



May 11, 2023

Management Discussion and Analysis **Operating Results for the 1st Quarter 2023**

SVI (the “Company”) posted strong revenue for the 1st Quarter of 2023. Demand continues to be resilient for the next 12 to 18 months for both existing and new customers. However, the rapid strengthening of Thai Baht against US Dollars from 4th Quarter of 2022 to 1st Quarter of 2023 of over 15% has cause a minor decline in the Company’s profitability. Nevertheless, the outlook for the Company remains buoyant with new completed facilities and promising new customers.

Resilient Revenue with a minor drop in Profitability

The Company posted Consolidated Sales for the 1st Quarter of 2023 of THB 6,145 million (USD 181.6 million), an increase of THB 430 million (USD 7.6 million) or 7.5% from the same quarter of the previous year. Compared to the 4th Quarter of 2022, this quarter recorded a decrease of THB 1,064 million or 14.8%. Communication and Network, Industrial Control, Audio and Video were key sectors in contributing to sales this quarter.

The Company posted Consolidated Gross Profit for 1st Quarter of 2023 of THB 427 million, an increase of THB 23 million or 5.7% from the same quarter of the previous year. Consolidated Gross Profit margins in the 1st Quarter of 2023 was 6.9% compared to 7.1% of the same quarter in the previous year and 11.0% from the previous quarter. The reduction came from the rapid strengthening of Thai Baht of over 15% from 4th Quarter of 2022 to 1st Quarter of 2023. In terms of Consolidated Operating Profit excluding other income, the Company posted THB 241 million, an increase of THB 14 million or 6.2% from the same quarter of the previous year.

Consolidated Net Income for the 1st Quarter of 2023 was THB 148.5 million, a decrease of THB 113 million or 43.1% from the same quarter of the previous year. Compared to the 4th Quarter 2022, Consolidated Net Income decreased by THB 341 million or 69.6%. The decline was mainly the result of the strong Thai Baht.

Stabilized Inventory Level with continued Reduction in Debt

Total Consolidated Assets in 1st Quarter 2023 was THB 17,382 million, an increase of THB 317 million from the previous quarter. This was mainly due to the increase in receivables of THB 212 million. Inventory level remained relatively stable from the 4th Quarter of 2022 to 1st Quarter of 2023.

Total Consolidated Liabilities in 1st Quarter of 2023 was THB 10,753 million, an increase of THB 178 million from the previous quarter. Accounts Payables increased by THB 344 million. Short-term and long-term loans decreased by THB 152 million. Working Capital decreased to 26% of sales compared to the previous quarter of 27% of sales. The Company’s debt remains at an acceptable level with D/E of 0.71 compared 0.76 from the previous quarter. Shareholders’ equity increased to THB 6,629 million in 1st Quarter of 2023 from THB 6,490 million in the previous quarter.

Consolidated Profit & Loss Comparison

	Q1-2023	Q4-2022	% Variance	Q1-2022	% Variance
In Million Baht	(a)	(b)	= (a-b) / (b)	(c)	= (a-c) / (c)
Net Sales	6,145	7,209	(14.8%)	5,715	7.5%
Total Costs of Sales	5,718	6,419	(10.9%)	5,311	7.7%
Gross Profit	427	790	(45.9%)	404	5.7%
Selling & Admin. Expenses	186	200	(7.0%)	177	5.1%
Operating Profit	241	590	(59.2%)	227	6.2%
Financial Expenses (Income)	35	35	0.0%	21	66.7%
Exchange Losses (Gain)	49	85	(42.4%)	(49)	(200.0%)
Oth. Non-Operating (Inc)/Exps	(23)	(37)	(37.8%)	(18)	27.8%
Net Income/(losses) before Tax	180	507	(64.5%)	273	(34.1%)
Corporation Tax	(31)	(17)	82.4%	(11)	181.8%
Net Income/ (losses) after Tax	149	490	(69.6%)	262	(43.1%)

The Company Profit & Loss Comparison

	Q1-2023	Q4-2022	% Variance	Q1-2022	% Variance
In Million Baht	(a)	(b)	= (a-b) / (b)	(c)	= (a-c) / (c)
Net Sales	4,082	4,761	(14.3%)	4,009	1.8%
Total Costs of Sales	3,806	4,214	(9.7%)	3,733	2.0%
Gross Profit	276	547	(49.5%)	276	0.0%
Selling & Admin. Expenses	105	105	0.0%	106	(0.9%)
Operating Profit	171	442	(61.3%)	170	0.6%
Financial Expenses (Income)	7	14	(50.0%)	7	0.0%
Exchange Losses (Gain)	47	96	(51.0%)	(55)	(185.5%)
Oth. Non-Operating (Inc)/Exps	(30)	(19)	57.9%	(47)	(36.2%)
Net Income/(losses) before Tax	147	351	(58.1%)	265	(44.5%)
Corporation Tax	(9)	(9)	0.0%	(3)	200.0%
Net Income/ (losses) after Tax	138	342	(59.6%)	262	(47.3%)

Balance Sheet Comparison

In Million Baht	Consolidated		The Company	
	31 Mar'23	31 Dec'22	31 Mar'23	31 Dec'22
Current Assets				
Cash and Cash Equivalent	776	716	347	329
Investment	1,019	850	1,019	850
Accounts Receivable	5,636	5,424	4,643	4,338
Inventories	6,635	6,689	4,279	4,370
Other Current Assets	168	254	52	132
Total Current Assets	14,234	13,933	10,340	10,019
Current Liabilities				
Short Term Loans	2,951	3,027	2,623	2,720
Current Long-Term Loan	564	546	423	406
Accounts Payable	4,925	4,661	3,132	3,270
Accrued expenses, other payable	717	640	967	360
Other Current Liabilities/Accruals	48	66	18	22
Total Current Liabilities	9,205	8,940	7,163	6,778
Working Capital	5,029	4,993	3,177	3,241
Loan to subsidiary	0	0	1,510	1,363
Property, Plant, Equipment and Other Non-Current Assets	3,148	3,132	2,129	2,156
Total Net Assets	8,177	8,125	6,816	6,760
Financed by:				
Long-Term Debt and provision	1,285	1,380	455	528
Other Non Current Liabilities	263	255	145	140
Net Equity	6,629	6,490	6,216	6,092
Total Long-Term Funding	8,177	8,125	6,816	6,760



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