



Ref. OS 2024/014

August 9th, 2024

Subject : Management Discussion and Analysis for the Quarter 2 of 2024

To : President
The Stock Exchange of Thailand

SiS Distribution (Thailand) Public Company Limited (“the Company”) and its subsidiaries would like to announce the Financial Report for the second quarter of 2024 as at June 30th, 2024, which has been reviewed by certified Auditors. The details are as follows:

1) Revenues

The Company and its subsidiaries had total revenues of 6,721 million Baht for the second quarter of 2024, a decrease of 702 million Baht or 9.5% from the previous year. This consists of revenues from Sales and Service Income amounting to 6,700 million Baht and others of 21 million Baht.

Sales and Service Income for the second quarter can be categorized by segment as follows:

Business Unit	Revenues		Increase (Decrease)		Gross Margin		Increase (Decrease)	
	(Million Baht)				(Million Baht)			
	2024	2023	MB.	%	2024	2023	MB.	%
Commercial	1,537	2,562	-1,025	-40.01%	71	92	-21	-22.83%
Consumer	2,076	2,265	-189	-8.34%	119	112	7	6.25%
Value Added	1,078	1,074	4	0.37%	124	136	-12	-8.82%
Phone	1,264	906	358	39.51%	40	25	15	60.00%
Others	745	591	154	26.06%	160	126	34	26.98%
Total	6,700	7,398	-698	-9.43%	514	491	23	4.68%

The Company and its subsidiaries had total revenues of 13,994 million Baht for the six-month period in 2024, a decrease of 241 million Baht or 1.7% from the previous year. This consists of revenues from Sales and Service Incomes amounting to 13,956 million Baht and others of 38 million Baht.

Sales and Service Income for the six-month period can be categorized by segment as follows:

Business Unit	Revenues		Increase (Decrease)		Gross Margin		Increase (Decrease)	
	(Million Baht)				(Million Baht)			
	2024	2023	MB.	%	2024	2023	MB.	%
Commercial	2,918	4,472	-1,554	-34.75%	148	170	-22	-12.94%
Consumer	4,239	4,685	-446	-9.52%	232	225	7	3.11%
Value Added	2,686	2,173	513	23.61%	286	256	30	11.72%
Phone	2,718	1,801	917	50.92%	87	49	38	77.55%
Others	1,395	1,074	321	29.89%	303	238	65	27.31%
Total	13,956	14,205	-249	-1.75%	1,056	938	118	12.58%

Overall, both in the second quarter and for the six-month period of 2024, revenues decreased from the two main business units as follows:

- **Commercial:** In the second quarter, sales decreased by 1,025 million Baht or 40.0%, and for the six-month period, sales decreased by 1,554 million Baht or 34.8%. This was due to the delay in the approval of the 2024 government budget, which affected IT investment spending.

- **Consumer:** In the second quarter, sales decreased by 189 million Baht or 8.3%, and for the six-month period, sales decreased by 446 million Baht or 9.5%. This was due to the continued sluggish consumer market and high household debt from the previous year, which affected consumer spending.

At the same time, some business units managed to achieve growth, such as value-added products, Phones, and Others:

- **Value Added:** In the second quarter, sales increased by 4 million Baht or 0.4%, and for the six-month period, sales increased by 513 million Baht or 23.6%. Value Added products are primarily project-based and grow with the market. The previous quarter saw the recognition of mega project.

- **Phones:** In the second quarter, sales increased by 358 million Baht or 39.5%, and for the six-month period, sales increased by 917 million Baht or 50.9%. This was due to the release of several new budget phone models early in the year, which drove replacement purchases.

- **Others:** In the second quarter, sales increased by 154 million Baht or 26.1%, and for the six-month period, sales increased by 321 million Baht or 29.9%. This was mainly driven by Surveillance, Cloud Services, and Energy products. These new product groups have high demand, contributing to continuous revenue growth.

When considering product types categorized into Volume and Value, Volume products come from three main business units: Commercial, Consumer and Phone. These products are in saturated markets with slow growth, low profit, and high competition. On the other hand, Value products come from Value Added and Others. This group of products is in a growth phase, with smaller markets but higher profitability. It has been observed that even though the sales volume of Volume products is higher, their profit margins are now lower compared to Value products, which the Company is prioritizing.

Sales and Service Income for the second quarter categorized by type are as follows:

Business Unit	Revenues (Million Baht)		Increase (Decrease)		Gross Margin (Million Baht)		Increase (Decrease)	
	2024	2023	MB.	%	2024	2023	MB.	%
Volume Product	4,877	5,733	-856	-14.93%	230	229	1	0.44%
Commercial	1,537	2,562	-1,025	-40.01%	71	92	-21	-22.83%
Consumer	2,076	2,265	-189	-8.34%	119	112	7	6.25%
Phone	1,264	906	358	39.51%	40	25	15	60.00%
Value Product	1,823	1,665	158	9.49%	284	262	22	8.40%
Value Added	1,078	1,074	4	0.37%	124	136	-12	-8.82%
Others	745	591	154	26.06%	160	126	34	26.98%
Total	6,700	7,398	-698	-9.43%	514	491	23	4.68%

Sales and Service Income for the six-month period categorized by type are as follows:

Business Unit	Revenues (Million Baht)		Increase (Decrease)		Gross Margin (Million Baht)		Increase (Decrease)	
	2024	2023	MB.	%	2024	2023	ล้านบาท	%
Volume Product	9,875	10,958	-1,083	-9.88%	467	444	23	5.18%
Commercial	2,918	4,472	-1,554	-34.75%	148	170	-22	-12.94%
Consumer	4,239	4,685	-446	-9.52%	232	225	7	3.11%
Phone	2,718	1,801	917	50.92%	87	49	38	77.55%
Value Product	4,081	3,247	834	25.69%	589	494	95	19.23%
Value Added	2,686	2,173	513	23.61%	286	256	30	11.72%
Others	1,395	1,074	321	29.89%	303	238	65	27.31%
Total	13,956	14,205	-249	-1.75%	1,056	938	118	12.58%



2) Net Profit

The Company and its subsidiaries reported a total net profit from operations of 168 million Baht for the second quarter of 2024, a decrease of 6 million Baht or 3.3% from the same period last year. The total net profit from operations for the six-month period of 2024 was 346 million Baht, an increase of 38 million Baht or 12.2% from the same period last year. The key details are as follows:

2.1 Gross profit for the second quarter and the six-month period improved despite a decline in sales in the second quarter. This was due to the Company's focus on expanding and increasing the proportion of sales in the Value products, such as Value Added, Surveillance, Cloud Services, and Energy. These products have higher gross profit compared to Volume products like Commercial, Consumer, and Phone.

2.2 Selling and distribution expenses for the second quarter amounted to 194 million Baht, an increase of 21 million Baht from the same period last year. For the six-month period, these expenses totaled 420 million Baht, an increase of 72 million Baht from the same period last year. The majority of this increase was due to a rise in employee expenses, which amounted to 27 million Baht for the second quarter and 53 million Baht for the six-month period, as the Company increased its workforce to support new business segments. Additionally, the Company initiated an Employee Joint Investment Program (EJIP) in 2024. The remaining increase was due to higher marketing expenses driven by increased competition during the economic slowdown.

2.3 Administrative expenses for the second quarter amounted to 124 million Baht, an increase of 30 million Baht from the same period last year. For the six-month period, these expenses totaled 227 million Baht, an increase of 41 million Baht from the same period last year. The majority of this increase was due to a rise in employee expenses, which amounted to 17 million Baht for the second quarter and 22 million Baht for the six-month period. Additionally, in the second quarter, the Company donated IT equipment worth 9 million Baht to government agencies.

Yours sincerely,

Mr. Somchai Sittichaisrichart
Managing Director