

SRS 002/2024

February 27, 2024

Subject: Management Discussion and Analysis for the year ended December 31, 2023
To: The President of the Stock Exchange of Thailand
Stock Exchange of Thailand

Enclosure: Management Discussion and Analysis of the year ended December 31, 2023

The Board of Directors of Sirisoft Public Company Limited and its subsidiaries (the 'Company') has approved the Company's Financial Statement and the Report of the Certified Public Accountant for the year ended December 31, 2023, which were audited by EY Office Limited; details are enclosed. Concurrently, the Company has prepared a Management Discussion and Analysis to clarify and present a summary report of the Company's performance for dissemination to investors.

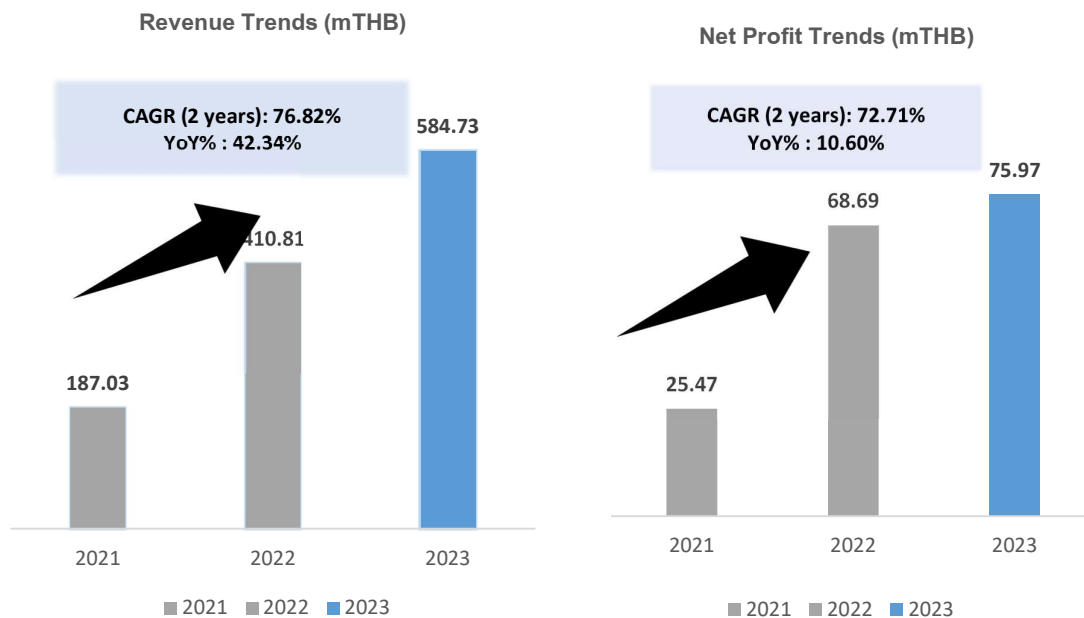
Please be informed accordingly.

Yours sincerely

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(Mr. Sitthikard Auschavaranondha)
Chief Financial Officer
Sirisoft Public Company Limited



Financial Highlights



Statement of comprehensive income

(Unit: THB Million)	2022	2023	Change	
			Amount	Percentage
Revenue from sales and services	410.81	584.73	173.92	42.34
Cost of sales and services	(261.22)	(370.49)	(109.27)	41.83
Gross Profit	149.59	214.24	64.65	43.22
Other income	1.20	2.24	1.04	86.67
Selling expenses	(10.29)	(17.43)	(7.14)	69.38
Administrative expenses	(54.08)	(99.12)	(45.04)	83.28
Finance costs	(3.16)	(5.35)	(2.19)	69.30
Profit before income tax expenses	83.26	94.58	11.32	13.60
Income tax expenses	(14.57)	(18.61)	(4.04)	27.73
Net profit for the year	68.69	75.97	7.28	10.60



Revenue from sales and services

For the year 2023, the revenue from sales and services of the Company was THB 584.73 million, an increase of THB 173.92 million or equivalent to a growth of 42.34 percent from the previous year. This increase is primarily attributed to industrial growth, particularly the demand for digital transformation within the year. The rise in revenue was driven by an increase in implementation and development of software services and the sale of hardware and software licenses, as detailed below.

(Unit: THB Million)	2022	2023	Change	
			increase (decrease)	
			Amount	Percentage
Implement and develop software services	229.77	313.14	83.37	36.28
Maintenance and support services	15.02	24.31	9.29	61.85
Sales of hardware and software licenses	153.44	247.23	93.79	61.12
Other services	12.58	0.05	(12.53)	(99.60)
Total sales and service revenue	410.81	584.73	173.92	42.33

- Revenue from the implementation and development of software services increased by THB 83.37 million or 36.28 percent over the previous year. This increase was due to business growth that led to an increase in the number of projects from both existing and new clients. Additionally, in 2023, the Company acquired more IT specialists, which contributed to the increase in revenue from software development compared to the previous year.
- Revenue from the sales of hardware and software licenses increased from the previous year by THB 93.79 million, or by 61.12 percent. The primary reason for this increase was the growth in software license sales over the year and the recognition of revenue from licenses of both ongoing projects and those sold in the previous year.

Gross profit

For the year 2023, the Company reported a gross profit of THB 214.24 million, representing a gross profit margin of 36.45 percent. In comparison, the year 2022 saw a gross profit of THB 149.59 million, with a gross profit margin of 36.41 percent, indicating that the gross profit margins have remained relatively consistent.



Selling expenses

For the year 2023, the Company incurred selling expenses of THB 17.43 million, accounting for 2.97 percent of the total revenue. These selling expenses increased by THB 7.14 million, or 69.38 percent, primarily due to the Company hiring additional sales staff compared to the previous year, along with an increase in marketing activities to support the expansion of the Company's customer base.

Administrative expenses

For the year 2023, the Company incurred administrative expenses totaling THB 99.12 million, representing 16.89 percent of the total revenue. This expense marked an increase from the previous year by THB 45.04 million, or 83.28 percent, primarily due to the expansion of our team to support the Company's growth and to enhance operational efficiency. Additionally, the Company expanded its office space to accommodate the increasing number of employees.

Net Profit

For the year 2023, the Company reported a net profit of THB 75.97 million, an increase of THB 7.28 million, or 10.60 percent, from the previous year. This increase was primarily due to higher revenue from sales and services compared to the prior year.

Statement of Financial Position

(Unit: THB million)	2022	2023	Change increase (decrease)	
			Amount	Percent
Total Assets	311.46	1,134.24	822.78	264.17
Total Liabilities	241.07	438.35	197.28	81.84
Total Shareholders' equity	70.39	695.89	625.50	888.62

Assets

As of December 31, 2023, the Company had total assets amounting to THB 1,134.24 million, an increase of THB 822.78 million or 264.17 percent compared to December 31, 2022. The primary reasons for this significant increase include:

1. Cash and cash equivalents increased by THB 533.72 million, from THB 62.22 million at the end of 2022, or by 857.79 percent, due to the proceeds from the initial public offering (IPO). The Company utilized these funds as specified in the report on the use of IPO proceeds reported to the securities exchange.
2. Right-of-use assets increased by THB 102.43 million, from THB 60.77 million at the end of 2022, or by 168.55 percent, as the Company leased additional office space, as detailed previously.
3. Contract assets increased by THB 58.93 million, from THB 9.98 million at the end of 2022, or by 590.48 percent, due to an increase in unbilled project revenues, with plans to invoice clients during the first quarter of 2024.



Liabilities

As of December 31, 2023, the Company reported total liabilities of THB 438.35 million, an increase of THB 197.28 million or by 81.83 percent compared to December 31, 2022. The primary reasons for this increase are as follows:

1. Lease liabilities increased by THB 103.81 million or 175.50 percent from THB 59.15 million at the end of 2022, due to the Company acquiring additional office space leases, as previously detailed.
2. Trade and other payables rose by THB 50.48 million or 78.12 percent from THB 64.62 million at the end of 2022, primarily due to increased purchases of software licenses for various projects, which is in line with the increase in sales revenue.
3. Liabilities arising from contracts increased by THB 28.23 million or 28.93 percent from the end of 2022, mainly due to increased sales of software licenses and software development services, corresponding with the increase in sales and service revenue.

Shareholders' equity

As of December 31, 2023, the Company's total shareholder's equity amounted to THB 695.88 million, an increase of THB 625.50 million or 888.62 percent compared to December 31, 2022. This significant growth is primarily attributed to the capital raised from the Initial Public Offering (IPO).

Cash Flow Statement

Cash flows from operating activities decreased by THB 55.43 million from the previous year, due to changes in operating assets and liabilities. The primary reasons include an increase in trade and other receivables, as well as an increase in contract assets.

Cash flows used in investing activities increased by THB 13.19 million, or 46.22 percent from the previous year, due to an increase in bank deposits with restrictions set as collateral for additional projects amounting to THB 10.04 million, and from the expansion of office space.

Cash flows from financing activities increased by THB 558.64 million, primarily due to cash receipts from the company's initial public offering (IPO) totaling THB 670.00 million, offset by the payment of dividends amounting to THB 113.54 million and an increase in office lease payments.



Key Financial Ratios

Financial Ratios	Unit	2022	2023
Current ratio	Times	1.18	3.43
Interest bearing debt to equity ratio (IBD/E)	Times	0.84	0.23
Cash cycle	Days	11.07	(13.00)
Return on asset (ROA)	Percent	27.43	10.51
Return on equity (ROE)	Percent	121.87	19.83

Current ratio

As of December 31, 2023, the Company's liquidity ratio stood at 3.43 times, an increase from 1.18 times as of December 31, 2022. This improvement is primarily due to a significant increase in cash and cash equivalents, stemming from the proceeds of the Initial Public Offering (IPO).

Interest bearing debt to equity ratio (IBD/E)

As of December 31, 2023, the Company's interest-bearing debt to equity ratio was 0.23 times, a decrease from 0.84 times as of December 31, 2022. This reduction is due to a significant increase in shareholders' equity during the year 2023.

Cash cycle

Cash cycle (days)	2022	2023
Average collection period	42.09	39.33
Average repayment period	31.02	52.33
Average Cash Cycle	11.07	(13.00)

As of December 31, 2023, the Company's cash conversion cycle was negative 13 days, an improvement from the end of 2022. The primary reason for this improvement is the reduction in the account payables turnover ratio due to an increase in trade payables by THB 32.31 million from the purchase of hardware and software licenses. This increase was necessary to support the development of software for clients. Additionally, the account receivables turnover ratio increased from the end of 2022, as the Company experienced higher sales and service revenues.



Return on asset (ROA)

As of December 31, 2023, the Return on Assets (ROA) stood at 10.51 percent, a decrease compared to 27.43 percent as of December 31, 2022. The primary reasons for this decline include the cash received from the Initial Public Offering (IPO) conducted during 2023 and an increase in right-of-use assets resulting from the expansion of office space.

Return on equity (ROE)

As of December 31, 2023, the Return on Equity (ROE) was 19.83 percent, a significant decrease compared to 121.87 percent as of December 31, 2022. This substantial change is due to an increase in the Company's shareholders' equity.

