



No. ITTHI 2023-001

March 16, 2023

Subject Management's Discussion and Analysis for the year ended 31 December 2022

Dear Directors and Managers,
Stock Exchange of Thailand

Itthrit Nice Corporation Public Company Limited ("the Company") Management's analysis and explanation for the year ended December 31, 2022 is as follows:

Revenue from Electronics Distribution Business

In 2022, the Company's revenue from the electronics distribution business in the amount of 223.83 million baht, an increase of 10.74 per cent compared to 2021, which was caused by the overall trend of the real estate and construction sectors that gradually recovered after COVID-19 situation.

Revenue from Manufacturing and Distributing Alcohol Disinfectants

In 2022, the Company's revenue from the manufacturing and distributing alcohol disinfectants was 3.10 million baht, a decrease of 75.46 per cent compared to 2021 due to the supply of alcohol products in the market has increased dramatically, also increasing in competition, while the consumption of consumers has decreased, resulting in lower revenues for the production and distribution of disinfectant alcohol businesses.

Other Income

Most of the Company's other income consists of interest income, bad debt recovery, profit from exchange rate, etc. The Company had other income in 2022 in the amount of 0.96 million baht, representing 0.42 per cent of total income, which is a slight increase from other income in 2021 in the amount of 0.14 million baht or representing an increase at a rate of 0.04 per cent.

Cost of Sales and Services, Gross Profit, and Gross Profit Margin of Electronics Distribution Business

In 2022, the Company had the cost of distributing electronic devices in the amount of 149.02 million baht, or 66.58 per cent of the income from distributing electronic devices in the same period, an increase from the year 2021 in the amount of 8.31 million baht, or representing an increase of 5.91 per cent and having a gross profit of 74.81 million baht, representing a gross profit margin of 33.42 per cent. An increase from the year 2021 of 13.40 million baht or representing an increase of 21.82 per cent, which is an effect of the relaxed competition situation in the electronics distribution business, as a result, the



Company faced lower price competition compared to the previous year, and the Company's main customers, which were real estate and construction operators, began to resume normal business operations.

Cost of Sales and Services, Gross Profit, and Gross Profit Margin of the Business of Manufacturing and Distributing Alcohol Disinfectants

In 2022, the Company had the cost of production and distribution of disinfectant alcohol products in the amount of 1.58 million baht or 50.98 per cent of the revenue from the production and distribution of disinfectant alcohol products in the same period. A decrease from 2021 in the amount of 5.71 million baht or representing a decrease rate of 78.34 per cent and having a gross profit of 1.52 million baht, a decrease from 2021 in the amount of 3.81 million baht or representing a decrease rate of 71.53 per cent was due to the higher level of competition in the business of manufacturing and distributing alcohol disinfectants while there was a decrease in demand. However, the company still has some customer bases that continuously buy the company's products, so the company uses the method of producing products according to sales estimates only as necessary.

Distribution Costs

In 2022, the Company had distribution costs of 11.01 million baht, an increase of 1.48 million baht from 2021, or an increase of 15.56 per cent, which is an increase in employee expenses such as salaries and commission, including other expenses related to employees, resulting from the increase in the number of employees in various parts to support the future business expansion of the electronic device distribution business.

Administrative Expenses

In 2022, the Company had administrative expenses of 39.01 million baht, an increase of 5.26 million baht from 2021, or an increase of 15.57 per cent. This is mainly due to an increase in expenses related to listing in the stock market, such as professional advisory fees, internal audit fees, software program fees used in business operations, contributions to provident fund for employees and executives, meeting allowances for directors.

Net Profit

In 2022, the Company had a net profit of 21.15 million baht, a net profit margin of 9.32 per cent, an increase of 6.11 million baht from 2021, or an increase of 40.60 per cent. This was mainly due to an increase in revenue from the electronics business group following the overall trend of the real estate and construction sectors that continued to improve, after the relaxation of the COVID-19 situation, the



Company was able to better control the cost of goods in terms of planning, purchasing and transportation.

Assets

As of December 31, 2022, the Company had total assets of 201.51 million baht, which consisted of cash, trade accounts receivable, inventories, assets, rights of use, and building improvements and equipment, which increased from December 31, 2021 in the amount of 34.67 million baht. The main cause was an increase in the right-of-use assets of 37.20 million baht, resulting from the adjustment of the calculation of the right-of-use assets of the head office building in the financial statements ended December 31, 2022, by calculating the lease period in accordance with the objectives of long-term use based on the estimated useful life of the leased building and building improvements, remaining at 14.5 years from the original lease term calculation based on the remaining lease term at 2.5 years.

Liabilities

As of December 31, 2022, the Company has total liabilities of 78.81 million baht, representing 39.10 per cent of liabilities and shareholders' equity, an increase from December 31, 2021 of 33.54 million baht. This was mainly due to an increase in liabilities under lease agreements in the amount of 37.41 million baht resulting from the adjustment of the calculation of liabilities under the head office building lease agreement in the financial statements ended December 31, 2022, by calculating the lease period in accordance with the objectives of long-term use based on the estimated useful life of the leased building and building improvements, which is 14.5 years from the original lease period calculation based on the remaining lease life of 2.5 years.

Shareholders' Equity

As of December 31, 2022, it was 122.69 million baht, which was a decrease compared to the shareholders' equity as of December 31, 2021, in the amount of 10.66 million baht, the reasons were mainly due to:

- 1) The Company has total comprehensive income for the year 2022 in the amount of 21.15 million baht.
- 2) The Company paid dividends according to the resolution of the 2022 Annual General Meeting of Shareholders held on March 21, 2022 at the rate of 17.50 baht per share from 4.10 million ordinary shares, amounting to 71.75 million baht.
- 3) The Company paid an interim dividend according to the resolution of the Board of Directors' Meeting No. 3/2022 held on August 9, 2022, at the rate of 1.90 baht per share from 10.00 million ordinary shares, totaling 19.00 million baht.



- 4) The Company increased its registered capital according to the resolution of the 2022 Annual General Meeting of Shareholders held on March 21, 2022, in the amount of 59.00 million baht.

Yours sincerely,

-Minthita Akkrabunyapath-

(Miss Minthita Akkrabunyapath)

Chief Financial Officer