

29 February 2024

Re: MD&A for the year ended 31 December 2023

To the President

The Stock Exchange of Thailand

Chic Republic Public Company Limited (the “**Company**”) would like to submit the audited financial statements for the year ended 31 December 2023 and provide our Management Discussion and Analysis (MD&A) as following details:

Consolidated Statement of Comprehensive Income	31 December 2023 Million Baht	31 December 2022 Million Baht	Change	
			Million Baht	%
Merchandise sales revenue	442.00	457.84	(15.84)	(3.46)
Project-based revenue	196.63	270.23	(73.60)	(27.24)
Service revenue	45.49	32.28	13.21	40.93
Other revenue	5.76	9.71	(3.95)	(40.64)
Total revenues	689.88	770.06	(80.18)	(10.41)
Costs of sales and service	315.93	387.29	(71.36)	(18.43)
Gross profit	368.19	373.06	(4.87)	(1.31)
Selling expenses and administrative expenses	322.12	328.95	(6.83)	(2.08)
EBIT	51.83	53.82	(1.99)	(3.70)
Profit for the year	14.22	16.58	(2.36)	(14.23)
Earnings per share (Baht)	0.011	0.014	(0.003)	(21.43)

Total revenues for year 2023 amounting to Baht 689.88 million, decreased by Baht 80.18 million compared to 2022 due mainly from the following revenues:

- Merchandise sales revenue from store sales decreased but revenue from sales through online has increased, and interior design service revenue increased due to the increase in the number of projects.
- Project-based revenue decreases as the number of projects and delivery value decreases in 2023.
- Service income increased from rental revenue, utilities revenue with increased in sales and new rental tenants during the year.

Cost of sales and service for year 2023 amounting to Baht 315.93 million, decreased by Baht 71.36 million compared to 2022, consistent with the decrease in sales revenue. Meanwhile, cost of service increased service revenue.

Gross profit for year 2023 amounting to Baht 368.19 million, decreased by Baht 4.87 million compared to 2022 which is in the same direction as decreased revenues.

Selling and administrative expenses for year 2023 amounting to Baht 322.12 million, decreased by Baht 6.83 million compared to 2022, mainly due to an increase in employee expenses of 4.16 from an increased number of employees and spending on traveling abroad increased from business trips and factory visits including meeting with various manufacturers to purchase products for sale. In addition, promotional expenses decreased by Baht 4.69 million due to last year there were organized marketing activities to create brand awareness, including spending public relations expenses to promote the Company to support the IPO. And space rental - Cambodia branch decreased by Baht 1.60 million from a reduced rental rate. Electricity costs have decreased from the use of electricity produced by solar energy (Solar Rooftop). In 2022, there has been an amendment to the lease contract - Udon Thani branch by reducing the leased area, causing the value of right-of-use asset and liabilities under the lease contract to decrease. This causes a difference from the lease modification of Baht 4.20 million, which is a one-time expense in 2022.

Financial costs for year 2023 amounting to Baht 26.20 million, decreased by Baht 6.93 million compared to 2022, mainly due to repayment of short-term and long-term loans including payment of liabilities under lease.

Net Profit for year 2023 amounting to Baht 14.22 million, decreased by Baht 2.36 million compared to 2022, mainly due to

- Sales revenue and cost of goods sold were decreased. Meanwhile, service income and service costs increased.
- Selling and administrative expenses decreased from a decrease in space rent. Electricity costs decreased from using the Solar Rooftop and there was a difference from lease modification, which was a one-time expense in 2022.
- Financial costs decreased and income tax increased

Analysis of Consolidated Statement of Financial Position

Consolidated Statement of Financial Position	Consolidated Statement of Financial Position as at			
	31 December 2023	31 December 2022	Change	
	Million Baht	Million Baht	Million Baht	%
Total assets	1,614.87	1,703.42	(88.55)	(5.20)
Total liabilities	765.57	869.49	(103.92)	(11.95)
Total shareholders' equity	849.30	833.92	15.38	1.84

Total assets as at 31 December 2023 amounting to Baht 1,614.87 million, a decline by Baht 88.55 million from 31 December 2022 are mainly from:

- Cash and cash equivalents decreased by Baht 52.93 million are mainly from cash from operating activities and has invested in installation of Solar Rooftop to help save electricity and reducing carbon dioxide emissions. There is cash received by Baht 2.60 million from non-controlling interests of a newly subsidiary, operates for management of resident service. In addition, loans and lease payments were repaid and dividends by Baht 3.40 million were paid to shareholders.
- Trade and other receivables increased by Baht 26.16 million are mainly from receivable from project-based service and cash received from retention receivables from project-based works and recognition of accrued income from installation work and delivered to customers during the period.
- Inventories decreased by Baht 14.88 million are mainly from inventories for sales at stores and inventories project-based works installed and delivered to customers in accordance with installation plan.
- Investment properties decreased by Baht 1.46 million resulting from renovation of store area to rent more space to tenants and amortization are recognized during the year amounting to Baht 2.29 million.
- Building and equipment decreased by Baht 8.89 million and intangible assets decreased by Baht 0.42 million came from installation of Solar Rooftop including store renovation, acquisition of office equipment and computer program and software and recognition of depreciation and amortization for the year amounting to Baht 58.80 million.
- Right-of-use assets decreased by Baht 35.49 million are mainly from lease of vehicles and recognition of amortization for the year amounting to Baht 36.03 million.

Total liabilities as at 31 December 2023 amounting to Baht 765.57 million, decreased by Baht 103.92 million from 31 December 2022 are mainly from:

- Trade and other payables increased by Baht 20.22 million due to:
 - Trade and other payables increased by Baht 7.80 million and accrued expenses increased by Baht 17.42 million, are mainly from costs related to project-based works.
 - Deposits received from customers decreased by Baht 2.19 million from retail stores and project-based works that will be installed and delivered in next quarters.
 - Retention decreased by Baht 1.84 million from repayment of retention.

- The Company repaid short-term amounting to Baht 21.85 million and long-term loans amounting to Baht 89.26 million.
- Lease liabilities decreased by Baht 21.14 million from payments made for lease liabilities.

Total shareholders' equity as at 31 December 2023 amounting to Baht 849.30 million, increased by Baht 15.38 million from 31 December 2022 are mainly from profit for the year 2023 amounted to Baht 14.22 million and non-controlling interests of the subsidiaries amounted to Baht 2.46 million from investment in a subsidiary and offset with dividend payment to shareholders amounting to Baht 3.40 million.

Financial Ratio

Financial Ratio	Unit	31 December 2023	31 December 2022
Liquidity Ratio			
Liquidity Ratio	Times	1.06	1.20
Profitability Ratio			
Gross margin	%	53.82	49.06
Net profit	%	2.06	2.15
Return on Assets	%	0.86	0.94
Return on Equity	%	1.69	2.31
Leverage Ratio			
Debt to Equity ratio	Times	0.90	1.04
Interest Coverage Ratio	Times	1.98	1.62

As at 31 December 2023 the Company had liquidity ratio decreased from last year due mainly from investment in Solar Rooftops. Although the gross margin increased but the ratio of selling expenses to total revenues increased and income tax expenses increased resulting in decrease in the profitability ratio. Debt to Equity ratio decreased from repayments of loans according to the loan agreements.

Factors that may affect Chic's financial status or performance in the future

The Company viewed that the following factors that could affect its financial position or business operations in the future

Fluctuation of foreign currencies

The Company imported certain products from overseas resulting to the Company settled the products cost by foreign currencies including the Company has export sales to a subsidiary in Cambodia by US Dollars settlements. The Company has export sales, mainly from revenues sales through Cambodia Branch into foreign currency. The fluctuation of exchange rate is negative, may affect to its cost of sales and operating results.

However, the Company has risk management policy in term of fluctuation of foreign currencies by entering into forward contracts to mitigate risk from fluctuation of foreign currencies in certain period. In addition, the Company closely monitors news and trends of foreign currencies by the Finance Manager to assess the situation and find ways to hedge against potential risks. In the past, the impact of exchange rates was not significant to the Company's operating results.

Ms. Piyanuch Nakayodhin

Deputy Managing Director and Head of Accounting and Finance

Chic Republic Public Company Limited