



August 9, 2024

Management Discussion and Analysis **Operating Results for the 2nd Quarter 2024**

SVI (the “Company”) reported an increase in revenue for the 2nd quarter of 2024 as well as significant margin expansion. Demand from existing customers continues to be strong across the board as well as on time new customers ramp up with new products commanding higher margins. The Company continues to benefit from the weaker Thai Baht. Indebtedness and working capital levels continue to be reduced, thereby, strengthening the balance sheet.

Revenue growth with margins improvement

The Company reported consolidated revenue for the first 6 months of 2024 of THB 11,004 million (USD 305.2 million), a decrease of THB 835 million (USD 42.3 million) or 7.1% from the same period of the previous year. The decrease is due to the depressed revenue in the 1st quarter; however, demand from existing and new customers is driving the sales growth in the 2nd quarter and is expected to last throughout 2024. Consolidated revenue for the 2nd quarter was THB 5,938 million (USD 162.8 million), an increase for both QoQ of THB 872 million (USD 20.4 million) or 17.2% and YoY of THB 243 million (but decreased in terms of USD by 2.9 million due to significantly weaker USD/THB in the 2nd quarter of 2024 than 2nd quarter of 2023) or 4.3%. 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 6 months of 2024 of THB 1,248 million, an increase of THB 326 million or 35.4% from the same period of the previous year. Consolidated gross profit for the 2nd quarter was THB 708 million, an increase for both QoQ of THB 169 million or 31.4% and YoY of THB 212 million or 42.7%. Gross profit margin for the first 6 months of 2024 was 11.3% compared to 7.8% of the same period of the previous year. The higher gross profit margin for the year-to-date 2024 was due to among other things, new product launch commanding higher margin and the weakening Thai Baht trend since the beginning of 2024. Gross profit margin for the 2nd quarter was 11.9%, which increased from the previous quarter of 10.7%. Operating Profit excluding other income for the first 6 months of 2024 was THB 821 million, an increase of THB 299 million or 57.3% from the same period of the previous year for the reasons previously mentioned. Operating profit for the 2nd quarter excluding other income was THB 497 million, an increase of THB 174 million or 53.9% from the previous quarter of THB 323 million.

The Company reported consolidated net profit for the first 6 months of 2024 of THB 889 million, an increase of THB 459 million or 106.7% 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. The consolidated net profit for the 2nd quarter of 2024 was THB 578 million, an increase of THB 267 million or 85.9% QoQ. Compared to the 2nd quarter of the previous year, net profit for this period increased by THB 297 million or 105.7%, mainly due to higher revenue, higher margin and higher gain on foreign exchange.

Reduction in inventory and total indebtedness.

Total consolidated assets for the 2nd quarter of 2024 was THB 15,428 million, a decrease of THB 573 million or 3.6% from the previous quarter. This is mainly due to the reduction in inventory of THB 366 million with minor decreases in cash and cash equivalents and account receivables. Compared to the 4th quarter of 2023, total consolidated assets had a minor decrease of THB 16 million. Significant changes were the decrease in inventory of THB 207 million as semiconductor shortage continues to improve and the increase account receivables of THB 359 million, in line with revenue increase.

Total consolidated liabilities for the 2nd quarter of 2024 was THB 8,044 million, a decrease of THB 847 million or 9.5% from the previous quarter. The decrease mainly came from the decrease in bank debt of THB 699 million and account payable of THB 96 million. Compared to the 4th quarter of 2023, total consolidated liabilities decreased by THB 609 million. Significant changes were the decrease in bank debt of THB 869 million and the increase in accounts payable of THB 197 million.

The current D/E level is 0.42x, a reduction from 0.54x in the previous quarter. In terms of working capital days, account receivable days decreased from 93 days in the previous quarter to 78 days in this quarter. Inventory days decreased from 118 days in the 1st quarter of 2024 to 96 days in the 2nd quarter of 2024. Accounts payable days decreased from the previous quarter of 88 days to 74 days. The company's working capital requirement remained stable at 29% of sales.

Year-to-Date Consolidated Profit & Loss Comparison

In Million Baht	Q2-2024 (a)	Q2-2023 (b)	% Variance = (a-b) / (b)
Net Sales	11,004	11,839	(7.1%)
Total Costs of Sales	9,756	10,917	(10.6%)
Gross Profit	1,248	922	35.4%
Selling & Admin. Expenses	427	400	6.8%
Operating Profit	821	522	57.3%
Financial Expenses (Income)	68	66	3.0%
Exchange Losses (Gain)	(104)	29	(458.6%)
Oth. Non-Operating (Inc)/Exps	(75)	(52)	44.2%
Net Income/(losses) before Tax	932	479	94.6%
Corporation Tax	(43)	(49)	(12.2%)
Net Income/ (losses) after Tax	889	430	106.7%

Quarterly Consolidated Profit & Loss Comparison

In Million Baht	Q2-2024 (a)	Q1-2024 (b)	% Variance = (a-b) / (b)	Q2-2023 (c)	% Variance = (a-c) / (c)
Net Sales	5,938	5,066	17.2%	5,695	4.3%
Total Costs of Sales	5,230	4,527	15.5%	5,199	0.6%
Gross Profit	708	539	31.4%	496	42.7%
Selling & Admin. Expenses	211	216	(2.3%)	215	(1.9%)
Operating Profit	497	323	53.9%	281	76.9%
Financial Expenses (Income)	32	35	(8.6%)	31	3.2%
Exchange Losses (Gain)	(82)	(22)	272.7%	(20)	310.0%
Oth. Non-Operating (Inc)/Exps	(56)	(20)	180.0%	(29)	93.1%
Net Income/(losses) before Tax	603	330	82.7%	299	101.7%
Corporation Tax	(25)	(19)	31.6%	(18)	38.9%
Net Income/ (losses) after Tax	578	311	85.9%	281	105.7%

Balance Sheet Comparison

In Million Baht	30 Jun'24	31 Mar'24	31 Dec'23
Current Assets			
Cash	1,076	1,147	918
Investment	93	106	409
Accounts Receivable	5,084	5,177	4,725
<i>Accounts Receivable Days</i>	78	93	82
Inventories	5,494	5,860	5,701
<i>Inventory Days</i>	96	118	108
Other Current Assets	189	224	293
Total Current Assets	11,936	12,514	12,046
Current Liabilities			
Short Term Loans	2,318	2,533	2,601
Current Long-Term Loan	170	581	574
Accounts Payable and other Payable	4,273	4,369	4,076
<i>Accounts Payable Days</i>	74	88	77
Accrued expenses	220	274	193
Other Current Liabilities/Accruals	28	35	47
Total Current Liabilities	7,009	7,792	7,491
Working Capital	4,927	4,722	4,555
Loan to subsidiary	0	0	0
Property, Plant, Equipment and Other Non-Current Assets	3,492	3,487	3,398
Total Net Assets	8,419	8,209	7,953
Financed by:			
Long-Term Debt	745	812	885
Other Non Current Liabilities	290	287	277
Net Equity	7,384	7,110	6,791
Total Long-Term Funding	8,419	8,209	7,953



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VP of Corporate Financial Controller

