



No. ITTHI 2023-011

13 November 2023

Subject Management's Discussion and Analysis and explanation of the three-month period and nine-month period ended 30 September 2023

To Directors and Managers
The Stock Exchange of Thailand

Itthirit Nice Corporation Public Company Limited ("the Company", "ITTHI") Management's analysis and explanation of the three-month period and the nine-month period ended 30 September 2023, is as follows:

The operating results for 3Q23 and 9M23 as follows:

1. The financial performance comparison for the three-month periods ended 30 September 2023 and 2022

(Unit : Million Baht)

Statement of Comprehensive Income	30 September 2023	%	30 September 2022	%	Increase / (Decrease)	%
Revenues from sales and rendering services	127.7	99.8	57.2	99.3	70.5	123.3
Gain on foreign exchange rate - net	0.2	0.2	0.3	0.5	(0.1)	(33.3)
Other income	0.1	0.1	0.1	0.2	-	-
Total revenues	128.0	100.0	57.6	100.0	70.4	122.2
Cost of sales and rendering services	96.2	75.2	38.5	66.8	57.7	149.9
Gross Profit	31.5	24.6	18.7	32.5	12.8	68.4
Distribution costs	4.7	3.7	2.6	4.5	2.1	80.8
Administrative expenses	11.1	8.7	10.4	18.1	0.7	6.7
Profit from operation	16.0	12.5	6.1	10.6	9.9	162.3
Finance cost	0.4	0.3	0.1	0.2	0.3	300.0
Expected credit loss (reversal)						
Profit before income tax expenses	14.3	11.2	6.0	10.5	8.3	137.1
Income tax expenses	2.8	2.2	1.2	2.1	1.6	133.3
Net profit for the period	11.5	9.0	4.8	8.4	6.7	138.1
Other comprehensive income (loss)	-	-	-	-	-	-
Total comprehensive income for the period	11.5	9.0	4.8	8.4	6.7	138.1

Remark : Percentage in statement of comprehensive income derived from total revenues, while percentage of cost of sales and rendering services and gross profit related to revenues from sale and rendering services



2. The financial performance comparison for the nine-month periods ended 30 September 2023 and 2022

(Unit : Million Baht)

Statement of Comprehensive Income	30 September 2023	%	30 September 2022	%	Increase / (Decrease)	%
Revenues from sales and rendering services	237.8	99.7	151.7	99.4	86.1	56.8
Gain on foreign exchange rate - net	0.4	0.2	0.4	0.3	-	-
Other income	0.4	0.2	0.5	0.3	(0.1)	(20.0)
Total revenues	238.6	100.0	152.6	100.0	86.0	56.4
Cost of sales and rendering services	165.7	69.4	102.4	67.1	63.3	61.8
Gross Profit	72.1	30.2	49.3	32.3	22.8	46.3
Distribution costs	11.7	4.9	7.3	4.8	4.4	60.3
Administrative expenses	33.7	14.1	29.1	19.1	4.6	15.8
Profit from operation	27.5	11.5	13.8	9.0	13.7	99.3
Finance cost	1.2	0.5	0.2	0.1	1.0	500.0
Expected credit loss (reversal)	1.4	0.6	(0.1)	(0.1)	1.5	(1,500.0)
Profit before income tax expenses	24.9	10.4	13.7	9.0	11.2	81.8
Income tax expenses	4.9	2.1	2.7	1.8	2.2	81.5
Net profit for the period	20.0	8.4	11.0	7.2	9.0	81.9
Other comprehensive income (loss)	-	-	-	-	-	-
Total comprehensive income for the period	20.0	8.4	11.0	7.2	9.0	81.9

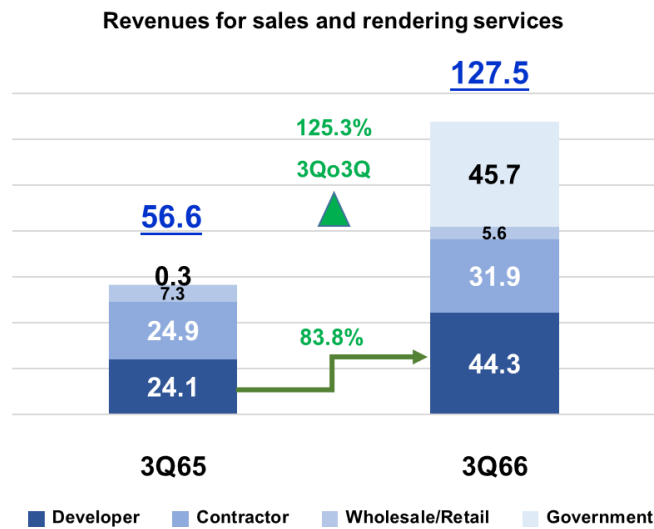
Remark : Percentage in statement of comprehensive income derived from total revenues, while percentage of cost of sales and rendering services and gross profit related to revenues from sale and rendering services

Total revenues

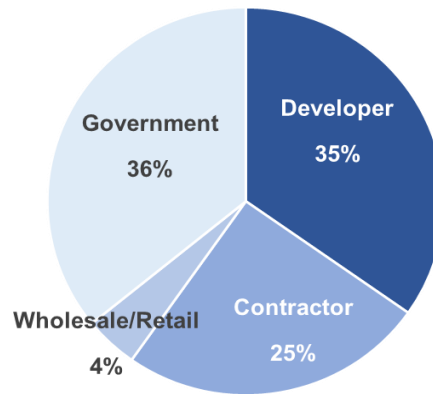
For 3Q23, the Company generated total revenue from lighting product distribution business, composed of Baht 127.7 million, Baht 0.2 million, and Baht 0.1 million from the revenues from sales and rendering services, gain on foreign exchange rate - net, and other income, respectively.

For 9M23, the Company generated total revenue from lighting product distribution business, composed of Baht 237.8 million, Baht 0.4 million, and Baht 0.4 million from the revenues from sales and rendering services, gain on foreign exchange rate - net, and other income, respectively.

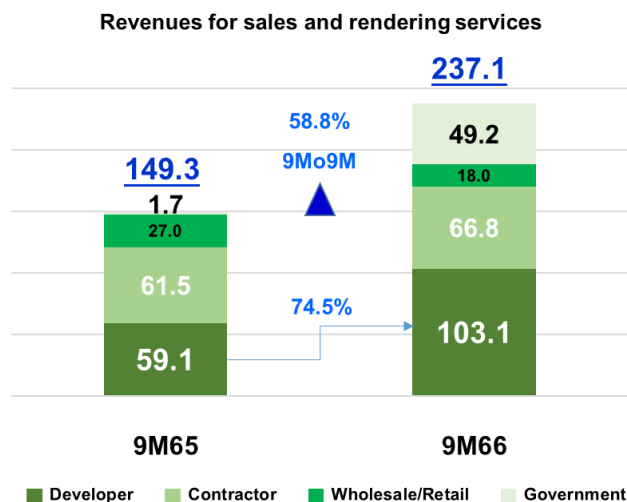
Revenue from lighting product distribution business



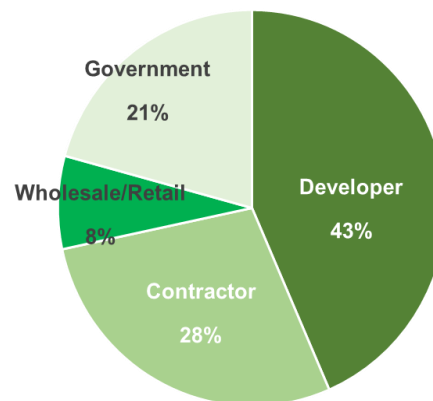
Revenues breakdown



For 3Q23, the Company had revenues from lighting product distribution business in the amount of Baht 127.5 million, compared to 3Q22 or increased 125.3%.



Revenues Breakdown

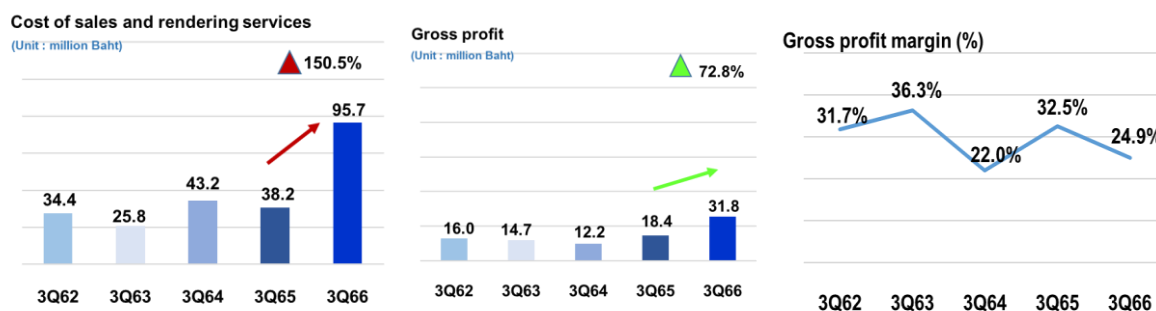


For 9M23, the Company had revenues from lighting product distribution business in the amount of Baht 237.1 million, compared to 9M22 or increased 58.8%.

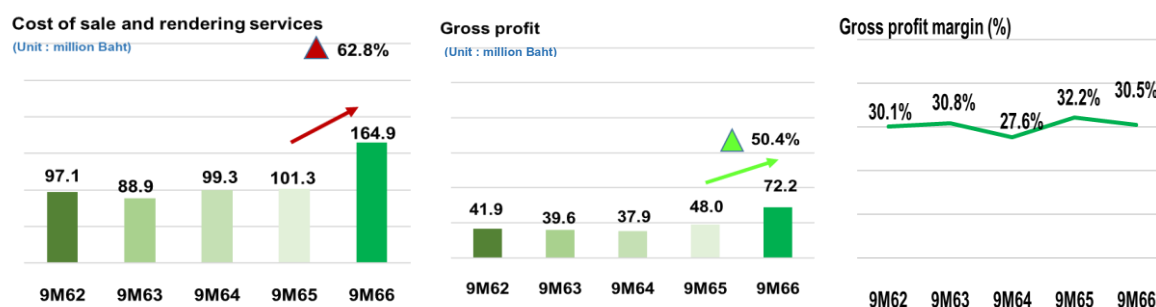
This was due to

- In 3Q23, the Company was able to sell lighting products to governmental customers greatly increased of Baht 45.7 million from the procurement project for innovation lighting products that have been registered by the government.
- In 3Q23 and 9M23, the Company was able to sell lighting products to developer customers increased at the rate of 83.8% and 74.5%, respectively, due to the situation of the real estate development business which tends to gradually recover continuously, along with there is encourage measure by the reduction of transfer fees from government. In addition, during 3Q and 4Q of every year, there will be a period where the real estate projects are speed up work to completion for the recognition of income of the real estate development business.

Cost of sales and rendering services, gross profit and gross profit margin of lighting products distribution business



For 3Q23, the Company had the cost of sales and rendering services in the amount of Baht 95.7 million, or 75.1% of the revenues from sale and rendering services in the same period, an increase from 3Q22, in the amount of Baht 57.5 million, or representing an increase of 150.5% and had a gross profit of Baht 31.8 million, representing a gross profit margin of 24.9%, an increase from 3Q22, in the amount of Baht 13.4 million or representing an increase of 72.8%.



For 9M23, the Company had the cost of sales and rendering services in the amount of Baht 164.9 million, or 69.5% of the revenues form sale and rendering services in the same period, an increase from 9M22 in the amount of Baht 63.6 million, or representing an increase of 62.8% and had a gross profit of Baht 72.2 million, representing a gross profit margin of 30.5%, an increase from 9M22, in the amount of Baht 24.2 million or representing an increase of 50.4%.

Although the Company's gross profit for 3Q23 and 9M23 increased, its gross profit margin decreased. This is because the Company has relatively low gross profit margins for governmental customers, averaging not more than 10%.

Distribution costs

For 3Q23, the Company had the distribution costs in the amount of Baht 4.7 million, an increase from 3Q22 in the amount of Baht 2.1 million, or representing an increase of 80.8% and for 9M23, the Company had the distribution cost in the amount of Baht 11.7 million, an increase from 9M22 in the amount of Baht 4.5 million, or representing an increase of 62.5%, which is an increase in employee expenses such as salaries, supporting of sales, entertainment, and commission, resulting from the increase in the number of employees in various departments in order to support the future core business expansion of the lighting products distribution business.



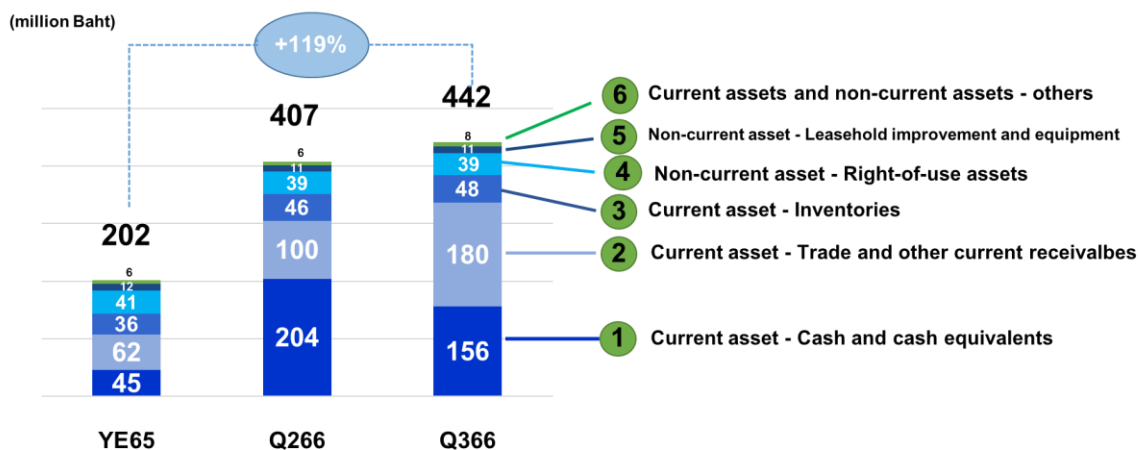
Administrative expenses

For 3Q23, the Company had the administrative expenses in the amount of Baht 11.1 million, an increase from 3Q22 in the amount of Baht 0.7 million, or representing an increase of 6.7% and for 9M23, the Company had the administrative expenses in the amount of Baht 33.7 million, an increase from 9M22 in the amount of Baht 4.6 million, or representing an increase of 15.8%. This was mainly due to remuneration for directors and managements, employee expenses, bad debts, and relevant expenses to raise funds for being a listed company in the Stock Exchange of Thailand.

Net profit for the period

For 3Q23, the Company had the net profit for the period in the amount of Baht 11.5 million, representing a net profit margin of 9.0%, an increase from 3Q22 in the amount of Baht 6.7 million, or representing an increase of 138.1% and For 9M23, the Company had the net profit for the period in the amount of Baht 20.0 million, representing a net profit margin of 8.4%, an increase from 9M22 in the amount of Baht 9.0 million, or representing an increase of 82.6%. This was mainly due to an increase in revenue from the lighting products distribution business conforming the overall trend of the real estate and construction businesses that gradually recover continuously, and the Company was able to control the cost of sales in terms of procurement planning and transportation.

3. Statement of Financial Position (Abbreviated)

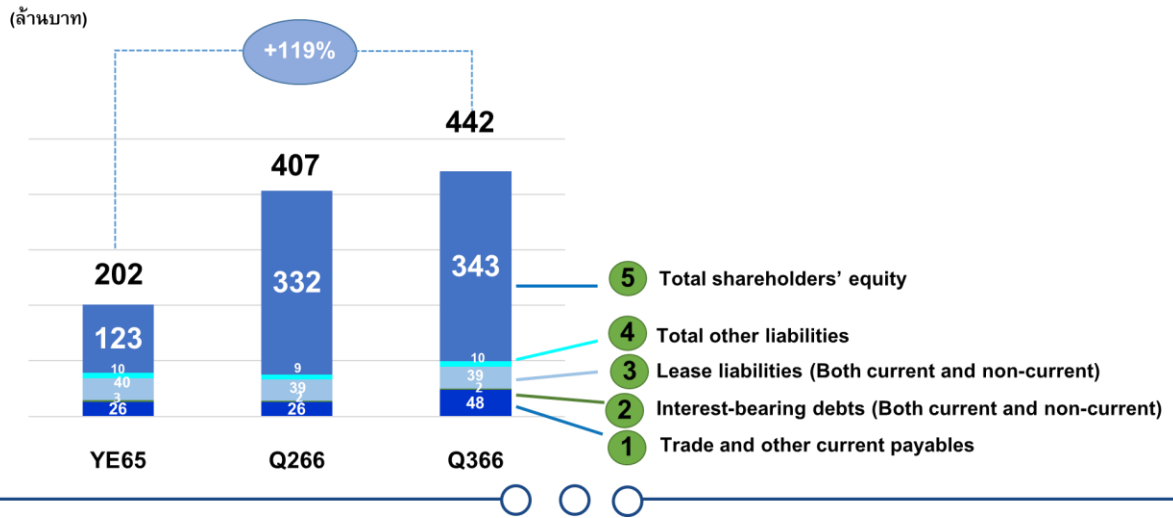


Assets

As of 30 September 2023, the Company reported total assets of Baht 442 million, an increase of Baht 240 million compared to 31 December 2022 or increased 119% due to

- Net increase in cash and cash equivalents amounted to Baht 111 million in caused of the raising funds by initial public offering of shares on the Stock Exchange of Thailand.
- Net increase in trad and other current receivables amounted to Baht 118 million because of the Company had the receivables from governmental customers in the amount of Baht 41 million and products deposit receivables (government works) in the amount of Baht 78 million, which is in accordance with normal business operations of the governmental customers.

- Net increase in inventories amounted to Baht 12 million because of the increased procurement according to agreed contracts to sold to customers, especially the real estate and construction business customer group.



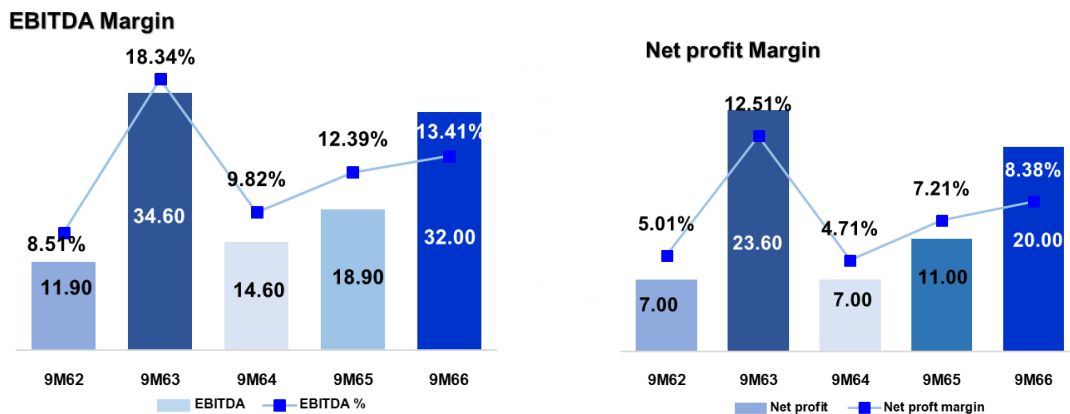
Liabilities

As of 30 September 2023, the Company reported total liabilities of Baht 99 million, an increase of Baht 20 million compared to 31 December 2022 or increased 25.3% due to the Company had trade payables and other current payables increased by Baht 22.0 million from increased procurement of products to sell to customers

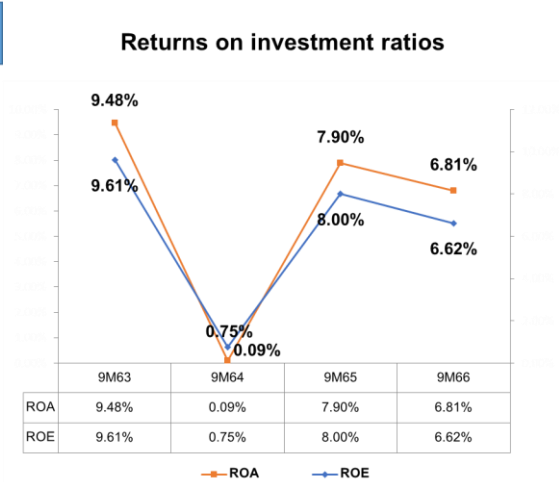
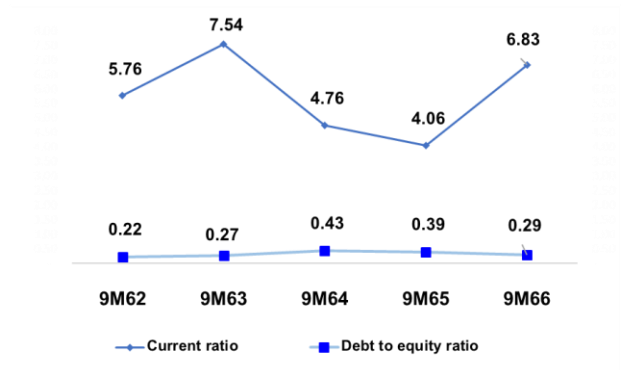
Shareholders' equity

As of 30 September 2023, the Company reported total shareholders' equity of Baht 343 million, an increase of Baht 220 million compared to 31 December 2022 or increased 178.9% due to there was the net profit for the 9M23 amounting to Baht 20.0 million and the Company had received the increase capital in the amount of Baht 200.0 million from the initial public offering of shares.

4. Significant financial ratio



Liquidity and leverage ratios



Please be informed accordingly.

Sincerely Yours,

-Aekkachai Archaphiphat-
 (Mr. Aekkachai Archaphiphat)
 Chief Financial Officer