



No. ITTHI 2024-005

27 February 2024

Subject Management's Discussion and Analysis and explanation for the year ended 31 December 2023

To The President of the Stock Exchange of Thailand

Itthirit Nice Corporation Public Company Limited ("the Company", "ITTHI") Management's analysis and explanation for the year ended 31 December 2023 "YE23", is as follows:

The operating results for YE23 as follows:

1. The financial performance comparison for the years ended 31 December 2023 and 2022

(Unit : Million Baht)

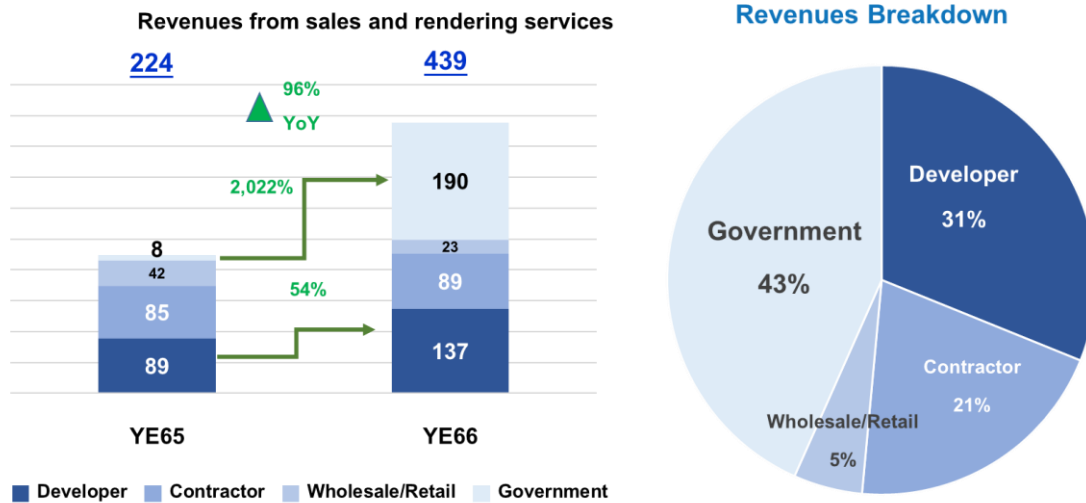
Statement of Profit or Loss and Other	31 December		31 December		Increase /	
Comprehensive Income	2023	%	2022	%	(Decrease)	%
Revenues from sales and rendering services	439.5	99.8	226.9	99.6	212.6	93.7
Gain on exchange rate - net	-	-	0.3	0.1	(0.3)	(100.0)
Other income	1.0	0.2	0.7	0.3	0.3	42.9
Total revenues	440.5	100.0	227.9	100.0	212.6	93.3
Cost of sales and rendering services	341.0	77.4	150.8	66.2	190.2	126.1
Gross Profit	98.5	22.4	76.1	33.4	22.4	29.4
Distribution costs	17.6	4.0	11.0	4.8	6.6	60.0
Administrative expenses	49.5	11.2	39.0	17.1	10.5	26.9
Profit from operating activities	32.4	7.4	27.1	11.9	5.3	19.6
Finance cost	1.7	0.4	0.4	0.2	1.3	325.0
Expected credit loss	1.8	0.4	0.1	-	1.7	1,700.0
Profit before income tax expenses	28.9	6.6	26.6	11.7	2.3	8.6
Income tax expenses	5.7	1.3	5.5	2.4	0.2	3.6
Net profit for the years	23.2	5.3	21.1	9.3	2.1	10.0
Other comprehensive income (loss)						
Losses on re-measurements of defined benefit plans	(0.2)	(0.1)	-	-	(0.2)	-
Income tax relating to components	-	-	-	-	-	-
Total comprehensive income for the years	23.0	5.2	21.1	9.3	1.9	8.9

Remark : Percentage in statement of profit or loss and other 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 YE23, the Company generated total revenue from lighting product distribution business, composed of Baht 439.5 million, and Baht 1.0 million from the revenues from sales and rendering services, and other income, respectively.

Revenue from lighting product distribution business

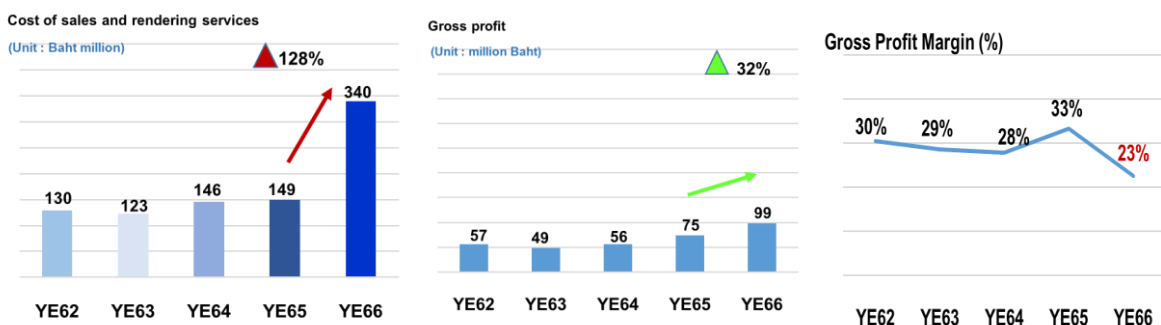


For YE23, the Company had revenues from lighting product distribution business in the amount of Baht 439 million, compared to YE22 or increased 96%.

This was due to

- The Company was able to sell lighting products to government-related projects customers greatly increased of Baht 172 million from the procurement project for innovation lighting products that have been registered by the government.
- The Company was able to sell lighting products to developer projects customers increased at the rate of 54% 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.

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



For YE23, the Company had the cost of sales and rendering services in the amount of Baht 340 million, or 77.4% of the revenues form sale and rendering services, an increase from YE22 in the amount of Baht 149 million, or representing an increase of 128% and had a gross profit of Baht 99 million, representing a gross profit margin of 23%, an increase from YE22, in the amount of Baht 24 million or representing an increase of 32%.



Although the Company's gross profit for YE23 increased, its gross profit margin decreased. This is because the Company has the revenue from sales of government-related projects customer group for a relatively large proportion of revenue at 43% of total revenues which a low gross profit margins for the said customer group, averaging only at 10% of the revenue.

Distribution costs

For YE23, the Company had the distribution cost in the amount of Baht 17.6 million, an increase from YE22 in the amount of Baht 6.6 million, or representing an increase of 60.0%, 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.

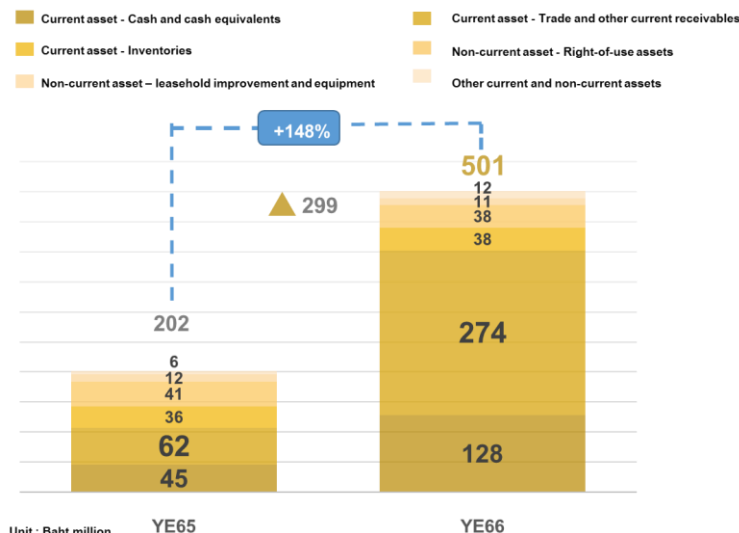
Administrative expenses

For YE23, the Company had the administrative expenses in the amount of Baht 49.5 million, an increase from YE22 in the amount of Baht 10.5 million, or representing an increase of 26.9%. 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 year

For YE23, the Company had the net profit for the year in the amount of Baht 23.2 million, representing a net profit margin of 5.3%, an increase from YE22 in the amount of Baht 2.1 million, or representing an increase of 10.0%. This was mainly due to an increase in revenue from sales of government-related projects customer group and 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 warehouse and transportation managements.

3. Statement of Financial Position (Abbreviated)

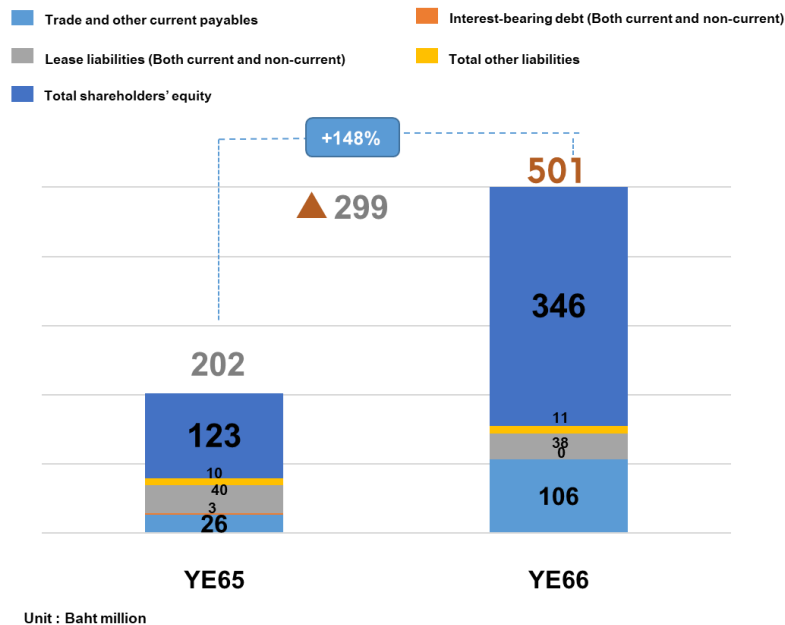




Assets

As of 31 December 2023, the Company reported total assets of Baht 501 million, an increase of Baht 299 million compared to 31 December 2022 or increased 148% due to

- Net increase in cash and cash equivalents amounted to Baht 83 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 212 million because of the Company had the receivables from government-related projects customers in the amount of Baht 156 million and deposit receivables for products (government-related projects) in the amount of Baht 72 million, which is in accordance with normal business operations of the government-related projects customers.



Liabilities

As of 31 December 2023, the Company reported total liabilities of Baht 155 million, an increase of Baht 76 million compared to 31 December 2022 or increased 96% due to the Company had trade payables and other current payables increased by Baht 80.0 million from increased procurement of products to sell to customers

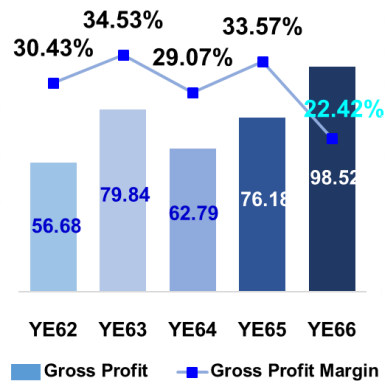
Shareholders' equity

As of 31 December 2023, the Company reported total shareholders' equity of Baht 346 million, an increase of Baht 223 million compared to 31 December 2022 or increased 181% due to there was the net profit for the YE23 amounting to Baht 23 million and the Company had received the net increase capital in the amount of Baht 200.0 million from the initial public offering of shares.

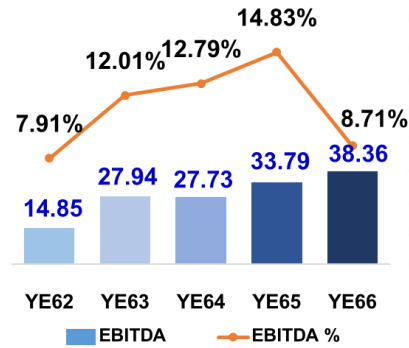


4. Significant financial ratio

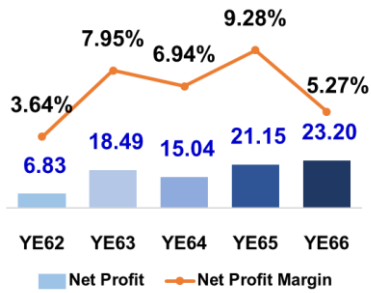
Gross Profit Margin



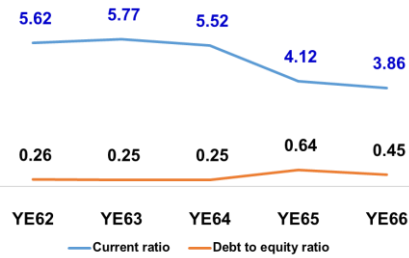
EBITDA Margin



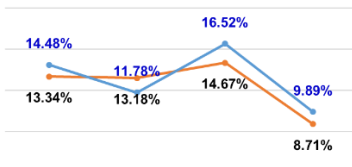
Net Profit Margin



Liquidity and Leverage Ratios



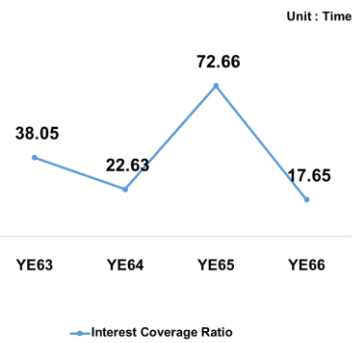
Return on Investment Ratios



	YE63	YE64	YE65	YE66
ROA	13.34%	13.18%	14.67%	8.71%
ROE	14.48%	11.78%	16.52%	9.89%

— ROA — ROE

Interest Coverage Ratio



Please be informed accordingly.

Sincerely Yours,

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