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May 15th, 2026

Subject : Management Discussion and Analysis for Q1/2026

To : The President of The Stock Exchange of Thailand

SiS Distribution (Thailand) Public Company Limited (“the Company”) and its subsidiaries would like to announce the Financial Report for the first quarter of 2026 ended 31 March 2026, which has been reviewed by certified Auditors. The details are as follows:

Business Overview

In the first quarter of 2026, the Thai economy continued to face challenges from several factors, including global economic volatility, the conflict situation in the Middle East, which affected exchange rate movements and energy prices, as well as uncertainty surrounding domestic political factors. As a result, both business operators and consumers remained cautious in their spending and investment decisions.

Nevertheless, the overall value of Thailand’s information technology market continued to increase compared to the same period of the previous year. This was partly attributable to higher product prices and costs in line with economic conditions and exchange rate movements, while growth in overall demand remained limited, particularly in the consumer IT segment, which continued to be affected by household purchasing power that has yet to fully recover.

However, the market continued to receive support from government measures, such as tax incentives to promote the installation of residential solar rooftop systems. Such measures served as a positive factor supporting demand for products related to energy systems and associated technology infrastructure.

Summary of Operating Results

(Unit: million baht)

	Quarter 1			
	<u>2026</u>	<u>2025</u>	Increase (Decrease)	
Total revenue	7,669	7,412	257	3.47%
Gross profit	575	571	4	0.70%
Net profit	258	202	56	27.72%



Statement of Comprehensive Income for Q1/2026 (Unit: million baht)

	Quarter 1					
	2026		2025		Increase (Decrease)	
Revenue						
Sale revenue	7,539	98.31%	7,330	98.90%	209	2.86%
Service revenue	55	0.72%	54	0.74%	1	1.01%
Other income	64	0.83%	15	0.20%	49	322.61%
Total revenue	11	0.14%	12	0.16%	(1)	(12.79%)
Expenses	7,669	100.00%	7,411	100.00%	258	3.47%
Cost of sales						
Cost of service	6,991	91.16%	6,770	91.35%	221	3.26%
Selling and distribution expenses	28	0.37%	43	0.58%	(15)	(34.83%)
Administrative expenses	206	2.69%	219	2.95%	(13)	(5.77%)
Profit on exchange	128	1.66%	115	1.56%	13	10.79%
Total expenses	7,353	95.88%	7,147	96.44%	206	2.88%
Operating profit	316	4.12%	264	3.56%	52	19.62%
Finance income	8	0.11%	5	0.07%	3	67.33%
Finance cost	(8)	(0.11%)	(17)	(0.22%)	9	(50.86%)
Reversal (loss) on impairment of financial assets	7	0.09%	1	(0.00%)	6	1,325.16%
Profit before income tax expenses	323	4.21%	253	3.41%	70	27.73%
Income tax expenses	(65)	(0.85%)	(51)	(0.69%)	(14)	27.66%
Profit for the period	258	3.36%	202	2.72%	56	27.75%

1) Revenue

The Company and its subsidiaries reported total revenue for Q1/2026 of 7,669 million baht, an increase of 258 million baht, or 3.5%, from the previous year. This comprised revenue from sales and services of 7,594 million baht, gain on exchange rate of 64 million baht, and other income of 11 million baht.

Revenue from sales and services in Q1/2026 by segment

Business Unit	Revenue		Increase (Decrease)		Gross Margin		Increase (Decrease)	
	(million baht)		MB	%	(million baht)		MB	%
	2026	2025			2026	2025		
Commercial	1,732	1,587	145	9.14%	102	98	4	4.08%
Consumer	2,701	2,852	(151)	(5.29%)	142	168	(26)	(15.48%)
High Performance Computing & Networking	593	640	(47)	(7.34%)	63	76	(13)	(17.11%)
IT Security	351	276	75	27.17%	57	65	(8)	(12.31%)
Phone	1,317	1,328	(11)	(0.83%)	41	27	14	51.85%
Others	901	701	200	28.53%	170	137	33	24.09%
Total	7,595	7,384	211	2.86%	575	571	4	0.70%



Overall summary for Q1/2026

- **Commercial:** Sales of commercial products in Q1/2026 increased by 145 million baht, or 9.1%, compared to the same period last year. The increase was mainly attributable to shortages and higher prices of memory components, resulting from certain chip manufacturers reallocating production capacity to AI and data center chips, which offer higher margins. This led to higher product costs, and the market expects such conditions to continue for some time. As a result, many organizations requiring computers to support new working models accelerated procurement in advance in order to manage budgets and mitigate the risk of further cost increases, thereby driving growth in this product category.

- **Consumer:** Sales of consumer products in Q1/2026 decreased by 151 million baht, or 5.3%, compared to the same period last year. The decline was due to continued weakness in consumer demand amid high household debt levels. The decline was further attributable to the discontinuation of the government's "Easy E-Receipt" stimulus program in 2026. In addition, certain vendors increased direct sales channels, which reduced the Company's sales in some product categories.

- **High Performance Computing & Networking:** Sales of high-performance computing and networking products in Q1/2026 decreased by 47 million baht, or 7.3%, compared to the same period last year. The decline was mainly due to delayed project-based spending by public and private sector customers amid economic uncertainty. Higher memory chip prices also increased server and storage costs, leading to further project delays and postponements.

Moreover, many organizations have increasingly shifted their investment approach from capital expenditure (Capex) to operating expenditure (Opex), such as adopting cloud services instead of investing in infrastructure systems on their own, which reduced demand for hardware purchases.

- **IT Security:** Sales of information security products in Q1/2026 increased by 75 million baht, or 27.2%, compared to the same period last year. The growth was driven by continued demand expansion in line with the increasing trend of cyber threats, prompting both public and private sector organizations to accelerate the enhancement of their digital infrastructure and strengthen information security in a more systematic manner. Sales of products in this category remained primarily project-based.

- **Phone:** Sales of phone products in Q1/2026 decreased by 11 million baht, or 0.8%, compared to the same period last year. The decline was mainly due to market saturation and weaker purchasing power, which caused consumers to be more cautious in spending and delay handset replacement. In addition, higher memory prices, driven by production shifts toward higher-margin AI and data center chips, increased smartphone costs, particularly in the budget segment, resulting in fewer product launches and softer consumer demand.



- **Others:** Sales from other segments in Q1/2026 increased by 200 million baht, or 28.5%. The increase was mainly driven by growth in the Audio Visual category, particularly monitors and conferencing systems; the Energy category, which benefited from the Revenue Department's tax incentives promoting solar rooftop installation; and the SaaS category, which refers to software delivery via the internet that allows users to access and use applications immediately without the need for installation or self-maintenance. Apart from the mentioned product groups, other products recorded slight growth.

In addition to the product segmentation by business unit mentioned above, the Company also categorizes the products sold into two main groups based on the characteristics of the products requiring different management approaches, as follows:

1. **Volume Products:** These are user-friendly products with high sales volume but a saturated market, low growth, and low profit margins. They come from three main business units: Commercial, Consumer, and Phones. The main strategies are to expand distribution, increase operational efficiency, and reduce costs to maintain competitiveness.

2. **Value Products:** These are products with a high gross profit margin but lower sales volume. They are typically, new technologies in the early stages of development, which may lack standard sales and usage protocols and are often difficult to use, requiring accompanying services. These products come from the Value-Added and Other segments. They are considered high-growth products with smaller markets, but they have strong potential for profitability. In the long run, once they are fully developed, they can be managed as Volume Products

Sales and Service Income for the Q1/2026 categorized by type are as follows:

Business Unit	Revenue (million baht)		Increase (Decrease)		Gross Margin (million baht)		Increase (Decrease)	
	2026	2025	MB	%	2026	2025	MB	%
Volume Products	5,750	5,767	(17)	(0.29%)	285	293	(8)	(2.73%)
Commercial	1,732	1,587	145	9.14%	102	98	4	4.08%
Consumer	2,701	2,852	(151)	(5.29%)	142	168	(26)	(15.48%)
Phone	1,317	1,328	(11)	(0.83%)	41	27	14	51.85%
Value Products	1,845	1,617	228	14.10%	290	278	12	(4.32%)
High Performance Computing & Networking	593	640	(47)	(7.34%)	63	76	(13)	(17.11%)
IT Security	351	276	75	27.17%	57	65	(8)	(12.31%)
Others	901	701	200	28.53%	170	137	33	24.09%
Total	7,595	7,384	211	2.86%	575	571	4	0.70%



2) Net Profit

The Company and its subsidiaries reported net profit from operations in Q1 2026 of 258 million baht, an increase of 56 million baht or 27.8% from the same period of the prior year.

Key factors affecting changes in net profit:

Gross Profit: In Q1/2026, the Company recorded gross profit of 575 million baht, representing a gross profit margin of 7.6% of sales and service revenue, compared to 571 million baht, or 7.7% of sales and service revenue, in the same period last year. This remained at a level broadly comparable to the same period of the previous year.

Selling and Administrative Expenses: In Q1/2026, the Company recorded selling and administrative expenses of 334 million baht, with the ratio of selling and administrative expenses to revenue at 4.3%, which was broadly in line with the same period last year.

Gain/Loss from Foreign Exchange Rate: In Q1/2026, the Company recorded a gain on exchange rate of 64 million baht, increasing from a gain of 15 million baht in the same period last year. This was attributable to fluctuations in the Thai Baht against the U.S. Dollar.

Finance Income and Costs: In Q1/2026, the Company recorded finance income of 8 million baht and finance costs of 8 million baht, compared to finance income of 5 million baht and finance costs of 17 million baht in the same period last year. The change was attributable to more efficient financial liquidity management, which enabled the Company to reduce borrowings and related interest expenses.



Summary of Financial Position : Unit (Million Baht)

Asset	31 March 2026		31 December 2025	
	Million Baht	%	Million Baht	%
Current Assets				
Cash and cash equivalents	446	3.73%	746	6.66%
Trade and other receivables - current	5,249	43.99%	5,427	48.48%
Current portion of long-term loan to other company	7	0.06%	7	0.06%
Inventories	4,548	38.12%	3,652	32.62%
Other current financial assets	193	1.62%	-	-
Other current assets	482	4.04%	329	2.94%
Total current assets	10,925	91.56%	10,161	90.76%
Non-current assets				
Trade and other receivables - non-current	132	1.10%	135	1.20%
Long-term loans to other company – net of current portion	-	-	-	-
Investment properties	67	0.56%	67	0.60%
Equipment	116	0.98%	126	1.13%
Right-of-use assets	182	1.52%	201	1.80%
Deferred tax assets	15	0.13%	16	0.14%
Deferred tax liabilities	479	4.02%	473	4.23%
Other non-current assets	16	0.13%	16	0.14%
Total non-current assets	1,007	8.44%	1,034	9.24%
Total assets	11,932	100.00%	11,195	100.00%
Liabilities and shareholders' equity				
Current liabilities	Million Baht	%	Million Baht	%
Short-term loans from financial institutions	1,043	8.74%	1,082	9.67%
Trade and other current payables	5,617	47.08%	5,068	45.27%
Current portion of liabilities under finance lease agreements	44	0.37%	51	0.46%
Income tax payable	96	0.80%	74	0.66%
Other current liabilities	18	0.15%	56	0.50%
Total current liabilities	6,818	57.14%	6,331	56.55%
Non-current liabilities				
Lease liabilities - net of current portion	141	1.18%	154	1.38%
Provision for cost of assets dismantlement	4	0.03%	4	0.04%
Provision for employee benefits	128	1.07%	123	1.10%
Total non-current liabilities	273	2.29%	281	2.51%
Total liabilities	7,091	59.43%	6,612	59.06%
Shareholders' equity				
Share Capital - issued and fully paid up	350	2.93%	350	3.13%
Share premium	435	3.65%	435	3.89%
Capital reserve for share-based payment	43	0.36%	38	0.34%
Retained earnings - appropriated - statutory reserve	35	0.29%	35	0.31%
Retained earnings - unappropriated	4,021	33.70%	3,763	33.61%
Treasury shares	(43)	(0.36%)	(38)	(0.34%)
Total shareholders' equity	4,841	40.57%	4,583	40.94%
Total liabilities and shareholders' equity	11,932	100.00%	11,195	100.00%



Asset

As of 31 March 2026, the Company had total assets of 11,932 million baht, an increase of 737 million baht, or 6.6%, from the end of the previous year. The principal assets comprised:

1. Trade and other receivables: As of Q1/2026, the Company had total trade and other receivables of 5,381 million baht, decreasing by 182 million baht, or 3.3%, from the end of the previous year. Nevertheless, the Company's receivables management remained efficient, resulting in faster collection. The average collection period decreased from 67.31 days in the prior year to 64.61 days.

2. Inventories: As of the end of Q1/2026, the Company had inventories of 4,548 million baht, increasing by 896 million baht, or 24.5%, from the end of the previous year. Average inventory days increased from 42.71 days to 49.09 days. The increase in inventories was mainly attributable to stock preparation to support sales in the following quarter, as well as inventory buildup in certain product groups that had begun to face supply shortages and higher costs from both internal and external factors, in order to accommodate customer demand and reduce the risk of missed sales opportunities. The Company continues to closely monitor and manage inventory, and most inventories consist of new products within the normal sales cycle.

Liabilities

As of 31 March 2026, the Company had total liabilities of THB 7,091 million, an increase of THB 479 million, or 7.2%, from the end of the previous year. The principal liabilities comprised:

1. Shorts-term loan from financial institutions: As of Q1/2026, the Company had short-term loans from financial institutions of 1,043 million baht, decreasing by 40 million baht, or 3.7%, from the end of the previous year. These borrowings were used as working capital to support the Company's key assets, such as inventories and trade receivables. The Company's improved liquidity management enabled faster loan repayment and helped reduce finance costs.

2. Trade and other payable: As of Q1/2026, the Company had trade and other payables of 5,617 million baht, increasing by 549 million baht, or 10.8%, from the end of the previous year. The Company continues to place importance on making payments on time in accordance with agreed terms, thereby maintaining suppliers' trust and ensuring adequate credit facilities.

Shareholders' Equity

As of 31 March 2026, the Company had shareholders' equity of 4,842 million baht, increasing by 258 million baht, or 5.6%, from the end of the previous year. The Company continued to generate profit on an ongoing basis, which strengthened its financial position and enhanced liquidity.

Factors That May Affect Future Operations or Growth

The Company recognizes that future operations and growth may be affected by various risk factors amid the continued high level of uncertainty in both the Thai and global economies. Such impacts may arise from both internal and external factors. Key factors that may affect the Company's future operations or growth include:

- **Strategic risks**, such as business adaptation to align with changing business models and economic conditions, as well as the need to keep pace with rapidly evolving technologies.
- **Operational risks**, such as efficient inventory management given the risk of product obsolescence, intensifying market competition, and the need to adjust business models in response to government policies and global geopolitical conditions that may affect business operations.
- **Financial risks**, such as the impact of foreign exchange fluctuations and customers' ability to repay debts, which may be affected by prevailing economic conditions.
- **Sustainability risks**, such as environmental impacts arising from operating processes, human rights issues, and changes in domestic and international sustainability-related regulations.

To address these risks, the Company has developed a comprehensive risk management plan, including strategies such as building strategic partnerships to strengthen its business, adjusting product and service strategies to differentiate offerings and respond to market demand, closely monitoring market trends and consumer needs, and aligning operations with relevant regulations and international standards.

In addition, the Company places importance on continuously monitoring and assessing new risks that may arise in the future in order to ensure that it can maintain competitiveness and achieve sustainable long-term growth.

Sustainability Development

The Company remains committed to conducting business sustainably under the principles of good corporate governance, transparency, and the creation of shared value for society and the environment. The Company continues to enhance its operations in line with ESG (Environmental, Social and Governance) principles in order to build a strong foundation for long-term competitiveness.

During this quarter, the Company's key sustainability developments were as follows:

- **Promoting governance and transparency through stakeholder communication:** The Company places importance on transparent and appropriate communication with shareholders, investors, analysts, and other stakeholders by participating in Opportunity Day activities and organizing analyst meetings to regularly communicate its operating results, vision, strategy, and growth direction. This reflects the Company's commitment to good corporate governance, appropriate disclosure, and building confidence among all stakeholder groups.



- **Innovation and technology for sustainable business operations:** The Company collaborated with Amazon Web Services (AWS) to adopt world-class cloud technology tailored to the needs of businesses in Thailand, particularly in the financial, manufacturing, and retail sectors, in order to enhance system stability, security, and data processing capabilities, all of which are important elements in supporting sustainable business growth.
- **Technology leadership and strategic partnerships for sustainable growth:** The Company received the 2025 APJ Partner award in the Managed Service Providers (MSP) category from Cohesity. This award reflects the Company's capabilities and expertise in developing solutions and delivering cloud and data management services at the regional level. This achievement reinforces the strength of the Company's strategic partnerships, its ability to serve enterprise customers in the digital era, and its commitment to supporting secure, resilient, and sustainable data management for long-term business growth.
- **Supporting innovation for the future and sustainable development:** The Company presented its innovations and new technologies at the SIS Technology Showcase to demonstrate its capabilities in developing future-ready innovations and supporting sustainable development.

Yours sincerely,

Mr. Somchai Sittichaisrichart
Managing Director