

February 22, 2024

Subject: Management Discussion and Analysis for the year ended December 31, 2023

To: President  
The Stock Exchange of Thailand

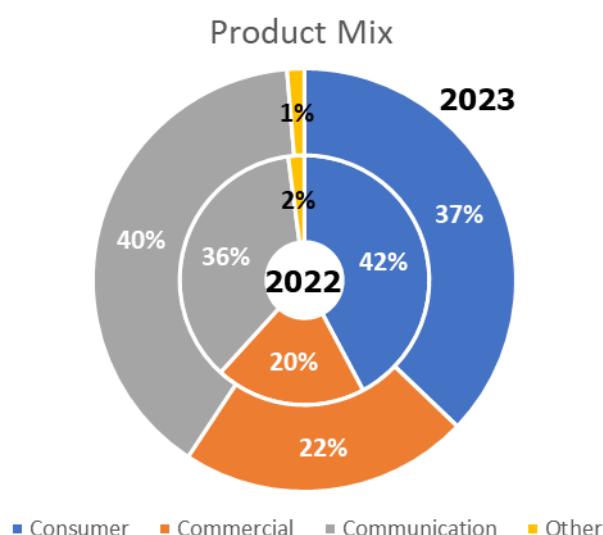
Synnex (Thailand) Public Company Limited and its subsidiaries ("the Company") would like to report the operating results for the year ended December 31, 2023 as audited by the authorized Company's auditor as follows:

Description	2023		2022		YoY	
	THB million	%	THB million	%	THB million	%
Income from operations	36,553.57	100.00	39,061.05	100.00	(2,527.48)	(6.47)
Operating Cost	35,603.37	95.98	37,265.1	95.40	(2,201.81)	(5.91)
Gross Profit	1,470.20	4.02	1,795.87	4.60	(325.67)	(18.13)
Selling and administrative expenses	906.40	2.48	941.22	2.41	(34.82)	(3.70)
Net profit	513.30	1.41	816.07	2.09	(302.77)	(37.10)
Basic earnings per share (THB)	0.60		0.96			

In the year 2023, various factors had a significant impact on the overall economy, particularly affecting the technology and IT industries. These factors included inflation, depreciation of the Thai Baht, declining consumer purchasing power, and intense market competition. These circumstances had repercussions on the operational performance of companies, resulting in a total revenue of 36,553.57 million Baht for the year 2023. This represented a decrease of 2,527.48 million Baht or a decline of 6.47% compared to the year 2022. The consumer product group was the most affected by these factors. As a result, the revenue of the consumer product group decreased by 16.29%, especially the personal computer and computer component product groups.

However, the group of communication devices experienced slight growth when compared to the year 2022. This growth is evident in the increased sales of APPLE brand products and the substantial growth in the sales of HONOR brand smartphones, for which the company is the exclusive distributor, surpassing three times the sales compared to the previous year. The commercial product group also continued to grow, driven by network products from both CISCO and HUAWAI, as well as IoT devices in surveillance products group, including HIKVISION and DAHUA brands.

Compared to the previous year, it can be observed that the proportion of revenue from the commercial product group and the communication devices group has increased. This is due to the company's strategy to reduce the risk associated with relying heavily on the consumer product group, which faces intense competition.



The operating costs for the year 2023 amounted to 35,603.37 million Baht, reflecting a decrease of 2,201.81 million Baht or 5.91% compared to the previous year, corresponding to the reduced revenue. Gross profit margin also decreased in almost every product group compared to the previous year. The company achieved a gross profit margin of 4.02%, down from 4.60% in the preceding year. This decline is primarily attributed to the negative factors mentioned earlier, limiting the distributor's ability to set product prices.

Nevertheless, the company has adjusted its strategic plan to focus on and enhance product groups with higher profit margins, such as the gaming products category. This is aimed at sustaining an appropriate and competitive initial profit margin level.

The selling and administrative expenses for the year 2023 amounted to 906.40 million Baht, showing a decrease of 34.82 million Baht or 3.7% compared to the previous year. This accounts for 2.48% of the total revenue, compared to 2.41% in the previous year. The reduction in selling and administrative expenses is attributed to the company's emphasis on continuous cost control in both distribution and administrative. This strategic approach aims to maintain competitiveness in the long term, focusing on efficiency and effectiveness in various operational aspects of the company.

The net profit for the year 2023 amounted to 513.3 million Baht, marking a decrease of 302.77 million Baht or 37.10% from the previous year. This decline can be attributed to three main factors:

1. Decreased sales and initial profit due to economic conditions and reduced consumer purchasing power.
2. Increased interest expenses resulting from the rise in interest rates, leading to higher financial costs for the company.
3. Decline in profit from exchange rates due to significant fluctuations in the value of the Thai Baht.

However, the company continues to assess risks and closely monitor the interest rate and exchange rate situations. This includes controlling working capital used in operations, managing inventory, trade receivables, and trade payables at appropriate levels. Various financial tools are also employed to hedge against exchange rate risks, aiming to minimize the impact of interest rates and exchange rate fluctuations.

**Business-driven for sustainability: ESG (Environment, Social and Governance)**

Synnex (Thailand) Public Company Limited is committed to conducting business and creating sustainable growth. The company places importance on managing and driving business through the supply chain, taking into account stakeholders, society, economy, and environment for sustainability. It aims to achieve sustainable development by practicing good corporate governance and efficiently managing risks. The company instills a systematic and clear organizational culture, promoting transparency and accountability. It operates with the goal of maximizing efficiency and focuses on cultivating a sense of sustainable development awareness among its personnel. The company is dedicated to supporting and promoting responsible practices that contribute to society and the environment. This includes collaboration in environmental protection efforts, resource utilization with value awareness, and the continuous maintenance of economic balance.

**Environmental Sustainability Management**

**Greenhouse Gas Reduction Management**

The company places a strong emphasis on managing activities to reduce greenhouse gas emissions. It identifies business activities contributing to greenhouse gas emissions, particularly in the use of electricity within office premises. The company has implemented continuous energy conservation measures to mitigate its environmental impact.

The company has been honored with the Low Emission Support Scheme (LESS) recognition from the Greenhouse Gas Management Organization (Public Organization). This recognition acknowledges the company’s efforts in reducing greenhouse gas emissions. The company has successfully reduced carbon dioxide equivalent emissions by 452.873 tons. This award is granted to organizations actively focusing on greenhouse gas reduction and demonstrating a commitment to environmental sustainability.

Greenhouse Gas Emission Reduction	2021	2022	2023
Performance	526,527.00	332,037.00	417,001.00

**Renewable Energy**

The company efficiently manages energy by installing a Solar Rooftop system, which produces electricity from solar energy. This initiative demonstrates the company's commitment to utilizing renewable energy sources in an effective manner.

Solar Rooftop Electricity Production Volume	2021	2022	2023
Electricity Production Quantity (Units)	458,734	387,871	458,613
%	25.28	23.34	26.16

## **Management of Electronic Waste (e-Waste)**

The company recognizes the increasing issue of electronic waste (e-Waste), which has continuous adverse effects on both quality of life and the environment. In response to this, the company has initiated the "Trusted By Synnex E-Waste" project. The company has established collection points for electronic waste, such as old mobile phones, worn-out computer components, and various IT equipment. These items are then properly disposed of. Additionally, the proceeds from e-Waste submissions are directed towards the company's CSR fund, contributing to social benefits.

In the year 2023, the company expanded its impact by collaborating with partners, Paragon department stores, and government agencies, such as the Government Public Relations Department, to install E-Waste Recycling Bins. This initiative encourages environmentally sustainable practices and involves the distribution of bins for electronic waste collection throughout Bangkok. The goal is to promote responsible e-Waste disposal and ensure proper, standardized waste management, fostering eco-consciousness in collaboration with environmental-focused partners.

## **Social Sustainability Management**

The company drives the "SYNNEX For A Better Life" education project to develop a better quality of life as follows:

### **Create Technician to our society.**

The company is at the forefront of driving the "SYNNEX For A Better Life" education project to improve the quality of life for Thai youth. The company has initiated the "Create Technician to our society" with a focus on developing knowledge, skills, and technical expertise that can be transformed into professions for students. This project aims to prepare students for future careers and contribute to advancing Thailand's education into the 5.0 era.

In 2023, the company signed a Memorandum of Understanding (MOU) with the Office of the Vocational Education Commission (OVEC) in collaboration with 10 vocational education institutions nationwide. This collaboration aims to promote students in vocational education institutions, providing them with opportunities to enhance skills, learn, and gain practical experience in real-world work settings. This initiative prepares students for future employment opportunities.

## **Governance Sustainability Management**

The company conducts its business based on governance principles. The Board of Directors and executives are committed to ensuring transparent and accountable management practices. The management is held to international standards, promoting fairness and equal treatment of shareholders. There is a dedication to respecting the rights of all stakeholders and taking responsibility for those with vested interests. Additionally, the company considers its social and environmental responsibilities in its governance practices.

- A perfect score of 100 points in the AGM Checklist evaluation



The company received a perfect score of 100 points in the AGM Checklist evaluation for the year 2023 from the Annual General Meeting Quality Assessment project. This evaluation involved 781 registered companies participating in the year 2023, organized by the Stock Exchange of Thailand (SET) and the Thai Investors Association. The assessment reflects the importance placed on good corporate governance, transparent business operations, equal treatment of shareholders, and the presentation of clear information. These efforts contribute to the effectiveness of the annual meetings consistently each year.

- SET ESG Ratings “A”



The company has been ranked in the SET ESG Ratings as an A-rated sustainable stock in the technology sector for the sixth consecutive year. This reflects the commitment to managing business operations under environmentally sustainable policies and social responsibility.

- CGR achieved an excellent score in the Corporate Governance Report assessment for the year 2023.



The company received an excellent rating, equivalent to 5 stars, for its excellent corporate governance practices in the year 2023. This rating was awarded based on the Corporate Governance Report of Thai Listed Companies 2023 (CGR), conducted by the Thai Institute of Directors (IOD) with the support of the Stock Exchange of Thailand (SET). The rating reflects the company's commitment to sustainable business operations under good corporate governance principles, including emphasis on responsible and transparent management and consideration for all stakeholders.

Please kindly be informed accordingly.

Yours faithfully,

(Sutida Mongkolsuthree)  
Chief Executive Officer