



February 6, 2024

Management Discussion and Analysis **Operating Results for the Year End 2023**

SVI (the “Company”) reported a decline in revenue for the year 2023 during a very challenging year. Nevertheless, it is still encouraging that even during the slowdown in the global economy, the Company’s revenue still grew from the year 2021, at the time, was the highest revenue recorded. This past year, the Company completed a major expansion of its Cambodia factory and repaid significant amount of bank debt; thereby, building a solid foundation for future growth and investments.

Continued decline in sales due to slowdown in the global economy

The Company reported consolidated revenue for the year 2023 of THB 22,691 million (USD 655.3 million), a decrease of THB 3,207 million (USD 85.1 million) or 12.4% from 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 4th Quarter was THB 5,286 million (USD 149.1 million), a decrease for both QoQ of THB 279 million (USD 9.7 million) or 5.0% and YoY of THB 1,923 million (USD 49.6 million) or 26.7%. Communication and Network, Industrial Control, and Automotive were key sectors in contributing to sales this quarter.

The Company reported consolidated gross profit for the 2023 of THB 1,844 million, a decrease of THB 540 million or 22.7% from the previous year. Consolidated gross profit for the 4th Quarter was THB 433 million, a decrease for both QoQ of THB 55 million or 11.3% and YoY of THB 357 million or 45.2%. Gross profit margin for 2023 was 8.1% compared to 9.2% of the previous year. The lower gross profit margin in 2023 was mainly due to the lower revenue achieved for the year and the rapid appreciation of the Thai Baht in the 1st quarter of 2023 resulting in lower margins. Gross profit margin for the 4th Quarter was 8.2%, which decreased from the previous quarter of 8.8% mainly due to the weakening of Thai Baht from 2nd to 3rd Quarter. Operating Profit excluding other income for 2023 was THB 1,027 million, a decrease of THB 611 million or 37.3% from the previous year for the reasons previously mentioned. Operating profit for the 4th Quarter excluding other income was THB 227 million, a decrease of THB 50 million or 18.1% from the previous quarter of THB 277 million.

The Company reported consolidated net profit for 2023 of THB 924 million, a decrease of THB 848 million or 47.9% from the previous year. This is due to the reasons as previously mentioned, the significant gains recognized in foreign exchange from the depreciation of Thai Baht of THB 123 in 2022 million compared to minus THB 19 million this year, and the lower financing cost of THB 115 million in 2022 compared to THB 144 million in 2023. The consolidated net profit for the 4th Quarter of 2023 was THB 220 million, a decrease of THB 54 million or 19.7% QoQ. Compared to the 4th Quarter of the previous year, net profit for this period decreased by THB 270 million or 55.1%, mainly due to higher revenue and margins.

Reduction in working capital as well as continue debt repayment

Total consolidated assets for the 4th Quarter of 2023 was THB 15,444 million, a decrease of THB 1,559 million or 9.2 % from the previous quarter. This is due to the reduction in inventory of THB 681 million, decrease in account receivables of THB 764 million, and current investments of THB 435 million. The decrease was offset by the minor increase in cash and cash equivalents of THB 148 million and property plant and equipment of THB 137 million. Compared to the 4th Quarter of 2022, total consolidated assets decreased by THB 1,621 million. Similar to the changes from the 3rd to 4th Quarter of 2023, the overall decrease from last year was due to the reduction in inventory of THB 987 million, account receivables of THB 699 million, and current investments of THB 440 million. The decrease was also offset by the minor increase in cash and cash equivalents of THB 202 million and property plant and equipment of THB 301 million.

Total consolidated liabilities for the 4th Quarter of 2023 was THB 8,652 million, a decrease of THB 1,754 million or 16.9% from the previous quarter. The decrease mainly came from the decrease in accounts payable of THB 1,184 million, and reduction of bank debt of THB 407 million. Compared to the 4th Quarter of 2022, total consolidated liabilities decreased by THB 1,923 million. Similar to the changes from 3rd to 4th Quarter of 2023, the overall decrease from last year was due the reduction in accounts payable of THB 975 million, and bank debt of THB 915 million.

The current D/E level is 0.59x, a reduction from 0.67x in the previous quarter. In terms of working capital days, account receivable days decreased from 91 days in the previous quarter to 82 days in this quarter. Inventory days decreased from 116 days in the 3rd Quarter of 2023 to 108 days in the 4th Quarter of 2023. Accounts payable days decreased from 95 days in the previous quarter to 77 days. The company's working capital remained stable at 28% of sales compared to 27% in the previous quarter. The reduction in working capital in absolute terms was the result of the slow down in revenue as well as the improvement of the semiconductor shortage environment.

Year-to-Date Consolidated Profit & Loss Comparison

	2023	2022	% Variance
In Million Baht	(a)	(b)	= (a-b) / (b)
Net Sales	22,691	25,898	-12.4%
Total Costs of Sales	20,847	23,514	-11.3%
Gross Profit	1,844	2,384	-22.7%
Selling & Admin. Expenses	817	746	9.5%
Operating Profit	1,027	1,638	-37.3%
Financial Expenses (Income)	144	115	25.2%
Exchange Losses (Gain)	19	(123)	-115.4%
Oth. Non-Operating (Inc)/Exps	(146)	(178)	-18.0%
Net Income/(losses) before Tax	1,010	1,824	-44.6%
Corporation Tax	(86)	(52)	65.4%
Net Income/ (losses) after Tax	924	1,772	-47.9%

Quarterly Consolidated Profit & Loss Comparison

	Q4-2023	Q3-2023	% Variance	Q4-2022	% Variance
In Million Baht	(a)	(b)	= (a-b) / (b)	(c)	= (a-c) / (c)
Net Sales	5,286	5,565	-5.0%	7,209	-26.7%
Total Costs of Sales	4,853	5,077	-4.4%	6,419	-24.4%
Gross Profit	433	488	-11.3%	790	-45.2%
Selling & Admin. Expenses	206	211	-2.4%	201	2.5%
Operating Profit	227	277	-18.1%	589	-61.5%
Financial Expenses (Income)	37	41	-9.8%	35	5.7%
Exchange Losses (Gain)	22	(32)	-168.8%	85	-74.1%
Oth. Non-Operating (Inc)/Exps	(62)	(33)	87.9%	(38)	63.2%
Net Income/(losses) before Tax	230	301	-23.6%	507	-54.6%
Corporation Tax	(10)	(27)	-63.0%	(17)	-41.2%
Net Income/ (losses) after Tax	220	274	-19.7%	490	-55.1%

Balance Sheet Comparison

In Million Baht	<u>Consolidated</u>		
	31 Dec'23	30 Sep'23	31 Dec'22
Current Assets			
Cash	918	770	716
Investment	409	844	850
Accounts Receivable	4,725	5,488	5,424
<i>Accounts Receivable Days</i>	82	91	69
Inventories	5,701	6,382	6,689
<i>Inventory Days</i>	108	116	96
Other Current Assets	293	228	254
Total Current Assets	12,046	13,712	13,933
Current Liabilities			
Short Term Loans	2,601	2,848	3,027
Current Long-Term Loan	574	573	546
Accounts Payable and other Payable	4,076	5,259	5,051
<i>Accounts Payable Days</i>	77	95	85
Accrued expenses	193	336	250
Other Current Liabilities/Accruals	47	68	66
Total Current Liabilities	7,491	9,084	8,940
Working Capital	4,555	4,628	4,993
Loan to subsidiary	0	0	0
Property, Plant, Equipment and Other Non-Current Assets	3,398	3,291	3,132
Total Net Assets	7,953	7,919	8,125
Financed by:			
Long-Term Debt and provision	885	1,045	1,380
Other Non Current Liabilities	277	278	255
Net Equity	6,791	6,596	6,490
Total Long-Term Funding	7,953	7,919	8,125



Mr. Apirak Saengsie
VP of Corporate Financial Controller

