

November 13, 2023

Subject: Management Discussion and Analysis for Quarter 3/2023

To: President
The Stock Exchange of Thailand

Synnex (Thailand) Public Company Limited and its subsidiaries (“the Company”) would like to report the operating results for Quarter 2 ended June 30, 2023 as reviewed by the authorized Company’s auditor as follows:

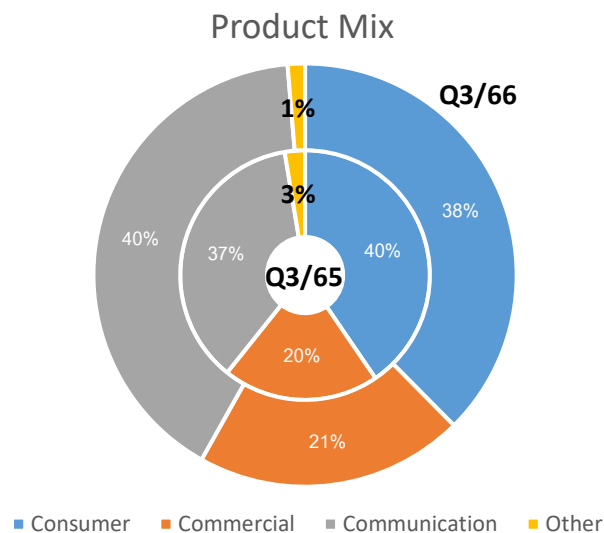
Description	Quarter 3/2023		Quarter 3/2022		YoY	
	THB million	%	THB million	%	THB million	%
Income from operations	9,370.31	100.00	10,100.86	100.00	(730.55)	(7.23)
Operating Cost	9,005.71	96.11	9,646.01	95.50	(640.30)	(6.64)
Gross profit	364.59	3.89	454.85	4.50	(90.26)	(19.84)
Selling and Administrative expenses	193.09	2.06	223.12	2.21	(30.03)	(13.46)
Net profit	142.52	1.52	215.48	2.13	(72.96)	(33.86)
Basic earnings per share (THB)	0.17		0.25			

The economic conditions that are still a pressing factor for the overall IT industry, especially the continuous decline in consumer purchasing power, are evident. Despite showing some improvement compared to the second quarter of 2566, the Company’s Income from operations in Q3/2023 amounted to Baht 9,370.31 million, a decrease of Baht 730.55 million or 7.23 percent from the same period of the previous year. The Consumer products group remains significantly affected, with a revenue decline of 13.89 percent, reflecting the challenging market conditions.

However, there is growth in the Communication products group, with a 2.59 percent increase in revenue. This growth is attributed to the introduction of products, particularly the Apple brand, and the launch of the iPhone 15 in September 25. Additionally, the delayed establishment of the government has led to a slight decline of 5.93 percent in Commercial products group, as some projects were postponed awaiting clarity from the new government.

Nevertheless, the company continues to strive for a larger market share in the Commercial products category in 2023, evident from the increase in revenue proportion from 20 percent to 21 percent.

Comparing with the previous year, it is evident that the distribution of revenue proportions across different product groups has improved. This is because the company has managed to reduce the risk associated with relying heavily on any particular product group. The diversification strategy is apparent, as follows:



The company reported a gross profit of Baht 364.59 million, a decrease of Baht 90.26 million or 19.84 percent compared to the same period in the previous year. The profit margin decreased from 4.50 percent in Q3/2022 to 3.89 percent in Q3/2023. The main reason for this decline is that in Q3/2023, the IT product market remained relatively sluggish compared to the same quarter of the previous year. Consumer purchasing power continued to be weak, limiting distributors in setting product prices, which affected the profit margin. Additionally, the depreciation of the Thai Baht led to an increase in the cost of goods sold when compared to the previous year.

The selling and administrative expenses amounted to Baht 193.09 million, a decrease of Baht 13.46 million compared to the same quarter of the previous year, which was Baht 223.12 million or a reduction of 13.46 percent. The expense-to-revenue ratio for selling and administrative expenses decreased by 2.06 percent, compared to the same period of the previous year when it was 2.21 percent. This is a result of the company's efforts to control expenses to align with the decreased revenue and gross profit.

The net profit is 142.52 million Baht, a decrease of 72.96 million Baht or 30.86 percent from the same quarter of the previous year. This reduction stems from three main reasons:

1. The reduction in sales and initial profit is an outcome of the economic downturn and the decrease in consumer purchasing power..
2. The company experienced an increase in interest expenses due to the rising interest rates policy. This policy led to higher interest costs for the company.
3. The company faced lower gains from exchange rates due to the significant volatility in the Thai Baht.

However, the company continues to assess risks and closely monitor interest rates and exchange rate situations. Various financial tools are employed to mitigate the impact of interest rates and exchange rate fluctuations. Additionally, the company maintains an appropriate level of working capital, including inventory, accounts receivable, and accounts payable, to control risks effectively. Various financial instruments are also utilized to hedge against the risks associated with exchange rates, reducing the impact of interest and exchange rate fluctuations.

Description	9M/2023		9M/2022		YoY	
	THB million	%	THB million	%	THB million	%
Income from operations	27,015.75	100.00	29,651.25	100.00	(2,635.50)	(8.89)
Operating Cost	25,948.82	96.05	28,330.35	95.55	(2,381.52)	(8.41)
Gross profit	1,066.93	3.95	1,320.90	4.45	(235.98)	(19.23)
Selling and Administrative expenses	689.46	2.55	682.58	2.30	6.82	1.00
Net profit	365.34	1.35	630.00	2.12	(264.67)	(42.01)
Basic earnings per share (THB)	0.43		0.74			

For the 9-month period of the year 2566, the company generated income from operations totaling Baht 27,015.75 million, a decrease of Baht 2,635.50 million or 8.89 percent from the same period of the previous year. This decline is attributed to the continued sluggishness in the IT product market, with consumer purchasing power remaining at a low level. The increase in interest rates policy has also impacted household expenditure burdens. The net profit for the 9-month period is Baht 365.34 million, a decrease of Baht 264.67 million or 42.01 percent compared to the previous year.

The company continues to emphasize the integration of business operations with sustainable development within the framework of ESG (Environmental, Social, and Governance) principles, focusing on responsibility in three main aspects:

1. Environment: Consideration of the company's environmental responsibility, addressing environmental impacts and sustainability.
2. Social: Management of human resources in a fair and equitable manner, including relationship management from company employees to customers, communities, the entire supply chain, and stakeholders.
3. Governance: Implementation of corporate governance practices, including transparent and ethical policies, adherence to regulations, anti-corruption measures, and effective risk management.

The company believes that these practices will enhance business efficiency and have positive long-term impacts on its growth and sustainability in the future.

Please kindly be informed accordingly.

Yours faithfully,

(Sutida Mongkolsuthree)
Chief Executive Officer