

Date May 15, 2024

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

To Directors and Managers

The Stock Exchange of Thailand

Overview of business operations

Lightup Total Solution Public Company Limited (the "Company" or "LTS"), formerly known as Lightup Design Company Limited, was registered and established by Mr. Putt Tratkosit to engage in trading business, sell electrical equipment, lights, lamps and provide repair and maintenance services for such products. After operating the business for a while, The company has seen the importance of offering lighting design services to customers in order to add value and an opportunity to sell more products. Therefore, it has established a lighting design department for customers since 2011 onwards. At present, we have seen opportunities for business expansion related to the use of Internet of Things (IoT) technology and therefore recruiting personnel with knowledge and abilities in such areas to join the event by participating in product development, developing a lighting management system and control IoT devices, which will be important products of the company in the present era and in the future. The company earns income from selling lighting equipment and accessories for installing lighting equipment, such as electric lamps, spotlights, lights for decoration, to 3 main groups of customers: 1) architects or contractors 2) Large project from government customers and private enterprises and 3) wholesale and retail customers through salesperson and online channels.

From the knowledge, ability and experience from the company's establishment over 14 years, it has evolved from selling normal products continuing to become a design and the development of the lighting management system and control of IoT devices allows the company to develop a new product, the smart pole, which the company initiated the development and design of such product by integrating with equipment other than lighting equipment under control with an information system until being selected to be the designer and install lighting systems in smart park projects and makes the company one of the leaders in smart poles in Thailand in terms of the number of poles sold. The project is expected to be a pilot project for the company that has developed a prototype product using Internet of Things (IoT) technology and has a lighting management system and control of IoT devices, which is expected to help the company in acquiring the project continuously in the future, such as Other smart pole projects (smart pole) and smart city projects (smart city) and also include other customer groups whose needs change with the times.

The company also has a plan to expand related businesses to increase the company's revenue and profits. The company is in the process of developing a related business plan, namely IT Solution services, arising from the need to expand products and services in lighting equipment. To be able to be compatible with IOT devices, therefore, we are looking for personnel with knowledge and experience to work with the company to develop information technology systems in terms of connecting via online networks. The company has appointed such personnel to hold the position of senior manager of the innovation research and development as experience as an information technology consultant for many companies in the technology industry and has expertise in Cloud Engineering and cyber security and established a software research and development department. Currently, the company is studying the possibility and developing related business IT solutions.

For the fiscal year ending December 31, 2021 to 2023, the company has sales and service income equal to 163.61 million baht, 232.11 million baht, and 227.78 million baht respectively.

The company's gross profit from 2021 to 2023 equal to 65.18 million baht, 61.83 million baht, and 89.69 million baht, representing a gross profit margin of approximately 39.84 percent, 26.64 percent, and 39.37 percent, respectively.

The company has net profits for the period from 2021-2023 with net profits equal to 0.72 million baht, 15.01 million baht, and 31.43 million baht, respectively, which can be calculated as net profit margins equal to 0.44 percent, 6.47 percent, and 13.80 percent, respectively. The increase in net profit and net profit margin in 2022 was due to higher gross profit and gross margin. managing selling and administrative expenses more efficiently.

Performance

The table shows the revenue structure when categorizing revenue according to the company's distribution channels in 2021-2023.

Income	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
1.1 Income from contractor or architect customer groups	126.04	77.04	141.46	60.95	114.73	50.37
1.2 Income from large project customers	17.48	10.68	87.00	37.48	93.00	40.83

Income	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
1.3 Income from Retail/Wholesale customer groups	20.09	12.28	3.64	1.57	19.24	8.45
1.4 Income from IT Solutions business	-	-	-	-	0.81	0.36
Total revenue from sales and services	163.61	100.00	232.11	100.00	227.78	100.00

In 2023, the company has income from Contractors or architect's customer groups 114.73 million baht, a total decrease of 26.73 million baht from 2022, or a decrease of 18.90 percent, which is due to the company's business practices that will have salespeople take care of potential customers. Having a good relationship Continuously provide work to the company get better although the total number of customers with transactions decreased from 756 in 2022 to 615 in 2023, and the average sales per customer did not change significantly. The salesperson can take care of the remaining potential customers better and make profit margins from product sales higher from approximately 39.6 percent in 2022, to 50.8 percent in 2023.

In 2023, the company has income from government project customers, state enterprises and private companies equal to 93.00 million baht, an increase of 6.00 million baht or representing an increase of 6.90 percent compared to 2022. This was due to income from the smart park project that first began to recognize income in the quarter 4, 2022. The project will be a project that continuously provides smart poles to the project until at least 2024. In 2023, there will be revenue recognition from the smart park project throughout the year, approximately 78 million baht. The remaining approximately 15 million baht consists of approximately 5 other projects.

In 2023, the company has income from Retail/Wholesale's group customers 19.24 million baht, an increase of 15.60 million baht or an increase of 428.10 percent, which was mainly caused by sales to customers for use in decorating BYD showroom and sales through the Bartercard channel, which Most of them are characterized by the release of slow-moving goods. The company will begin using the slow-moving product report starting in February 2023. The report will help salespeople know which products are slow-moving, which will give importance to selling those products first. The company aims to release slow-moving goods within 2025. Most of the said slow-moving goods have already set aside some level of allowance for slow-moving goods. This gives an advantage in doing discount promotions. and can be sold at a significant value.

In 2023, the company began to recognize revenue from the IT Solutions business equal to 0.81 million baht, which came from the development of information systems for use in managing data within the organization. It is connected to the database system and supports the issuance of reports in various formats for easy data analysis and use. The contract has a total value of 1.3 million baht, with the remaining income expected to be recognized in 2024 based on the development contract and Initial data management system for private companies engaged in data processing business.

Cost of sales and services and gross profit

List	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	Million Baht	%	Million Baht
Revenue from sales and services	163.61	100.00	232.11	100.00	227.78	100.00
Cost of sales and services	(98.43)	(60.16)	(170.28)	(73.36)	(138.10)	(60.63)
Gross Profit	65.18	39.84	61.83	26.64	89.69	39.37

In 2023, the company had cost of goods sold of 138.10 million baht, a decrease of 32.18 million baht or a decrease of 18.90 percent compared to 2022, most of which decreased from purchasing products of 33.89 million baht or a decrease of 22.33 percent which is a decrease from product sales management that focuses on products with high profit margins, especially for contractors and architects and in the part of project customers. Although the project with revenue recognition in 2022 and 2023 is the same project, the Smart Park Project, but the nature of the product delivered in 2023 is an ordinary pole compared to 2022, which will mostly be smart poles and light bulbs, which have different profit margins. The company's gross profit in 2023 is equal to 89.69 million baht, an increase of 27.85 million baht or an increase of 45.04 percent and a profit margin of 39.37 percent or an increase of 12.73 percent.

Selling and administrative expenses

In 2023, the company had sales expenses of 18.27 million baht, accounting for 8.02 percent of sales and service income, an increase of 1.49 million baht, or 8.88 percent, from 2022, mainly due to an increase from salaries, wages and other employee benefits, etc., which are mostly caused by adding sales staff to expand the customer base and take care of customers more comprehensively to increasing sales.

In 2023, the company had administrative expenses of 30.03 million baht, accounting for 13.19 percent of sales and service income, an increase of 4.16 million baht, or 16.10 percent, from 2022, with most of the increase from salaries, wages and benefits of other employees from the recognition of expenses of the R&D department for the full year, resulting in salary expenses, wages and other employee benefits increasing by 3.89 million baht.

Net profit

Net Profit	2564		2565		2566	
	Million Baht	%	Million Baht	Million Baht	%	Million Baht
Net Profit for the period	0.72	0.44	15.01	6.47	31.43	13.80

In 2023, the company had a net profit of 31.43 million baht, an increase of 16.42 million baht or 109.42 percent compared to 2022. This is due to sales management that focuses on selling products with high profit margins including management Selling expenses and administrative expenses to be efficient, together with the average loan decreased from gradually repaying the loan. As a result, financial costs are reduced. and net profit including net profit margin increased.

Financial Position

As of December 31, 2021-2023, the company had total assets of 170.82 million baht, 212.18 million baht, and 214.07 million baht, respectively. As of December 31, 2022, the value of total assets increased from the total assets as of December 31. December 2021 amounted to 41.36 million baht and in 2023 the company's total assets increased by 1.89 million baht compared to 2022. The total assets of the company It mainly consists of current assets such as Trade and other accounts receivables, inventories and non-current assets such as investment properties and right-of-use assets.

Statement of financial position	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
Current assets						
Cash and cash equivalents	4.56	2.67	4.62	2.18	41.12	19.21
Trade and other accounts receivables - net	28.30	16.57	49.49	23.33	56.72	26.49

Statement of financial position	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
Short-term loans and accrued interest to related parties	5.88	3.44	6.18	2.91	-	-
Inventories	76.31	44.67	78.74	37.11	56.38	26.34
Other current assets	7.68	4.50	27.52	12.97	16.46	7.69
Total current assets	122.73	71.85	166.55	78.50	170.68	79.73
Non-current assets						
Restricted bank deposits	7.19	4.21	7.19	3.39	7.00	3.27
Investment property	10.80	6.32	10.80	5.09	10.80	5.05
Building improvement and equipment - net	0.58	0.34	0.46	0.22	1.57	0.73
Right-of-use assets - net	11.52	6.75	8.14	3.84	4.44	2.07
Intangible assets - net	1.09	0.64	1.06	0.50	1.82	0.85
Deferred tax assets - net	14.57	8.53	15.44	7.28	16.28	7.60
Other non-current assets	2.32	1.36	2.53	1.19	1.48	0.69
Total non-current assets	48.08	28.15	45.62	21.50	43.39	20.27
Total assets	170.82	100.00	212.18	100.00	214.07	100.00

- Trade and other accounts receivables

For trade receivables and other account receivables of the company consist of Trade accounts receivable from related businesses, other receivables (other companies) and outstanding checks. As of December 31, 2021, December 31, 2022, December 31, 2023, the company has trade and other receivables totaling 28.30 million baht, 49.49 million baht and 56.72 million baht, which are equivalent to 16.57 percent, 23.33 percent, and 26.49 percent of total assets, respectively. Most of the trade receivables come from large project customers

from the government sector. State and private enterprises and trade receivables from contractors or architects from the procurement and installation of lighting equipment in residences or infrastructure.

The table shows details of aging analysis during 2021-2023.

Trade and other accounts receivables	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
Not yet due	9.58	34.62	42.69	88.36	49.77	88.46
<u>Overdue</u>						
Less than 3 months	10.29	37.16	4.32	8.95	8.00	14.21
3-6 months	1.18	4.26	0.35	0.73	-	-
7-12 months	0.71	2.55	1.40	2.89	0.22	0.40
Over 12 months	35.35	127.71	29.53	61.13	24.31	43.20
Total	57.11	206.30	78.29	162.07	82.30	146.28
<u>Less</u> allowance for expected credit loss	-29.43	-106.30	-29.99	-62.07	-26.04	-46.28
Net	27.68	100.00	48.31	100.00	56.26	100.00

- Inventories

As of the end of the period 2021-2023, inventories totaled 76.31 million baht, 78.74 million baht, and 56.38 million baht, respectively, which can be accounted for as 44.67 percent, 37.11 percent, and 26.34 percent of total assets, respectively.

As of December 31, 2023, the company had a decrease in inventories of 22.36 million baht, which was caused by a decrease in finished goods of 15.62 million baht, a decrease in goods in transit of 0.82 million baht, and an allowance for deteriorated goods and a decrease in product value which increased by 5.91 million baht, due to the allowance for deteriorated products and decreased product value. Such allowance will be calculated based on a percentage of the product value which is a step rate. The older the inventory, will make the allowance higher. Such high number means that the average life of the inventory is older. However, Current policy has been implemented conservatively in accordance with the new allowance for impairment policy effective December 25, 2023.

The table shows the value of inventories during 2021 - 2023.

Inventories	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
Finished goods	116.49	152.65	119.32	151.54	103.69	183.92
Good in transit	-	-	1.85	2.35	1.03	1.82
Less allowance for decline in value of inventories	(40.18)	(52.65)	(42.43)	(53.89)	(48.34)	(85.75)
Net	76.31	100.00	78.74	100.00	56.38	100.00

The table shows the value of total liability during 2021-2023.

Statement of financial position	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Liabilities						
Short-term loans from financial institution	23.86	13.97	18.25	8.60	13.25	6.19
Trade and other payable	9.98	5.84	37.68	17.76	24.95	11.66
Current portion of Long-term loans from financial institution	2.59	1.52	4.45	2.10	4.47	2.09
Current portion of Lease liabilities	3.20	1.87	3.17	1.49	2.90	1.35
Current portion of Employee benefit obligations	-	-	-	-	0.23	0.11
Short-term loans and accrued interest from related parties	15.40	9.02	11.25	5.30	-	-
Current income tax payable	5.02	2.94	4.21	1.98	8.37	3.91
Derivative liabilities	-	-	0.40	0.19	0.11	0.05
Other current liabilities	1.04	0.61	5.48	2.58	8.05	3.76
Total current liabilities	61.09	35.76	84.89	40.01	62.33	29.12
NON-CURRENT LIABILITIES						

Statement of financial position	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
Long-term loans from financial institution	7.96	4.66	12.76	6.02	8.31	3.88
Employee benefit obligations	3.29	1.93	4.20	1.98	4.90	2.29
Lease liabilities - net	8.29	4.85	5.13	2.42	1.91	0.89
Total non-current liabilities	19.54	11.44	22.09	10.41	15.12	7.06
TOTAL LIABILITIES	80.63	47.20	106.99	50.42	77.46	36.18

- Overdrafts and short-term loans from financial institutions

As of December 31, 2021, December 31, 2022, December 31, 2023, the Company had bank overdrafts and short-term loans from financial institutions in the amount of 23.86 million baht, 18.25 million baht, and 13.25 million baht, respectively, calculated in the hundreds each is 13.97 percent, 8.60 percent, and 6.19 percent, respectively, of liabilities and shareholders' equity. Mostly consisting of Bank overdraft promissory note and liabilities under trust receipts.

As of December 31, 2023, the company had bank overdrafts and short-term loans from financial institutions of 13.25 million baht, a decrease of 5.01 million baht from the end of 2022, due to a decrease in liabilities under trust receipt contracts. The purpose of this short-term loan is to provide working capital for the Company's business operations, which will change according to business conditions each year. The company intends to source funds for the loan with the cheapest interest rate first. In addition, if the business has excess liquidity, it will be used to repay the loan to reduce the burden of financial expenses which makes the long-term overview of the company Short-term loans with the most expensive financing costs will gradually decrease significantly.

The table shows the value of overdrafts and short-term loans from financial institutions during 2021-2023.

Bank overdrafts and short-term loans from financial institutions	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
Promissory note	2.00	8.38	-	-	-	-
Trust Receipt Liabilities	21.86	91.62	18.25	100.00	13.25	100.00
Total	23.86	100.00	18.25	100.00	13.25	100.00

- Trade and other payable

As of December 31, 2021, December 31, 2022, December 31, 2023, the company had trade and other payables of 9.98 million baht, 37.68 million baht, and 24.95 million baht, respectively, representing 5.84 percent, 17.76 percent, and 11.66 percent of liabilities. and shareholders' equity.

As of December 31, 2023, the company had trade and other payables that decreased in the amount of 12.73 million baht from the end of 2022, due to trade payables decreasing by 2.02 million baht, advances received from customers 7.37 million baht due to advances received from customers in Project to design and install a smart pole system in a smart park project. There has been a gradual delivery of products, resulting in the money received in advance decreasing as well and others decreasing by 2.82 million baht.

Table showing the value of trade and other payable in 2021-2023.

Trade and other payable	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
Trade accounts payable	6.23	62.42	11.31	30.03	9.29	37.25
Other accounts payable						
Advance expenses	1.29	12.89	4.89	12.97	4.36	17.48
Advance received from clients	2.46	24.69	17.08	45.32	9.71	38.91
Others	-	-	4.40	11.69	1.59	6.37
Total other accounts payable	3.75	37.58	26.37	69.97	15.66	62.75
Total trade and accounts payable	9.98	100.00	37.68	100.00	24.95	100.00

- Long-term loans from financial institutions

As of December 31, 2021, December 31, 2022, December 31, 2023, the company has long-term loans from financial institutions in the amount of 7.96 million baht, 12.76 million baht, and 8.31 million baht, respectively, representing 4.66 percent, 6.02 percent, and 3.88 percent of liabilities and shareholders' equity, respectively. The Company's long-term loans have increased significantly since 2021 and 2022, respectively, from borrowing from financial institutions with a total credit line of 20 million baht. The first 10 million baht has an interest rate of 2.00% - 5.25% (2.00% for the first two years and 5.25% until the contract period. Total period of 5 years) and a credit line of 10 million baht. The second band has an interest rate of 2.00% - 7.00% (2.00% for the first two years and 7.00%

until the contract period. The total period is 5 years). The purpose of the loan is to be used as working capital for purchasing goods, lighting equipment for sale and service to large government project customers, state and private enterprises including contractors and architect customer groups.

The table shows the value of short-term borrowing from financial institutions in 2021-2023.

Long-term loans from financial institution	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
Long-term loans	10.56	132.56	17.22	134.89	12.78	153.81
Less current portion of long-term loans from financial institution	(2.59)	(32.56)	(4.45)	(34.89)	(4.47)	(53.81)
Net	7.96	100.00	12.76	100.00	8.31	100.00

Shareholder's equity

As of December 31, 2021, December 31, 2022, December 31, 2023, the company has total shareholders' equity of 90.18 million baht, 105.19 million baht, and 136.61 million baht, respectively, which can be calculated as a proportion equal to 52.80 percent, 49.58 percent, and 63.82 percent of liabilities and shareholders' equity respectively. The majority of changes in shareholders' equity come from net profits from operations in each period. The company did not pay dividends during that period. The details are as per the table as follows.

Table showing shareholders' equity list for 2021-2023.

Shareholder's Equity	For the year ending 31 December					
	2564		2565		2566	
	Million Baht	%	Million Baht	%	Million Baht	%
Share capital - common share – issued and fully paid up	75.80	44.38	75.80	35.73	75.80	35.41
Unappropriated retained earning	14.38	8.42	29.39	13.85	60.81	28.41
Shareholder's Equity	90.18	52.80	105.19	49.58	136.61	63.82

Liquidity and sources of funds

Table showing cash flow statement items for 2021-2023.

Statement of Cash flow	For the year ending 31 December		
	2564	2565	2566
	Million Baht	Million Baht	Million Baht
Net cash generated from (used in) operating activities	43.89	7.11	57.04
Net cash generated from (used in) investing activities	(14.65)	(0.17)	4.38
Net cash provided from (used in) financing activities	(28.15)	(6.87)	(24.92)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1.09	0.06	36.50
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	3.48	4.56	4.62
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4.56	4.62	41.12

From changes in cash flows from operating activities, investing activities, and financing activities, resulting in as of December 31, 2021, 2022, and 2023, the company had cash and cash equivalents at the end of the period equal to 4.56 million baht, 4.62 million baht, and 41.12 million baht, respectively, with details of important cash flow changes as follows:

Cash flow from operating activities.

The company has net cash received from operating activities as of December 31, 2021, 2022, and 2023 equal to 43.89 million baht, 7.11 million baht, and 57.04 million baht, respectively.

In 2023, the company had net cash from operating activities equal to 57.04 million baht. Cash flow from operations before changes in operating assets and liabilities was equal to 48.45 million baht and there were important cash receipts from operations, including inventories, other current assets and other non-current assets decreased by 16.45 million baht, 11.06 million baht, and 1.05 million baht, respectively, and other current liabilities increased by 2.57 million baht, while there were important cash items used from operations including trade receivables increasing by 3.28 million baht, trade payables decreasing by 12.72 million baht and income tax payments of 6.54 million baht.

Cash flow from investing activities.

The company had net cash generated from (used in) investing activities as of December 31, 2021, 2022, and 2023 equal to (14.65) million baht, (4.67) million baht, and 4.38 million baht, respectively.

In 2023, the company had net cash received from investment activities equal to 4.38 million baht, most of which came from cash received from loan payments from related directors in the amount of 4.94 million baht, along with interest income of 1.43 million baht.

Cash flow from financing activities.

The company had net cash used in financial activities as of December 31, 2021, 2022, and 2023 equal to 28.15 million baht, 2.37 million baht, and 24.92 million baht, respectively.

In 2023, the company had net cash outflows used in financing activities equal to 24.92 million baht, which came from being used to repay loans from related directors of 7.75 million baht, repaying overdrafts. Bank and short-term loans from financial institutions of 4.55 million baht, interest payments of 5.07 million baht, long-term loans from financial institutions of 4.45 million baht, and rental payments according to lease agreements of 3.09 million baht.

Important Financial Ratio

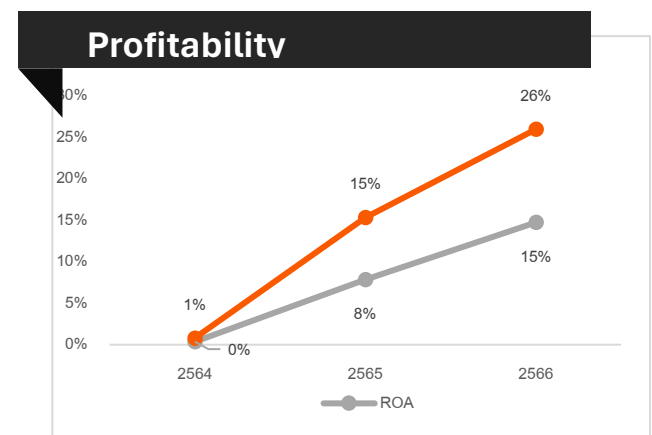
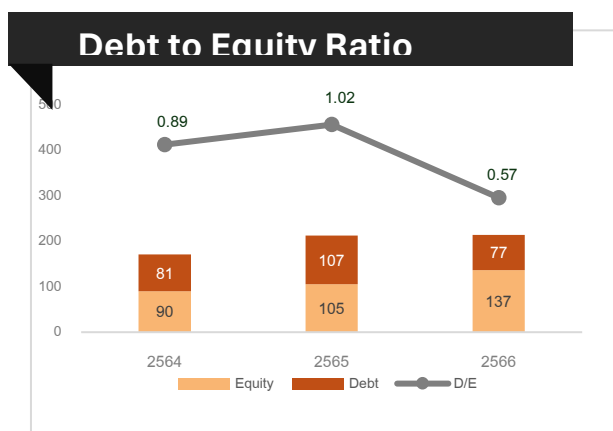
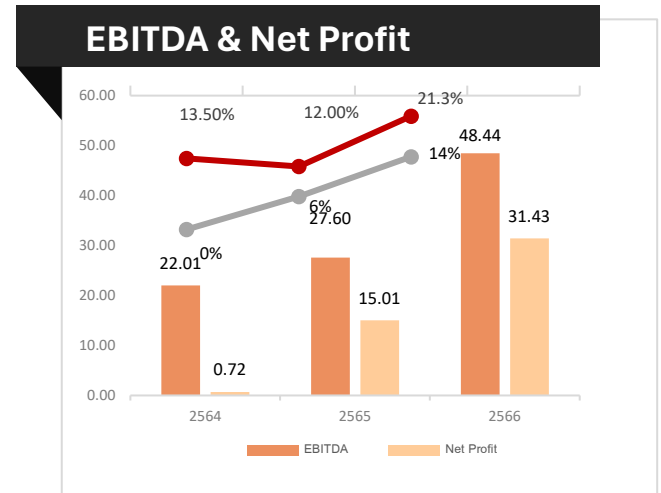
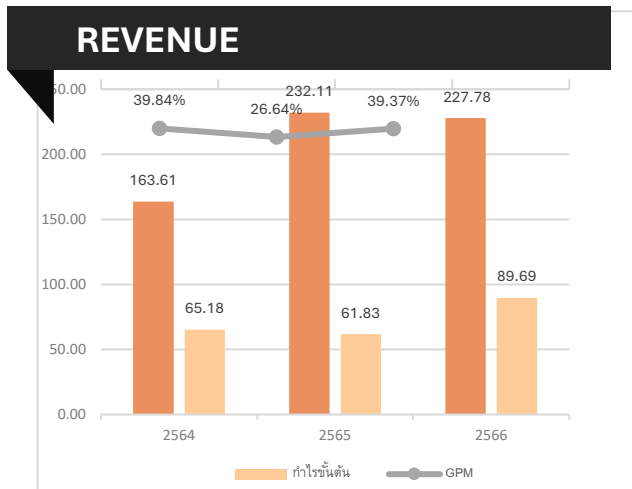
Liquidity Ratio

The company has a liquidity ratio as of December 31, 2021, December 31, 2022, and December 31, 2023 equal to 2.01 times, 1.96 times, and 2.74 times, respectively. As of December 31, 2022, the company's liquidity ratio decreased from as of December 31, December 2021 due to an increase in trade and other payables, and on December 31, 2023, the Company's liquidity ratio increased due to an increase in cash and cash equivalents from the operating results even though trade creditors have increased.

Operating efficiency ratio

As of 31 December 2021, 31 December 2022, and 31 December 2023, the company had a rate of return on assets equal to 0.36 percent, 7.84 percent, and 14.75 percent, respectively. In 2022, the company had an increased rate of return on assets. This is because the company's net profits increased at a higher rate than the increase in assets, and in 2023 the rate of return on assets increased. This is due to higher net profits, in addition, the average total assets did not change significantly.

As of December 31, 2021, December 31, 2022, December 31, 2023, the company has a rate of return on fixed assets of 19.09 percent, 84.36 percent, and 179.16 percent, respectively, and an asset turnover rate of 0.82 times, 1.21 times, and 1.07 times, respectively, over the past period such ratio changes from important factors which are changes in income or net profit together with the proportion of receivable and fixed assets decreased.



Sincerely Yours,



Nuchanat Sangchat

Chief Financial Officer