

SRS 007/2024

9 May 2024

Subject: Management Discussion and Analysis for Quarter 1/2024
To: President
The Stock Exchange of Thailand

Enclosure: Management Discussion and Analysis for Quarter 1/2024

The Board of Directors of Sirisoft Public Company Limited (“the Company”) and its subsidiaries (together “the Company’s group”) has approved the Company’s group Financial Statement and the Report of the Certified Public Accountant for Quarter 1/2024, which were audited by EY Office Limited; details are enclosed. Concurrently, the Company’s group has prepared a Management Discussion and Analysis to clarify and present a summary report the Company’s group performance for dissemination to investors.

Please be informed accordingly.

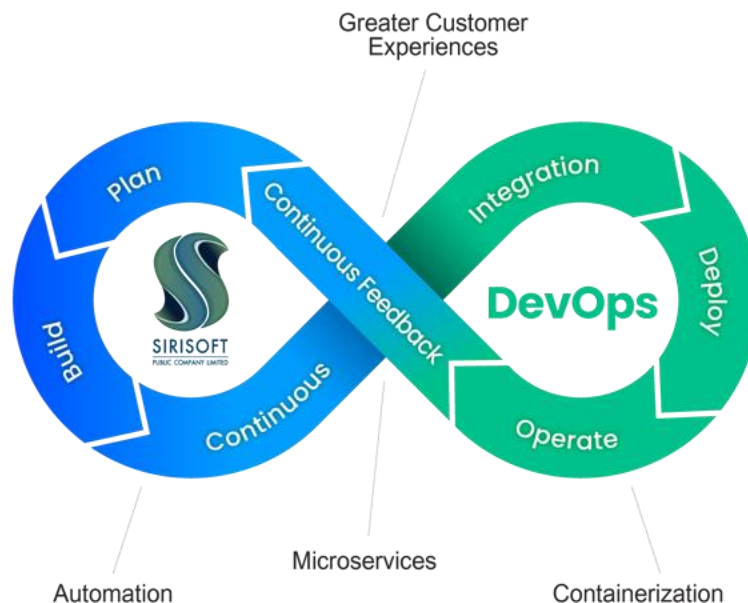
Yours sincerely

(Siriwat Thanurawet)
Chief Executive Officer
Sirisoft Public Company Limited

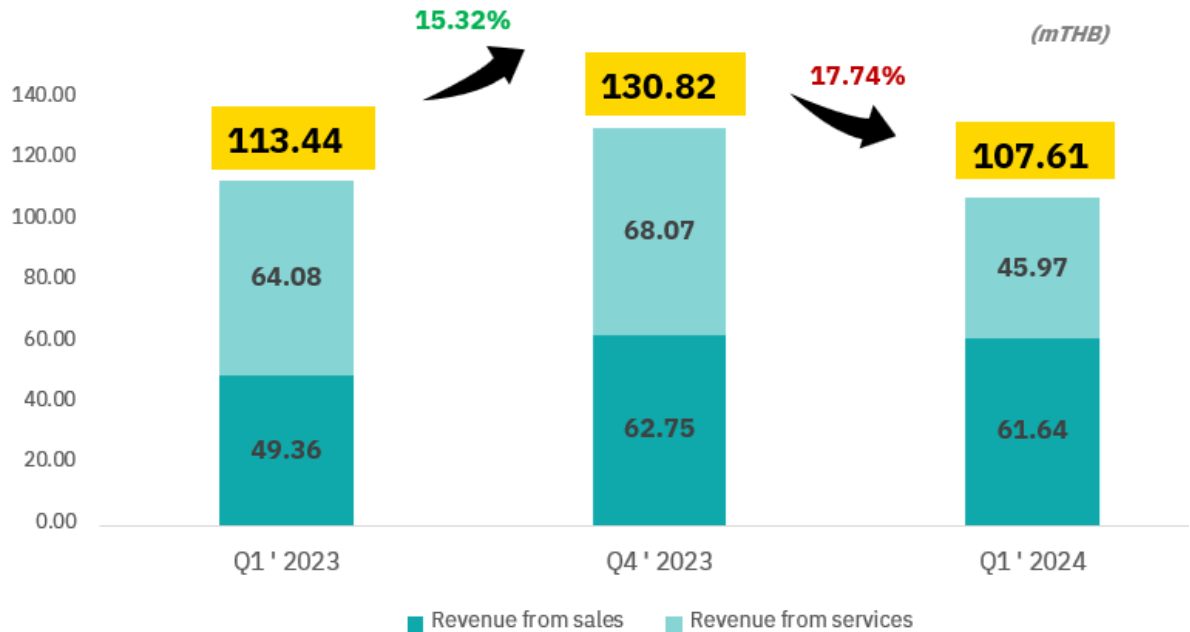


Business overview

At Sirisoft, we provide IT consultancy and technology solution development for businesses. Specializing in Application Modernization, we revamp and enhance systems with DevOps (Development & Operations) expertise emphasizing automation and cloud computing services for continuous software improvement capabilities and streamlining operational efficiencies. Our proficiency also extends to developing systems and software using Microservices architecture, which minimizes infrastructure dependencies while maximizing scalability. This facilitate organizational capabilities beyond traditional software development and conventional infrastructure management processes. Additionally, our teams of skilled High Code developers excels in building custom software solutions tailored to meet diverse business needs, focusing on IT-driven enhancements for any organizations pursuing digital transformation. Our expertise not only focuses on efficient problem resolution but also contributes to enhance system maintenance and monitoring, resulting in highly reliable and effective operations.



Summary of Performance



(Unit : THB Million)	3 M	3 M	Change		3 M	Change	
Overall Group Performance	Q1'24	Q4'23	Amount	%	Q1'23	Amount	%
Revenue from sales and services	107.61	130.82	(23.21)	(18%)	113.44	(5.83)	(5%)
Cost of sales and services	(72.39)	(86.04)	13.65	(16%)	(70.45)	(1.94)	3%
Gross Profit	35.22	44.78	(9.56)	(21%)	42.99	(7.77)	(18%)
Other income	0.45	1.20	(0.75)	(63%)	0.01	0.44	4,400%
Distribution cost	(6.00)	(4.46)	(1.54)	34%	(4.43)	(1.57)	35%
Administrative expenses	(31.98)	(35.69)	3.71	(10%)	(20.43)	(11.55)	57%
Finance cost	(2.06)	(2.19)	0.13	(6%)	(0.79)	(1.27)	161%
Profit (loss) before income tax expenses	(4.37)	3.64	(8.01)	(220%)	17.35	(21.72)	(125%)
Income tax benefit (expenses)	0.91	(0.30)	1.21	(403%)	(3.39)	4.30	(127%)
Profit (loss) for the period	(3.46)	3.34	(6.80)	(204%)	13.96	(17.42)	(125%)



Financial Performance Summary for the three-month period ended 31 March 2024 compared with the three-month period ended 31 March 2023

Revenue from sales and services

For the three-month period ended 31 March 2024, the Company's group recorded sales and service revenue of THB 107.61 million, a decrease of THB 5.83 million, or 5 percent compared to the same period of the previous year.

The following is disaggregated revenue information:

(Unit: THB Million)	For the three-month ended 31 March		Change increase (decrease)	
	2024	2023	Amount	%
Type of products or services				
Implement and develop software services	40.50	59.46	(18.96)	(32%)
Maintenance and support services	5.47	4.62	0.85	18%
Sales of hardware and software licenses	61.64	49.36	12.28	25%
Total sales and service revenue	107.61	113.44	(5.83)	(5%)
Recurring income	69%	60%		
Non-recurring income	31%	40%		

- Revenue from the implementation and development of software services decreased by THB 18.96 million, or 32 percent, compared to the same period of the previous year. This was primarily due to
 - The impact of internal restructuring and amended corporate budget policies by clients. This amendment resulted in the cancellation of implement and develop software service contracts, which affected the management of staff costs prepared for , which was not anticipated. Restitution for revenue lost was not recovered immediately due to the sale of new projects being in progress.
 - An increase in the foreign currency rate at the end of the first quarter had a significant impact on consumer decisions on purchasing equipment for large-scale system development. This resulted in the client's internal project budget considerations and delayed order execution than expected for the quarter.
- Revenue from the sales of hardware and software licenses increased by THB 12.28 million, or 25 percent, compared to the same period of the previous year. This was primarily due to increased sales of software licenses in the development system that the Company's group manages, as customers' demand for applications has steadily increased over the years, as well as the periodic renewal of software contracts. As a result, the proportion of recurring revenue has increased.



Cost of sales and services

For the three-month period ended 31 March 2024, the Company's group recorded sales and services costs amounted to THB 72.39 million, an increase of THB 1.94 million, or 3 percent, over the same period of the previous year. This is mainly due to increased labor costs.

Distribution cost and administrative expenses

For the three-month period ended 31 March 2024, the Company's group recorded total distribution cost and administrative expenses of THB 37.98 million, representing 35 percent of the total revenue. In the same period of the previous year, the distribution cost and administrative expenses increased significantly, reaching THB 13.12 million, representing a 53 percent increase. The primary reason is that the company has entered the Thailand Stock Exchange and expanded its operations to support growth in numerous sectors. Additionally, the Company has bolstered its management team and business support to maximize its potential for sustainable growth. The Company's group has also enlarged its office buildings to support the growing number of developments, resulting in an increase in the depreciation of rights of use from building leases, which has remained a fixed cost since the fourth quarter of the year.

Net profit (loss)

For the three-month period ended 31 March 2024, the Company's group recorded a net loss of THB 3.46 million, representing 3 percent of total revenue. There was a decrease of THB 17.42 million compared to the same period last year. This was mainly due to a decrease in revenue cancellations for large projects and significant fixed costs.

Financial Performance Summary for the three-month period ended 31 March 2024 compared with the three-month period ended 31 December 2023

Revenue from sales and services

For the three-month period ended 31 March 2024, the Company's group recorded sales and service revenue of THB 107.61 million, a decrease of THB 23.21 million, or 18 percent compared to the previous period.

The following is disaggregated revenue information:

(Unit: THB Million)	3 Month		Change increase (decrease)	
	Q1'2024	Q4'2023	Amount	%
Implement and develop software services	40.50	59.78	(19.28)	(32%)
Maintenance and support services	5.47	8.29	(2.83)	(34%)
Sales of hardware and software licenses	61.64	62.75	(1.10)	(2%)
Total sales and service revenue	107.61	130.82	(23.21)	(17%)



- Revenue from the implementation and development of software services decreased by THB 19.28 million, or 32 percent compared to the previous period This was primarily due to
 - 1) The impact of internal restructuring and amended corporate budget policies by clients. This amendment resulted in the cancellation of implement and develop software service contracts, which affected the management of staff costs prepared for , which was not anticipated. Restitution for revenue lost was not recovered immediately due to the sale of new projects being in progress.
 - 2) Clients modified the scope of system development, further contributing to the decrease in revenue for the period.
- Revenue from maintenance and support services decreased THB 2.83 million or 34 percent compared to the previous period. This was primarily due to a decrease in large-scale contract sales for maintenance projects over the period.

Cost of sales and services

For the three-month period ended 31 March 2024. The Company’s group recorded sales and services costs amounted to THB 72.39 million, a decrease of THB 13.65 million, or 16 percent compared to the previous period, which was corresponding with declining sales and service revenues.

Net profit (loss)

For the three-month period ended 31 March 2024. The Company’s group recorded a net loss of THB 3.46 million, which is a decrease from THB 6.80 million in the previous period. The cause was a decline in sales and service revenues, especially revenue from program development services for large projects. This will be the company’s largest challenge in early 2024, with an increase in the number of projects under a transformation of the business sector, as well as projects that have changed the system requirements of operations, along with the development of technical staff to become more efficient.

Statement of financial position

(Unit: THB million)	Q1’2024	Q4’2023	Change increase (decrease)	
			Amount	%
Financial position				
Total Assets	1,173.04	1,134.24	38.80	3%
Total Liabilities	480.61	438.35	42.26	10%
Total Shareholders’ equity	692.43	695.89	(3.46)	(0.5%)



Assets

As of 31 March 2024, total assets of the Company's group amounted to THB 1,173.04 million, an increase of THB 38.80 million, or 3 percent, compared to 31 December 2023. The primary reasons for this increase are as follows:

1. Trade and other receivables increased by THB 30 million, mostly as a result of an increase in receivables under software license service contracts.
2. Leasehold improvement and equipment increased by THB 9 million due to the expansion and decoration of the office building in 2024.

Liabilities

As of 31 March 2024, total liabilities of the Company's group amounted to THB 480.61 million, an increase of THB 42.26 million or 10 percent compared to 31 December 2023. The primary reasons for this increase are as follows:

1. Liabilities arising from contracts increased by THB 70 million due to a net advance received from software licenses.
2. Trade and other payables decreased by THB 26 million, mainly due to a decrease in software license payables.

Shareholders' equity

As of 31 March 2024, total shareholder's equity of the Company's group amounted to THB 692.43 million, a decrease of THB 3.46 million, or 0.5 percent, compared to December 31, 2023. The shareholders' equity decreased by THB 5.8 million as a result of the net loss in the first quarter of 2024.

