



No. ITTHI 2023-006

August 11, 2023

Subject Management's Discussion and Analysis of the first six months of 2023 for the three-month period and six-month period ended 30 June 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 six-month period ended June 30, 2023, is as follows:

#### **Revenue from Electronics Distribution Business**

For the three-month period ended June 30, 2023, the Company had revenue from electronics equipment distribution business in the amount of 57.64 million baht, an increase of 10.53 percent compared to the three-month period ended June 30, 2022, which was caused by the overall trend of the real estate and construction sectors that gradually recovered after the COVID-19 situation has eased.

For the six-month period ended June 30, 2023, the Company had revenue from electronics equipment distribution business in the amount of 109.57 million baht, an increase of 18.27 percent compared to the six-month period ended June 30, 2022, which was caused by the overall trend of the real estate and construction sectors that gradually recovered after the COVID-19 situation has eased.

#### **Revenue from Manufacturing and Distributing Alcohol Disinfectants**

For the three-month period ended June 30, 2023, the Company had revenue from the business of manufacturing and selling alcohol disinfectants in the amount of 0.24 million baht, a decrease of 70.06 percent compared to the same period of 2022, due to the supply of alcohol products in the market has increased dramatically and an increase in competition, while the consumption of consumers has decreased, resulting in lower revenues for the production and distribution of disinfectant alcohol businesses.

For the six-month period ended June 30, 2023, the Company had revenue from the business of manufacturing and selling alcohol disinfectants in the amount of 0.52 million baht, a decrease of 71.96 percent compared to the same period of 2022, due to the supply of alcohol products in the market has increased dramatically and an increase 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, income from the sale of assets, etc.

For the three-month period ended June 30, 2023, the Company had the other income in the amount of 0.28 million, or 0.49 percent of the total income, increased by 0.02 million baht or equivalent to an increase of 7.57 percent from other income compared to the three-month period ended June 30, 2022.

For the six-month period ended June 30, 2023, the Company had the other income in the amount of 0.38 million baht, or 0.34 percent of the total income, decreased by 0.14 million baht or equivalent to a decrease of 27.78 percent from other income compared to the six-month period ended June 30, 2022.

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

For the three-month period ended June 30, 2023, the Company had the cost of distributing electronic devices in the amount of 35.76 million baht, or 62.04 percent of the income from distributing electronic devices in the same period, an increase from the three-month period ended June 30, 2022, in the amount of 0.62 million baht, or representing an increase of 1.78 percent, and having a gross profit of 21.88 million baht, representing a gross profit margin of 37.96 percent, an increase from the three-month period ended June 30, 2022, in the amount of 4.87 million baht or representing an increase of 28.61 percent. This was an effect of the relaxed competition situation in the electronics distribution business, as a result, the Company faced lower price competition compared to the three-month period ended June 30, 2022, and the Company's main customers, which were real estate and construction operators, began to resume normal business operations.

For the six-month period ended June 30, 2023, the Company had the cost of distributing electronic devices in the amount of 69.14 million baht, or 63.10 percent of the income from distributing electronic devices in the same period, an increase from the six-month period ended June 30, 2022, in the amount of 6.38 million baht, or representing an increase of 10.17 percent, and having a gross profit of 40.43 million baht, representing a gross profit margin of 36.90 percent, an increase from the six-month period ended June 30, 2022, in the amount of 10.55 million baht or representing an increase of 35.29 percent. This was an effect of the relaxed competition situation in the electronics distribution business, as a result, the Company faced lower price competition compared to the six-month period ended June 30, 2022, 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**

For the three-month period ended June 30, 2023, the Company had the cost of production and distribution of disinfectant alcohol products in the amount of 0.14 million baht or 57.20 percent of the revenue from the production and distribution of disinfectant alcohol products in the same period, decreased from the three-month period ended June 30, 2022, in the amount of 0.25 million baht, or representing a decrease of 63.70 percent and having a gross profit of 0.10 million baht, decreased from the three-month period ended June 30, 2022, in the amount of 0.33 million baht, or representing a decrease of 75.75 percent. This 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.

For the six-month period ended June 30, 2023, the Company had the cost of production and distribution of disinfectant alcohol products in the amount of 0.29 million baht or 56.26 percent of the revenue from the production and distribution of disinfectant alcohol products in the same period, decreased from the six-month period ended June 30, 2022, in the amount of 0.78 million baht, or representing a decrease of 65.45 percent and having a gross profit of 0.23 million baht, decreased from the six-month period ended June 30, 2022, in the amount of 43.73 million baht, or representing a decrease of 77.43 percent. This 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**

For the three-month period ended June 30, 2023, the Company had distribution costs in the amount of 3.69 million baht, an increase from the three-month period ended June 30, 2022, in the amount of 1.29 million baht, or a rise of 53.63 percent, 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 and commission in order to support the future business expansion of the electronic device distribution business.

For the six-month period ended June 30, 2023, the Company had distribution costs in the amount of 6.97 million baht, an increase from the six-month period ended June 30, 2022, in the amount of 2.31 million baht, or a rise of 49.52 percent, 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 and commission in order to support the future business expansion of the electronic device distribution business.



### **Administrative Expenses**

For the three-month period ended June 30, 2023, the Company had administrative of 12.74 million baht, an increase of 3.66 million baht from the three-month period ended June 30, 2022, or an increase of 40.27 percent. This was mainly due to expenses related to employees and bad debt, and expenses from being listed in the Stock Exchange of Thailand.

For the six-month period ended June 30, 2023, the Company had administrative of 22.67 million baht, an increase of 4.01 million baht from the six-month period ended June 30, 2022, or an increase of 21.51 percent. This was mainly due to expenses related to employees and bad debt, and expenses from being listed in the Stock Exchange of Thailand.

### **Net Profit**

For the three-month period ended June 30, 2023, the Company had a net profit of 4.50 million baht and a net profit margin of 7.71 percent, a decrease from the three-month period ended June 30, 2022, in the amount of 0.38 million baht, or 7.79 percent. This was mainly due to expenses related to employees and bad debt.

For the six-month period ended June 30, 2023, the Company had a net profit of 8.53 million baht and a net profit margin of 7.71 percent, a decrease from the six-month period ended June 30, 2022, in the amount of 2.36 million baht, or 38.35 percent. 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, resulting in the Company being able to control the cost of goods in terms of planning, purchasing and transportation.

### **Assets**

For the three-month period as of June 30, 2023, the Company had total assets of 407.40 million baht, consisting of cash, trade accounts receivable, inventories, rights of use, and building improvements and equipment, which increased from December 31, 2022, in the amount of 205.84 million baht. This was due to an increase in cash and cash equivalents from the share allocation offered to the Initial Public Offer (IPO), which includes trade and other current receivables.

### **Liabilities**

For the three-month period as of June 30, 2023, the Company had total liabilities of 75.65 million baht, representing 18.57 percent of total liabilities and shareholders' equity, a decrease of 3.16 million baht from the three-month period ended June 30, 2022. This was mainly due to a decrease of trade payable.



### Shareholders' Equity

For the three-month period ended June 30, 2023, the shareholders' equity was 331.75 million baht, which was an increase compared to the shareholders' equity as of December 31, 2022, which was 209 million baht. The reasons were mainly due to:

- 1) The Company has total comprehensive income for the six-month period ended June 30, 2023, in the amount of 8.53 million baht.
- 2) The Company increased its registered capital at the Department of Business Development on March 17, 2023, in the amount of 35 million baht.
- 3) Share premium obtained from the allocation of shares offered to the Initial Public Offer (IPO) in the amount of 165.74 million baht.

Please be informed accordingly.

Yours sincerely,

*-Minthita Akkrabunyapath-*

(Miss Minthita Akkrabunyapath)

Chief Financial Officer