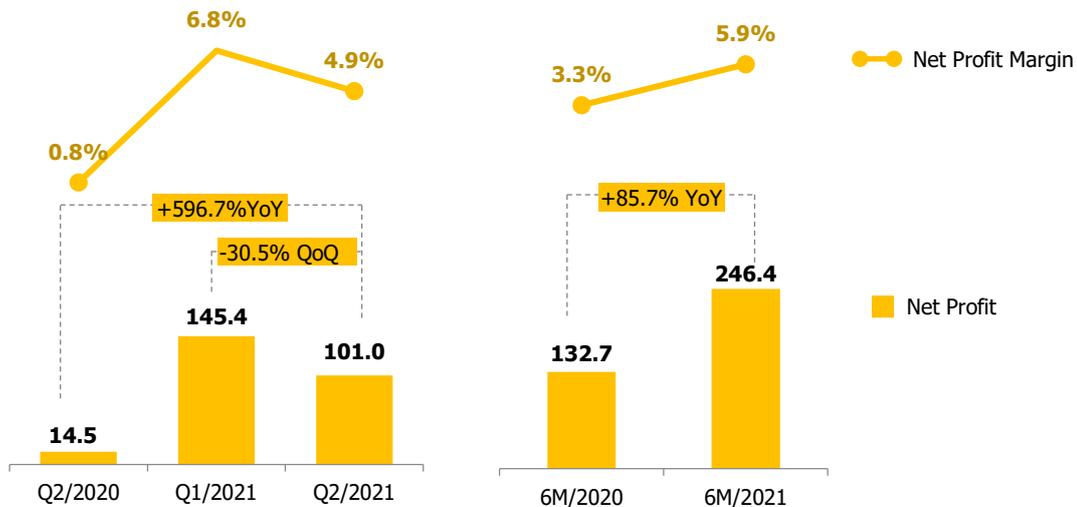
- In 6M/2021, the Company recorded tax expenses of Baht 44.9 million, increased by Baht 33.2 million or 282.5% YoY mainly due to higher earnings before tax.

During 6M/2021, the Company has utilized tax incentives of Baht 10.4 million, out of total tax incentives received from investment in new machinery of Baht 64.3 million.

³*Values may differ by one decimal point due to figure rounding

8. Net Profit and Net Profit Margin

Unit: THB million, %



Q2/2021 vs Q2/2020 (YoY)

- In Q2/2021, the Company recorded a net profit of Baht 101.0 million, increased by Baht 86.5 million or 596.7% YoY. The increase was mainly supported by the following reasons:
 - Higher operating revenue, both from sale and from rental and rendering of services, due to the lockdown measures to prevent the spread of the first outbreak of COVID-19 in the same period last year, which caused the significant drop in revenue in Q2/2020.
 - Improved gross profit margin, both from sale and from rental and rendering of services
 - Lower %SG&A to operating revenue
 - The Company utilized tax incentives received from the Office of the Board of Investment (BOI) from the investment in new machinery of Baht 4.2 million.

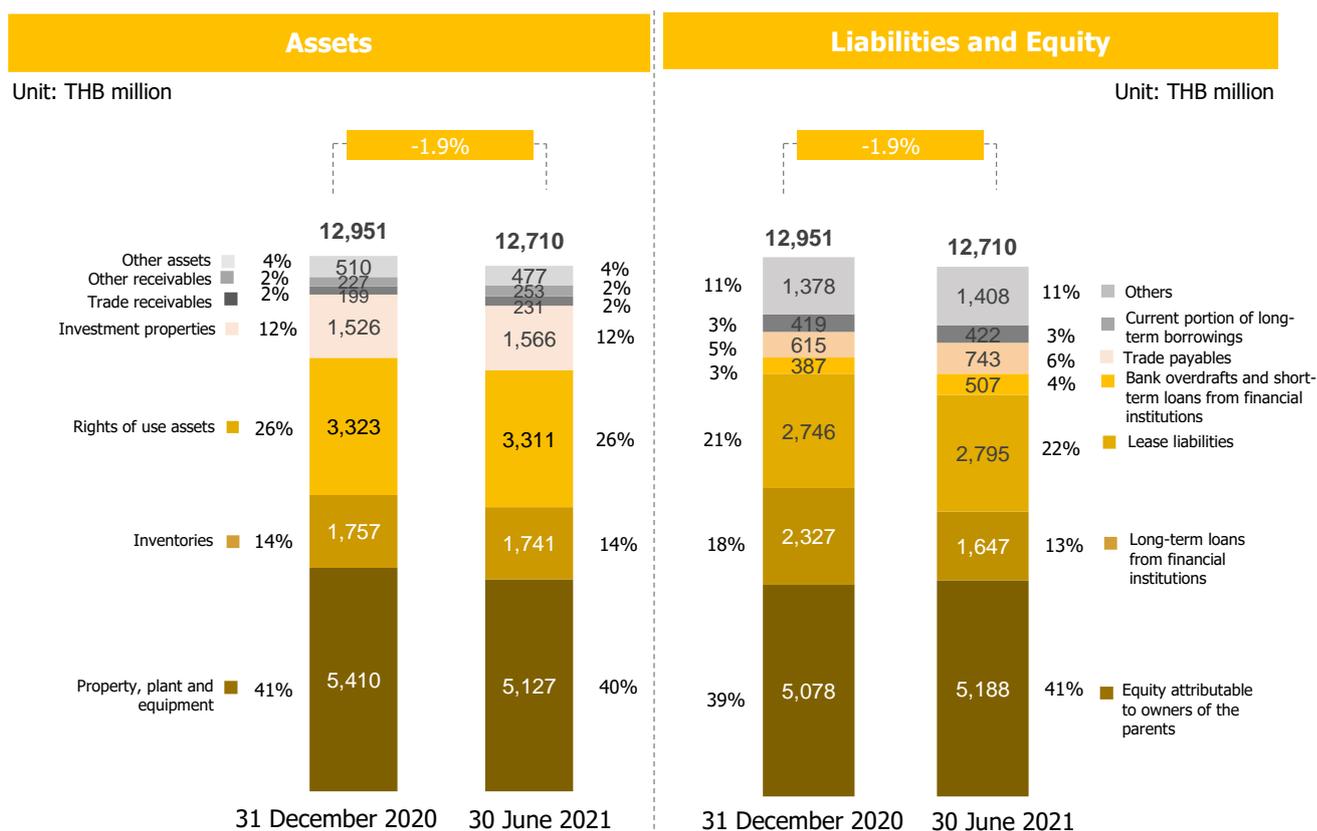
Q2/2021 vs Q1/2021 (QoQ)

- In Q2/2021, the Company recorded a net profit of Baht 101.0 million, decreased by Baht 44.3 million or 30.5% QoQ. The decrease was mainly due to the following reasons:
 - Lower operating revenue, both from sale and from rental and rendering of services, due to the concern over the domestic economy and the third wave of COVID-19 since April 2021.
 - Reduced gross profit margin from rental and rendering of services, due to rental discounts given to tenants to relieve the impact of the government's measures over the highest and strict control areas. However, gross profit margin from sale improved QoQ resulted from the selling prices increase to compensate for the higher cost of particle board as well as higher sales proportion from retail sales, which contributed to higher gross margin
 - Higher SG&A including promotional expenses and delivery costs, especially from online sales. However, effective cost management still has been on track.
 - The Company utilized tax incentives of Baht 4.2 million, reduced from Baht 6.2 million in Q1/2021.

6M/2021 vs 6M/2020 (YoY)

- In 6M/2021, the Company recorded a net profit of Baht 246.4 million, increased by Baht 113.7 million or 85.7% YoY. The increase was mainly supported by the following reasons:
 - Higher operating revenue, both from sale and rental and rendering of services
 - Improved gross profit margin from rental and rendering of services
 - Improved SG&A, e.g., employee expenses, utilities expenses, and promotional expenses
 - The Company utilized tax incentives of Baht 10.4 million, out of total tax incentives received from investment in new machinery of Baht 64.3 million.

*Values may differ by one decimal point due to figure rounding

Statement of Financial Position

Assets

- As at 30 June 2021, the Company had total assets of Baht 12,710.1 million, decreased by Baht 241.0 million or 1.9% from Baht 12,951.0 million as at 31 December 2020. The decrease was mainly due to reduced property, plant and equipment by Baht 282.9 million or 5.2% from Baht 5,410.0 million as at 31 December 2020 resulted from depreciation.
- Inventories at the end of Q2/2021 stood at Baht 1,741.5 million, decreased by Baht 15.5 million or 0.9% from Baht 1,757.0 million as at 31 December 2020. However, inventories increased by Baht 91.0 million or 5.5% from at the end of Q1/2021 as the Company was adding more stock of particle board which is a major raw material for furniture production due to the tendency of price increase as well as higher goods in transit.

Liabilities

- As at 30 June 2021, the Company had total liabilities of Baht 7,520.4 million, decreased by Baht 351.0 million, or 4.5% from Baht 7,871.4 million as at 31 December 2020. The decrease was mainly due to continuous repayment of loans from financial institutions supported by the Company's good liquidity management. Total borrowings at the end of Q2/2021 were Baht 2,575.3 million, decreased by Baht 558.1 million or 17.8% from Baht 3,133.4 million at the end of 2020, including long-term loans prepayment of Baht 484.7 million.

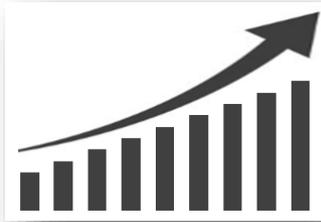
Equity

- As at 30 June 2021, the Company had equity attributable to owners of the parent of Baht 5,188.4 million, increased by Baht 110.0 million or 2.2% from Baht 5,078.3 million as at 31 December 2020. The increase in equity mainly resulted from the Company's operating profit during 6M/2021 of Baht 246.4 million, deducted by a cash dividend of Baht 136.3 million for the 2020 operating performance paid to shareholders, the amount of which the remaining after paying the interim dividend of Baht 75.8 million.

*Values may differ by one decimal point due to figure rounding

Future Outlook

From the first COVID-19 outbreak in Thailand in March 2020, to the second wave in December 2020, and the third wave, which was the latest outbreak since April 2021, the number of newly infected cases has been multiplying. Consequently, the government again has released the lockdown measures over the highest and strict control areas to prevent the spread of COVID-19. The latest government's lockdown measures should impact the Company's retail sales in Q3/2021, but not as much as the lockdown in 2020, since there are some stores located outside the lockdown zones. Also, some stores under the lockdown measures could partially operate for selling necessary products for daily life, such as tools and equipment. Meanwhile, the closed stores in the lockdown areas could continue to serve customers via the 'personal assistant' channel of each store. The Company also has been prepared for worse situations and developed other sales channels with good growth potential, e.g., online and overseas OEM. The Company also has expanded into the local OEM market, while overseas franchise stores opening plans are still solid in the pipeline. Besides, The Company has been managing liquidity well and healthily. Details are as follows:



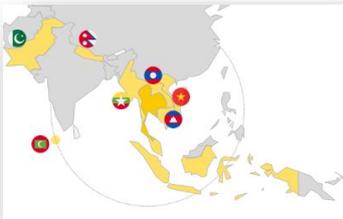
Online Sales Tend to Make Another New High

After breaking the quarterly online sales record at Baht 237.8 million in Q2/2021, which increased by 16.5% YoY and 53.3% QoQ, the Company is confident to make a new high again in the future, supported by sales growth both from the Company's platforms and partners' marketplaces. Support factors include efficient marketing activities, increased products with growth potential, and the Company's promptness of resources and technology to support further sales growth.



New Sales Channel Exploration – Local OEM

The Company has been exploring and seeing sales opportunities towards local entrepreneurs that want to sell OEM furniture products at their own stores, such as home improvement retailers.



Overseas Franchise Store Opening Plan

At the end of Q2/2021, the Company had 14 franchise stores in 7 countries, including Nepal, Pakistan, Maldives, Myanmar, Laos, Cambodia, and Vietnam. The Company also set a solid plan to expand more franchise stores overseas in the second half of this year and upcoming years.



Continuously Repay Loans from Financial Institutions

The Company has been repaying loans from financial institutions continuously. Total borrowings have decreased from Baht 5,073.9 million at the end of 2018, to Baht 4,664.7 million at the end of 2019, to Baht 3,133.4 million at the end of 2020, to Baht 2,649.2 million at the end of Q1/2021, and latest to Baht 2,575.3 million at the end of Q2/2021, which decreased by Baht 558.1 million or 17.8% from at the end of 2020, including the long-term loan prepayment of Baht 484.7 million..

The Company has continuously well managed liquidity and has been able to pay dividends to shareholders since being listed in the Stock Exchange of Thailand on 26 July 2019. And recently, the Company's Board of Directors has approved the interim dividend payment of Baht 0.15 per share, totaling Baht 75.8 million for the operating performance between 1 January - 30 June 2021.