

October 9, 2023

Subject: Management Discussion and Analysis for the fiscal year ended 31 December 2022

 To: Director and Managers  
 Stock Exchange of Thailand

Sirisoft Public Company Limited and subsidiaries (the "Company") would like to inform the Company's performance for the fiscal year ended 31 December 2022, as the following details:

**Statement of comprehensive income**

Unit: THB Million	Consolidated financial statements		Change increase (decrease)	
	for the year ended 31 December			
	2021	2022	Amount	Percentage
Income from sales and services	187.03	410.81	223.78	119.65
Cost of selling and services	127.17	261.22	134.05	105.41
<b>Gross Profit</b>	<b>59.86</b>	<b>149.59</b>	<b>89.74</b>	<b>149.92</b>
Other income	1.50	1.20	(0.30)	(20.21)
Selling expenses	6.32	10.29	3.98	62.95
Administrative expenses	25.12	54.08	28.96	115.26
Finance costs	1.74	3.16	1.42	81.76
<b>Profit before income tax</b>	<b>28.18</b>	<b>83.25</b>	<b>55.08</b>	<b>195.45</b>
Income tax expenses	2.71	14.57	11.86	437.37
<b>Net profit</b>	<b>25.47</b>	<b>68.69</b>	<b>43.22</b>	<b>169.70</b>

### Revenue structure

Revenue Structure	Financial Year End of 31 December			
	2021		2022	
	THB Million	Percent	THB Million	Percent
<b>Service revenue</b>	<b>103.02</b>	<b>54.64</b>	<b>257.37</b>	<b>62.47</b>
<i>Growth rate (%)</i>	77.28		149.82	
<b>Selling revenue</b>	<b>84.01</b>	<b>44.56</b>	<b>153.44</b>	<b>37.24</b>
<i>Growth rate (%)</i>	467.57		82.65	
<b>Total selling and service revenue</b>	<b>187.03</b>	<b>99.20</b>	<b>410.81</b>	<b>99.71</b>
<i>Growth rate (%)</i>	156.50		119.65	
<b>Other</b>	<b>1.50</b>	<b>0.80</b>	<b>1.20</b>	<b>0.29</b>
<b>Total revenue</b>	<b>188.53</b>	<b>100.00</b>	<b>412.01</b>	<b>100.00</b>

### **Service income**

In 2022, the selling and service revenue of the company was THB 410.81 million, a growth by 119.65% compared to 2021. This significant increase in selling and service revenue was primarily driven by the organization's emphasis on adopting technology for business transformation, known as Digital Transformation, to enhance operational efficiency. The company's main customers, which are banking and financial group, that has high investment in Digital Transformation to provide digital financial services, focusing on accessibility, speed, system security, transaction efficiency, and creating new customer experiences. Also, the group has expanded its workforce in system development and conducted various training programs to promote a DevOps culture and technical skills or licensed related to software development. These efforts resulted in improved project delivery, meeting customer requirements, staying within budget, and timely delivery, enhancing the group's reputation. Consequently, the group of companies continued to receive project from existing customers, and acquired new customers through customer referrals and by expanding their customer base across diverse business sectors, such as retail businesses, enterprises, and state enterprises, etc.

### **Cost of selling and services and Gross profit**

In 2022, the Company's gross profit was THB 149.59 million increased by THB 89.74 million or equivalent to 149.92 percent from 2021, mainly due to the steady growth in implementation revenue. The company quality of work and delivering project on time resulting in repeat business from existing clients and positive word-of-mouth referrals to new potential clients. Additionally, selling revenue usually comes with service revenue because it is involved in developing the system of software (Implementation). Also, the group provides subscription licenses with

contract durations of 1-3 years, and clients frequently renew these contracts for continuous use of the systems or software.

**Selling expenses**

In 2022, the Company had selling expenses of THB 10.29 million or equivalent to 2.51 of total revenue increased by THB 3.98 million or equivalent to a growth of 62.95 percent, mainly due to the increase in the number of sales staffs to manage growing workload and to secure additional future job opportunities.

**Administrative expenses**

In 2022, the Company had administrative expenses of THB 54.08 million or equivalent to 13.16 of total revenue increased by THB 28.96 million or equivalent to a growth of 115.26 percent. Mainly due to preparation for listing in stock market. The company has hired staff and consultants to develop internal control due to the preparation. Furthermore, the expansion of office space resulted in higher depreciation costs for office equipment, computers, and building renovations.

**Net Profit**

In 2022, the Company's net profit increased by THB 43.22 million or equivalent to 169.70 percent, mainly due to the growth in revenue for the group, leading to an increase in net profit, and the increase of gross profit.

**Statement of Financial Position**

(Unit: THB Million)	As of 31 December,		Change increase (decrease)	
	2021	2022	Amount	percentage
Total Assets	189.28	311.46	122.18	64.55
Total Liabilities	146.95	241.07	94.12	64.06
Total Shareholders' equity	42.33	70.39	28.05	66.26

**Assets**

As of 31 December 2022, the Company had total assets of THB 311.46 million which increased by THB 122.18 million or equivalent to a growth of 64.55 percent compared to 31 December 2021, due to:

1. Advance payments for services increased by THB 45.28 million or equivalent to a growth of 111.37 percent which was caused from the advance payment for right of use in software.
2. Cash increased by THB 43.71 million or equivalent to a growth of 236.15 mainly due to an increase in operating profit. Additionally, the change in operation assets and liabilities which mainly from 1) increase in advance payments for services 2) increase in account payable and 3) increase in contract liabilities. Together with an increasing in registered capital and dividend payment.

3. Right-of-use assets increased by THB 13.49 million or equivalent to a growth of 28.53 percent due to the expansion of the company's office space and established new office leases.

### Liabilities

As of 31 December 2022, the Company had total liabilities of THB 241.07 million which increased by THB 94.12 million or equivalent to a growth of 64.04 percent compared to 31 December 2021, due to:

1. Trade and other payable increased by THB 45.98 million or equivalent to a growth of 246.70 which majority is right to use software for service customers and increase in accrued expenses for example internal control assessment expense, website service for recruiting and auditing fee.
2. Contract liabilities increased by THB 33.33 million or equivalent to a growth of 51.87 percent due to an increase in advanced payment for software licenses received from customers which were associated with the increased number and value of projects.
3. Lease liabilities increased by THB 13.36 million or equivalent to a growth of 29.17 percent due to the expansion of the company's office area.

### Shareholders' equity

As of 31 December 2022, the Company had total shareholders' equity of THB 70.39 million which increase by THB 28.05 million or equivalent to a growth of 66.26 percent compared to 31 December 2021, due to an increase in net profit of THB 68.69 million, capital increase of THB 27.00 million and dividend payment of THB 45.00 million.

### Key Financial Ratios

Financial Ratios	Unit	As of 31 December 2021	As of 31 December 2022
Current ratio	Times	1.16	1.18
Interest bearing debt to equity ratio (IBD/E)	Times	1.08	0.84
Cash cycle	Days	21.63	11.07
Return on asset (ROA)	Percent	16.43	27.43
Return on equity (ROE)	Percent	61.32	121.87

### Current ratio

As of 31 December 2022, the Company's current ratio was 1.18 times which slightly increased from 2021, mainly due to an increase in 1). Cash and cash equivalent 2). Advanced payments for services. The increase is mainly from the company operation and advance payments for software and service costs to clients, which were still in progress.

**Interest bearing debt to equity ratio (IBD/E)**

As of 31 December 2022, the Company’s IBD/E was 0.84 times which decreased from 2021, mainly due to an increase in Paid-up capital from THB 3.00 million to THB 30.00 million.

**Cash cycle**

Cash cycle (days)	As of 31 December,	
	2021	2022
Average collection period	57.34	42.09
Average repayment period	35.71	31.02
<b>Average Cash Cycle</b>	<b>21.63</b>	<b>11.07</b>

As of 31 December 2022, the Company’s cash cycle was 11.07 days, mainly due to the decrease in the average collection period which is caused by the increase in sales and service income and decrease in trade and other payables.

**Return on asset (ROA)**

As of 31 December 2022, the Company’s ROA was 27.43 percent which increased from 2021, mainly due to an increase in net profit.

**Return on equity (ROE)**

As of 31 December 2022, the Company’s ROE was 121.87 percent which increased from 2021, mainly due to a increase in net profit.

Yours sincerely

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(Mr. Sitthikard Auschavaranondha)

Chief Financial Officer

Sirisoft Public Company Limited