



February 16, 2023

Management Discussion and Analysis **Operating Results for Year End 2022**

The year 2022 marked a historical milestone for SVI Group as the Company was able to achieve a record annual revenue of USD 741 million and quarterly revenue of USD 200 million in the 4th quarter. These records were achieved amidst an incredibly challenging time whether it'd be the prolonged semiconductor shortage, lasting effects from the trade war between the US and China, supply chain disruptions and heightened energy prices from the war in Ukraine. Through SVI's uncompromising and continued commitment to its customers and stakeholders, the Company is able to achieve yet another milestone.

A milestone revenue achievement with strong profitability

The Company posted record Consolidated Sales for 2022 of THB 25,898 million (USD 740.5 million), an increase of THB 8,498 million (USD 196.5 million) or 48.8% from the previous year. Communication and Network, Industrial Control, Audio & Video and Automotive were key sectors in contributing to sales growth this quarter.

The Company posted Consolidated Gross Profit for 2022 of THB 2,384 million, an increase of THB 412 million or 20.9% from the previous year. Consolidated Gross Profit margins for 2022 had a minor reduction to 9.2% compared to 11.3% of the previous year. The Company posted Consolidated Operating Profit of THB 1,638 million, excluding Other Income, and EBITDA of THB 2,212 million.

Consolidated Net Income for 2022 was THB 1,772 million an increase of THB 346 million or 24.3% from the previous year. The Company's earnings per share of 0.82 in 2022 increased significantly from the previous year of 0.66. The improvement in the Company's overall performance amidst one of the most challenging market environments was the result of SVI's continued commitment to its customers and stakeholders as well as its ability to source material and deliver products in a timely manner.

Strengthening balance sheet with reduction in working capital and debt

Total Consolidated Assets for 2022 increased by THB 1,979 million from the previous year to THB 17,070 million. The increase was mainly due to the rise in inventory level of THB 1,057 million from THB 5,632 million in 2021 to THB 6,689 million in 2022. The rise was attributed to the semiconductor shortage environment throughout 2021 and 2022; however, since the 3rd Quarter of 2022, the Company's inventory level has significantly reduced from its highest level of THB 7,621 million. The current inventory turnover of 3.9x has increased from 3.1x at the end of 2021. We expect this ratio to continue to increase. Other key items that contributed to the increase in assets were the increase in property, plant and equipment of THB 281 million as the Company expanded its facilities in Slovakia and Cambodia and the combined increase in cash and current investments of THB 362

million resulting from the reduction in inventory and increase in investment values. Although sales continue to increase, account receivables remained relatively stable as the Company was able to collect long-aging receivables.

Total Consolidated Liabilities for 2022 was THB 10,580 million, an increase of THB 712 million from the previous year. The increase was mainly due to the increase in loans from financial institutions totaling THB 520 million. This was mainly the result of working capital financing from rise in the Company's inventory level. However, total indebtedness at the end of 2022 was THB 4,879 million, which had significantly reduced from the highest level in the 2nd Quarter of 2022 of THB 5,321 million. The Company's current D/E ratio of 0.76 decreased from 0.83 in the previous year and we expect this reduction to continue. The current working capital requirement to sales of 27% has also decreased from 34% at the end of 2021.

Shareholders' equity increased by THB 1,267 million from THB 5,223 million to THB 6,490 million as the result of the company's record performance.

Profit & Loss Comparison Y2022 vs. Y2021

In Million Baht	Consolidated		The Company		% Variance = (a-b) / (b)
	Yr.2022 (a)	Yr.2021 (b)	Yr.2022 (c)	Yr.2021 (d)	
Net Sales	25,898	17,400	17,417	13,064	48.8%
Total Costs of Sales	23,514	15,428	15,650	11,517	52.4%
Gross Profit	2,384	1,972	1,767	1,547	20.9%
Selling & Admin. Expenses	746	642	418	372	16.2%
Operating Profit	1,638	1,330	1,349	1,175	23.2%
Financial Expenses (Income)	115	91	46	46	26.4%
Exchange Losses (Gain)	(123)	(82)	(139)	(99)	50.0%
Oth. Non-Operating (Inc)/Exps	(178)	(94)	(112)	(91)	89.4%
Net Income/(losses) before Tax	1,824	1,415	1,554	1,319	28.9%
Corporation Tax	(52)	11	(25)	0	(572.7%)
Net Income/ (losses) after Tax	1,772	1,426	1,529	1,319	24.3%

Balance Sheet Comparison

In Million Baht	Consolidated			The Company		
	30 Dec'22	30 Sep'22	31 Dec'21	30 Dec'22	30 Sep'22	31 Dec'21
Current Assets						
Cash	716	768	575	329	269	193
Investment	850	567	629	850	567	629
Accounts Receivable	5,424	6,586	5,310	4,338	5,379	4,560
Inventories	6,689	7,621	5,632	4,370	4,931	3,871
Other Current Assets	254	244	166	132	66	45
Total Current Assets	13,933	15,786	12,312	10,019	11,212	9,298
Current Liabilities						
Short Term Loans	3,027	3,154	3,140	2,720	2,864	2,588
Current Long-Term Loan	546	632	495	406	398	153
Accounts Payable	4,661	6,560	4,609	3,270	4,434	3,637
Accrued expenses, other payable	640	902	502	360	545	298
Other Current Liabilities/Accruals	66	34	62	22	21	42
Total Current Liabilities	8,940	11,282	8,808	6,778	8,262	6,718
Working Capital	4,994	4,504	3,505	3,278	2,950	2,580
Loan to subsidiary	0	0	0	1,326	1,375	713
Property, Plant, Equipment and Other Non-Current Assets	3,132	3,150	2,775	2,156	2,178	2,196
Total Net Assets	8,125	7,654	6,279	6,760	6,503	5,489
Financed by:						
Long-Term Debt	1,380	1,422	785	528	619	281
Provision and Other Non-Current Liabilities	255	259	271	140	136	130
Net Equity	6,490	5,973	5,223	6,092	5,748	5,078
Total Long-Term Funding	8,125	7,654	6,279	6,760	6,503	5,489



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