



November 13, 2023

## **Management Discussion and Analysis** **Operating Results for the 3<sup>rd</sup> Quarter 2023**

SVI (the “Company”) reported a decline in revenue for the 3<sup>rd</sup> quarter of 2023 during the slowdown in the global economy. Demand from existing customers remained relatively stable from the previous quarter but significantly reduced from the previous year. The Company has continued to reduce its indebtedness while improving the strength of its balance sheet so that it can achieve its expansion plans in the next 12 months and to be ready for when the global economy rebounds in the near future.

### **Decline in sales due to slowdown in the global economy.**

The Company reported consolidated revenue for the first 9 months of 2023 of THB 17,405 million (USD 506.3 million), a decrease of THB 1,285 million (USD 35.5 million) or 6.9% from the same period of the previous year. This is due to the slowdown in the global economy resulting in lower sales than previously forecasted by the customers. Consolidated revenue for the 3<sup>rd</sup> Quarter was THB 5,565 million (USD 158.9 million), a decrease for both QoQ of THB 129 million (USD 6.8 million) or 2.3% and YoY of THB 1,449 million (USD 34.8 million) or 20.7%. Communication and Network, Industrial Control, and Automotive were key sectors in contributing to sales this quarter.

The Company reported consolidated gross profit for the first 9 months of 2023 of THB 1,411 million, a decrease of THB 184 million or 11.5% from the same period of the previous year. Consolidated gross profit for the 3<sup>rd</sup> quarter was THB 488 million, a decrease for both QoQ of THB 8 million or 1.6% and YoY of THB 209 million or 30.0%. Gross profit margin for the first 9 months of 2023 was 8.1% compared to 8.5% of the same period of the previous year. The lower gross profit margin for the year-to-date 2023 was mainly due to the strong Thai appreciation in the 1<sup>st</sup> quarter of 2023 resulting in lower margins. Gross profit margin for the 3<sup>rd</sup> quarter was 8.8%, which remained relatively stable from the previous quarter of 8.7%. Operating Profit excluding other income for the first 9 months of 2023 was THB 800 million, a decrease of THB 249 million or 23.7% from the same period of the previous year for the reasons previously mentioned. Operating profit for the 3<sup>rd</sup> quarter excluding other income was THB 277 million, a decrease of THB 4 million or 1.4% from the previous quarter of THB 281 million.

The Company reported consolidated net profit for the first 9 months of 2023 of THB 704 million, a decrease of THB 587 million or 45.1% from the same period of the previous year. This is due to the reasons as previously mentioned as well as the significant gains recognized in foreign exchange from the depreciation of Thai Baht of THB 208 in 2022 million compared to THB 2 million this year. The consolidated net profit for the 3<sup>rd</sup> quarter of 2023 was THB 274 million, a decrease of THB 7 million or 2.4% QoQ. Compared to the 3<sup>rd</sup> quarter of the previous year, net profit for this period decreased by THB 324 million or 54.2%, mainly due to higher revenue, higher gain on FX and lower SG&A recorded during that period.

**Reduction in inventory and total indebtedness.**

Total consolidated assets for the 3<sup>rd</sup> quarter of 2023 was THB 17,003 million, a decrease of THB 200 million or 1.2% from the previous quarter. This is due to the reduction in inventory of THB 294 million. The decrease was offset by the increase in current investments of THB 110 million. Compared to the 4<sup>th</sup> quarter of 2022, total consolidated assets decreased by THB 62 million. Significant changes were the decrease in inventory of THB 306 million as semiconductor shortage continues to improve and the increase in property, plant and equipment of THB 164 million as the Company continues to invest in Cambodia.

Total consolidated liabilities for the 3<sup>rd</sup> quarter of 2023 was THB 10,407 million, a decrease of THB 449 million or 4.1% from the previous quarter. The decrease mainly came from the decrease in bank debt of THB 325 million and accounts payable and other payable of THB 181 million. Compared to the 4<sup>th</sup> quarter of 2022, total consolidated liabilities decreased by THB 169 million. Significant changes were the decrease in bank debt of THB 481 million and the increase in accounts payable of THB 209 million.

The current D/E level is 0.67x, a reduction from 0.74x in the previous quarter. In terms of working capital days, account receivable days increased from 83 days in the previous quarter to 88 days in this quarter. Inventory days decreased from 117 days in the 2<sup>nd</sup> quarter of 2023 to 116 days in the 3<sup>rd</sup> quarter of 2023. Accounts payable days remained relatively unchanged at 95 days from the previous quarter. The company's working capital remained stable at 26% of sales.

### Year-to-Date Consolidated Profit & Loss Comparison

	2023	2022	% Variance
In Million Baht	(a)	(b)	= (a-b) / (b)
Net Sales	17,405	18,689	-6.9%
Total Costs of Sales	15,994	17,095	-6.4%
<b>Gross Profit</b>	<b>1,411</b>	<b>1,594</b>	<b>-11.5%</b>
Selling & Admin. Expenses	611	546	11.9%
<b>Operating Profit</b>	<b>800</b>	<b>1,048</b>	<b>-23.7%</b>
Financial Expenses (Income)	107	80	33.8%
Exchange Losses (Gain)	(3)	(208)	-98.6%
Oth. Non-Operating (Inc)/Exps	(84)	(141)	-40.4%
<b>Net Income/(losses) before Tax</b>	<b>780</b>	<b>1,317</b>	<b>-40.8%</b>
Corporation Tax	(76)	(35)	117.1%
<b>Net Income/ (losses) after Tax</b>	<b>704</b>	<b>1,282</b>	<b>-45.1%</b>

### Quarterly Consolidated Profit & Loss Comparison

	Q3-2023	Q2-2023	% Variance	Q3-2022	% Variance
In Million Baht	(a)	(b)	= (a-b) / (b)	(c)	= (a-c) / (c)
Net Sales	5,565	5,695	-2.3%	7,015	-20.7%
Total Costs of Sales	5,077	5,199	-2.3%	6,318	-19.6%
<b>Gross Profit</b>	<b>488</b>	<b>496</b>	<b>-1.6%</b>	<b>697</b>	<b>-30.0%</b>
Selling & Admin. Expenses	211	215	1.9%	179	17.9%
<b>Operating Profit</b>	<b>277</b>	<b>281</b>	<b>1.4%</b>	<b>518</b>	<b>-46.5%</b>
Financial Expenses (Income)	41	31	32.3%	33	24.2%
Exchange Losses (Gain)	(32)	(20)	60.0%	(105)	-69.5%
Oth. Non-Operating (Inc)/Exps	(33)	(29)	13.8%	(24)	37.5%
<b>Net Income/(losses) before Tax</b>	<b>301</b>	<b>299</b>	<b>0.7%</b>	<b>614</b>	<b>-51.0%</b>
Corporation Tax	(27)	(18)	50.0%	(16)	68.8%
<b>Net Income/ (losses) after Tax</b>	<b>274</b>	<b>281</b>	<b>-2.5%</b>	<b>598</b>	<b>-54.2%</b>

## Balance Sheet Comparison

In Million Baht	<u>Consolidated</u>		
	30 Sep'23	30 Jun'23	31 Dec'22
<b>Current Assets</b>			
Cash	770	855	716
Investment	844	734	850
Accounts Receivable	5,488	5,481	5,424
<i>Accounts Receivable Days</i>	88	83	69
Inventories	6,382	6,676	6,689
<i>Inventory Days</i>	116	117	96
Other Current Assets	228	193	254
<b>Total Current Assets</b>	<b>13,712</b>	<b>13,939</b>	<b>13,933</b>
<b>Current Liabilities</b>			
Short Term Loans	2,848	3,042	3,027
Current Long-Term Loan	573	571	546
Accounts Payable and other Payable	5,259	5,440	5,051
<i>Accounts Payable Days</i>	95	95	85
Accrued expenses	336	314	250
Other Current Liabilities/Accruals	68	38	66
<b>Total Current Liabilities</b>	<b>9,084</b>	<b>9,405</b>	<b>8,940</b>
<b>Working Capital</b>			
Loan to subsidiary	0	0	0
Property, Plant, Equipment and Other Non-Current Assets	3,291	3,264	3,132
<b>Total Net Assets</b>	<b>7,919</b>	<b>7,798</b>	<b>8,125</b>
<b>Financed by:</b>			
Long-Term Debt and provision	1,045	1,179	1,380
Other Non Current Liabilities	278	272	255
Net Equity	6,596	6,347	6,490
<b>Total Long-Term Funding</b>	<b>7,919</b>	<b>7,798</b>	<b>8,125</b>

Signature

Mr. Apirak Saengsie  
Senior Director and Corporate Controller

