



August 09, 2023

## Management Discussion and Analysis Operating Results for the 2<sup>nd</sup> Quarter 2023

SVI (the “Company”) reported a decline in revenue for the 2<sup>nd</sup> quarter of 2023 amidst a period of high of inflation, interest rate and slowdown in the global economy. Demand from existing customers reduced during this quarter as inventory rebalances from the oversupply from the previous periods. Nevertheless, SVI has won significant new businesses from key customers valued over USD 200 mn, allowing the company to achieve its growth targets over the next few years.

### **Decline in sales due to global inventory rebalancing but an improvement in profitability.**

The company reported consolidated revenue of THB 5,695 million (USD 165.7 million) for the 2<sup>nd</sup> Quarter of 2023, a decrease of THB -450 million (USD 15.9 million) or -7.3% QoQ and THB -265 million (USD 8.3 million) or -4.5% YoY. Communication and Network, Industrial Control, Audio and Video were key sectors in contributing to sales this quarter.

The company reported its consolidated gross profit improvement of 16.2% QoQ from THB 427 million in 1<sup>st</sup> Quarter of 2023 to THB 496 million in the 2<sup>nd</sup> Quarter of 2023. The improvement came from lower direct material cost as well as the minor depreciation of Thai Baht. Gross profit margin for the 2<sup>nd</sup> Quarter of 2023 was 8.7% compared to the 1<sup>st</sup> Quarter of 2023 of 6.9%. Compared to the 2<sup>nd</sup> Quarter of the previous year, the company’s gross profit slightly increased by THB 3 million or 0.6%. Operating profit also improved by THB 40 million or 16.6% QoQ to THB 281 million but decreased by THB 23 million or -7.6% YoY.

The consolidated net profit for the 2<sup>nd</sup> Quarter of 2023 was THB 281 million, an increase of THB 132 million or 88.6% QoQ. Compared to the same period of the previous year, net profit for this period decreased by THB -140 million or -33.3% mainly due to the higher gain in FX and lower SG&A recorded during the 2<sup>nd</sup> Quarter of 2022.

### **Solid Balance Sheet with Stabilized Inventory Level and Indebtedness**

Total consolidated assets for the 2<sup>nd</sup> Quarter of 2023 was THB 17,203 million, a decrease of THB 179 million or 1% from the previous quarter. This is due to the reduction of cash and current investments of THB 206 million and account receivables of THB 155 million. The decreases were offset by the increase in land, building and equipment of THB 110 million. The inventory level of in the 2<sup>nd</sup> quarter remained stable.

Total consolidated liabilities for the 2<sup>nd</sup> Quarter of 2023 was THB 10,856million, an increase of THB 103 million or 1% from the previous quarter. The increase mainly came from an increase in accounts payable of THB 46 million. The company’s working capital remained stable at 26% of sales. The Company’s interest bearing debt also remained a similar level of THB 4,723 million to the previous quarter while having distributed dividend payment of THB 559.8 million. D/E level remains acceptable at of 0.74x.

## Consolidated Profit & Loss Comparison

	Q2 - 2023	Q1 - 2023	% Variance	Q2 -2022	% Variance
In Million Baht	(a)	(b)	= (a)-(b)/(b)	(c)	= (a)-(c)/(c)
Net Sales	5,695	6,145	-7.3%	5,960	-4.5%
Total Costs of Sales	5,199	5,718	-9.1%	5,467	-4.9%
<b>Gross Profit</b>	<b>496</b>	<b>427</b>	<b>16.2%</b>	<b>493</b>	<b>0.6%</b>
Selling & Admin. Expenses	215	186	15.6%	189	13.8%
<b>Operating Profit</b>	<b>281</b>	<b>241</b>	<b>16.6%</b>	<b>304</b>	<b>-7.6%</b>
Financial Expenses (Income)	31	35	-11.4%	26	19.2%
Exchange Losses (Gain)	(20)	49	-140.8%	(54)	-63.0%
Oth. Non-Operating (Inc)/Exp	(29)	(23)	26.1%	(98)	-70.4%
<b>Net Income/(losses) before Tax</b>	<b>299</b>	<b>180</b>	<b>66.1%</b>	<b>430</b>	<b>-30.5%</b>
Corporation Tax	(18)	(31)	-41.9%	(9)	100.0%
<b>Net Income/ (losses) after Tax</b>	<b>281</b>	<b>149</b>	<b>88.6%</b>	<b>421</b>	<b>-33.3%</b>

## The Company Profit & Loss Comparison

	Q2 - 2023	Q1 - 2023	% Variance	Q2 -2022	% Variance
In Million Baht	(a)	(b)	= (a)-(b)/(b)	(c)	= (a)-(c)/(c)
Net Sales	3,822	4,082	-6.4%	3,779	1.1%
Total Costs of Sales	3,491	3,806	-8.3%	3,414	2.3%
<b>Gross Profit</b>	<b>331</b>	<b>276</b>	<b>19.9%</b>	<b>365</b>	<b>-9.3%</b>
Selling & Admin. Expenses	117	105	11.4%	107	9.3%
<b>Operating Profit</b>	<b>214</b>	<b>171</b>	<b>25.1%</b>	<b>258</b>	<b>-17.1%</b>
Financial Expenses (Income)	3	7	-57.1%	9	-66.7%
Exchange Losses (Gain)	(23)	47	-148.9%	(57)	-59.6%
Oth. Non-Operating (Inc)/Exp	(31)	(30)	3.3%	(20)	55.0%
<b>Net Income/(losses) before Tax</b>	<b>265</b>	<b>147</b>	<b>80.3%</b>	<b>326</b>	<b>-18.7%</b>
Corporation Tax	(10)	(9)	11.1%	(2)	400.0%
<b>Net Income/ (losses) after Tax</b>	<b>255</b>	<b>138</b>	<b>84.8%</b>	<b>324</b>	<b>-39.4%</b>

## Balance Sheet Comparison

In Million Baht	Consolidated		The Company	
	30 Jun'23	31 Dec'22	30 Jun'23	31 Dec'22
<b>Current Assets</b>				
Cash	855	716	382	329
Investment	734	850	734	850
Accounts Receivable	5,481	5,424	4,598	4,338
Inventories	6,676	6,689	4,268	4,370
Other Current Assets	193	254	60	132
<b>Total Current Assets</b>	<b>13,939</b>	<b>13,933</b>	<b>10,042</b>	<b>10,019</b>
<b>Current Liabilities</b>				
Short Term Loans	3,042	3,027	2,743	2,720
Current Long-Term Loan	543	518	418	397
Current Long-Term Lease Liabilities	28	28	9	9
Accounts /Other Payable	5,440	5,050	3,980	3,514
Accrued expenses	314	251	209	117
Other Current Liabilities	38	66	18	21
<b>Total Current Liabilities</b>	<b>9,405</b>	<b>8,940</b>	<b>7,377</b>	<b>6,778</b>
<b>Working Capital</b>	<b>4,534</b>	<b>4,993</b>	<b>2,665</b>	<b>3,241</b>
Loan to subsidiary	0	0	1,621	1,363
Property, Plant, Equipment and Other Non-Current Assets	3,264	3,132	2,110	2,156
<b>Total Net Assets</b>	<b>7,798</b>	<b>8,125</b>	<b>6,396</b>	<b>6,760</b>
<b>Financed by:</b>				
Long-Term Lease Liabilities	41	47	7	11
Long-Term Debt	1,138	1,333	347	516
Other Non-Current Liabilities	272	255	150	141
Net Equity	6,347	6,490	5,892	6,092
<b>Total Long-Term Funding</b>	<b>7,798</b>	<b>8,125</b>	<b>6,396</b>	<b>6,760</b>



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