

May 11, 2023

Subject: Management Discussion and Analysis for Quarter 1/2023

To: President
The Stock Exchange of Thailand

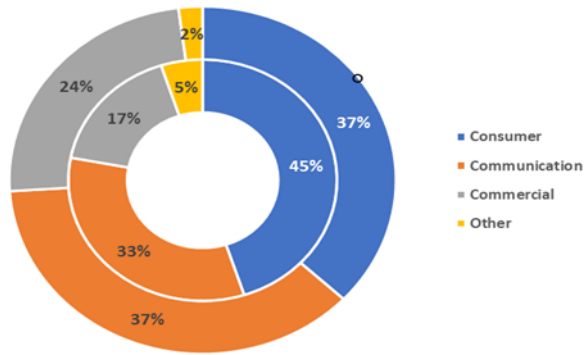
Synnex (Thailand) Public Company Limited and its subsidiaries (“the Company”) would like to report the operating results for Quarter 1/2023 as reviewed by the authorized Company’s auditor as follows:

รายการ	Quarter 1/2023		Quarter 1/2022		YoY	
	THB million	%	THB million	%	THB million	%
Income from operations	9,150.92	100.00	9,958.88	100.00	(807.96)	(8.11)
Operating Cost	8,769.76	95.83	9,501.52	95.41	(731.76)	(7.70)
Gross Profit	381.16	4.17	457.36	4.59	(76.20)	(16.66)
Selling and administrative expenses	266.66	2.91	242.19	2.43	24.47	10.10
Net profit	135.55	1.48	222.29	2.23	(86.75)	(39.03)
Basic earnings per share (THB)	0.16		0.26			

conditions globally and nationally in terms of inflation and depreciation of Baht directly affecting the purchasing power of consumers. As a result, the company’s income from operations in the 1st quarter of 2023 at Baht 9,150.92 million, decreased by Baht 807.96 million or 8.11% compared to the same quarter of the previous year. Significantly, consumer products have been affected quite a lot. The consumer products groups revenue drop it 23% in line with the sluggish market. The communications product group continued to grow slightly at 4% of revenues from the brand-new HONOR phone that the company is the exclusive distributor of. Commercial product groups can still grow significantly at 30% as market growth and the company’s effort to gain more market share in their products segment according to the companies’ strategy in 2023.

From the growth of products in the commercial group, the company There is a better distribution of income proportions in various product groups because the company Can reduce the risk of relying on any product group as follows;

% of Products Mix



Operating costs for Q1/2023 were Baht 8,769.76 million, a decrease of Baht 731.76 million or 7.70% YoY, a gross profit margin equal to 4.17% decrease from 4.59% in the previous year, The main reason is that in the Q1/2022, the shortage of IT products is still at a high level causing the price of goods to increase according to demand of customers and has a high gross margin. In addition, in the first quarter of 2022, the depreciation of Baht caused the cost of goods to increase compared to the same quarter of the previous year, resulting in a gross profit of Baht 381.16 million baht, lower than the previous year by Baht 79.20 million or 16.66% YoY.

Selling and administrative expenses in Q1/2022 were Baht 266.66 million baht, an increase of Baht 24.47 million or 10.10% YoY. representing 2.91 % of total revenue. The increase in selling and administrative expenses was mainly due to the allowance for expected credit losses (ECL) in the amount of 45.18 million baht, which was from expand longer credit terms to customers to increase capability in competition, especially, in commercial products market. However, the company focuses on continual control of both distribution and administrative expenses to maintain long-term competitiveness by emphasizing efficiency and effectiveness in various aspects of the company's operations.

Net profit for Q1/2023 was Baht 135.55 million, a decrease of Baht 86.75 million or 39.03% YoY, due to three main reasons (1) Decrease in sales and gross profit due to the economic situation and the decline in purchasing power of consumers. (2) an increase in interest expenses due to the increase in the policy interest rate, the company will incur higher interest rate costs as well. (3) Lower gains from the foreign exchange due to the huge volatility of the baht. However, the company has assessed the risks and closely monitored interest rate and the exchange rate situation by controlling of current assets used in operations, both in terms of inventories, trade accounts receivable and trade payables to be at an appropriate level. and use various financial instruments to hedge against exchange rate risks to reduce the impact of interest and exchange rates.

Please kindly be informed accordingly.

Yours faithfully,

Signed

(Sutida Mongkolsuthree)

Chief Executive Officer