

August 8, 2023

Subject: Management Discussion and Analysis for Quarter 2/2023

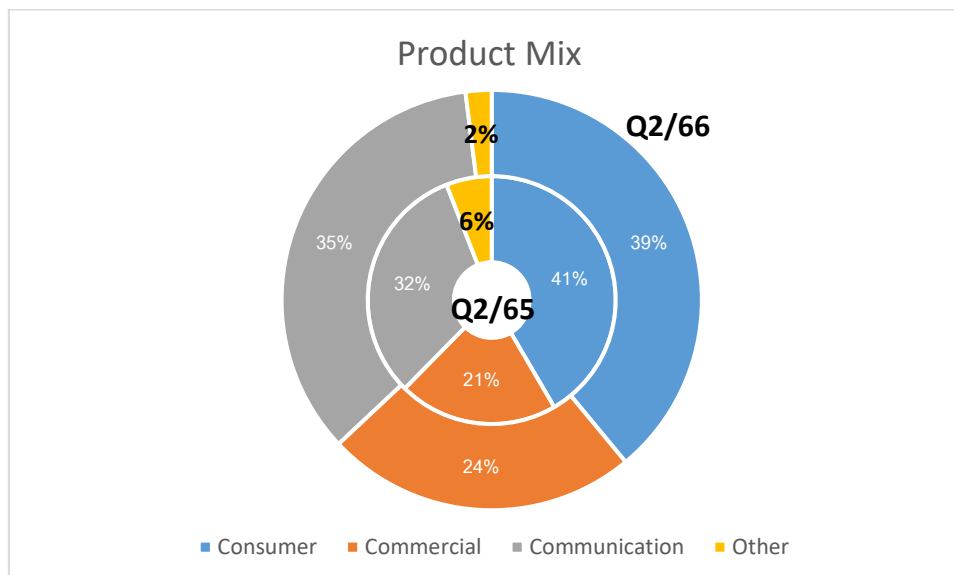
To: President  
The Stock Exchange of Thailand

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 2/2023		Quarter 2/2022		YoY	
	THB million	%	THB million	%	THB million	%
Income from operations	8,494.52	100.00	9,591.51	100.00	(1,096.99)	(11.44)
Operating Cost	8,173.34	96.22	9,182.81	95.74	(1,009.47)	(10.99)
Gross profit	321.18	3.78	408.70	4.26	(87.52)	(21.41)
Selling and Administrative expenses	229.71	2.70	217.35	2.27	12.36	5.69
Net profit	87.28	1.03	192.24	2.00	(104.96)	(54.60)
Basic earnings per share (THB)	0.10		0.22			

The economic conditions both globally and at the national level continue to be significant factors influencing the overall landscape of the IT industry. This is especially true considering the consistent decrease in consumer purchasing power, coupled with the fact that the second quarter is traditionally a low season for IT product sales and distribution businesses. As a result, in the second quarter of 2023, the company generated revenue from sales and services amounting to 8,494.52 million Baht, which reflects a decrease of 1,096.99 million Baht or 11.44 percent compared to the same period in the previous year. The consumer products experienced a relatively substantial impact, with a decline in revenue by 15 percent due to the subdued market conditions. However, the commercial products managed to maintain growth at 8 percent, driven by the company's strategic direction to penetrate the market.

The growth of commercial product segment has led to a better distribution of revenue proportions across various product categories of the company. This improvement is attributed to the company's ability to mitigate risk by reducing its reliance on any one specific product group, as follows:



The company had gross profit of 321.18 million Baht, which decreased by 87.52 million Baht or 21.41 percent compared to the same period in the previous year. The primary reason for this decrease can be attributed to the second quarter of 2022, where the issue of IT product shortages was still significant. This led to higher product prices due to consumer demand exceeding supply, resulting in higher profit margins. Furthermore, in the second quarter of 2023, the depreciation of the Thai Baht contributed to an increase in the cost of goods. When compared to the same quarter of the previous year, this currency depreciation caused the cost of goods to rise.

The selling and administrative expenses amounted to 229.71 million Baht, marking an increase of 12.36 million Baht compared to the same period in the previous year, which was 217.35 million Baht. The ratio of selling and administrative expenses to revenue from sales and services increased to 2.70 percent in comparison to the same period of the previous year, where it was 2.27 percent.

The net profit amounted to 87.28 million Baht, reflecting a decrease of 104.96 million Baht or 54.60 percent compared to the same period in the previous year. This decline was attributed to three main factors:

1. Decreased sales and gross profits due to the economic conditions and declining consumer purchasing power.
2. Increased interest expenses resulting from the rise in interest rates. The company's interest costs escalated due to the higher interest rate policy, consequently leading to elevated interest rate costs.
3. Decreased gains from exchange rates due to the significant fluctuation of the Thai Baht.

Nonetheless, the company continued to diligently assess risks and closely monitor the interest rate and exchange rate scenarios. The company actively managed its working capital, including inventory, trade receivables, and trade payables, to maintain an appropriate level and employed various financial instruments to hedge against risks associated with interest rates and exchange rates. This proactive approach aimed to mitigate the impact of interest rate fluctuations and exchange rate fluctuations.

Description	6M/2023		6M/2022		YoY	
	THB million	%	THB million	%	THB million	%
Income from operations	17,645.44	100.00	19,550.39	100.00	(1,904.95)	(9.74)
Operating Cost	16,943.11	96.02	18,684.34	95.57	(1,741.23)	(9.32)
Gross profit	702.34	3.98	866.06	4.43	(163.73)	(18.91)
Selling and Administrative expenses	496.37	2.81	459.53	2.35	36.84	8.02
Net profit	222.83	1.26	414.53	2.12	(191.70)	(46.25)
Basic earnings per share (THB)	0.26		0.48			

The operating results for the 6-month period of the year 2023 indicate that the company generated revenue from sales and services amounting to 17,645.44 million Baht. This represents a decrease of 1,904.95 million Baht or 9.74 percent compared to the same period in the previous year. This decline can be attributed to the ongoing sluggishness in the IT product market and the continued low consumer purchasing power. Additionally, the increase in interest rates had an impact on household expenditure burdens, contributing to the decline in revenue. The net profit for the 6-month period amounted to 222.83 million Baht, reflecting a decrease of 191.70 million Baht or 46.25 percent compared to the previous year.

Dividend Summary	H1/2023	H1/2022	FY2022
Dividend per share	0.10	0.18	0.70
Payout Ratio (% of Net Profit)	48.90%	37.51%	74.48%

In addition, the Board of Directors' Meeting No. 3/2023 resolved to approve the interim dividend payment from the operating results of the first half of 2023 at the rate of THB 0.10 per share. The Record Date for specifying the list of shareholders entitled to receive the dividend is scheduled on August 25, 2023, and the interim dividend payment date is scheduled on September 6, 2023.

Please kindly be informed accordingly.

Yours faithfully,

(Sutida Mongkolsuthree)  
Chief Executive Officer