

8 May 2023

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

To President, The Stock Exchange of Thailand

G-Able Public Company Limited (the Group) would like to clarify the Company and its subsidiaries' management discussion and analysis for the year ended 31 December 2022 as follows:

The Company and its subsidiaries operate in the business of providing one-stop digital solutions which cover important enterprise-level solutions such as Cyber Security Solution, Cloud and Data Center Modernization Solution, Data and Analytics Solution, Digital Business and Application Solution, as well as Managed Tech Services to support digital transformation. With the expertise of the company, there are also solutions include Value-added Distribution and Software Platform to strengthen the business of the Group.

Revenues

In 2020-2022, the Group had total revenues of Baht 5,218.95 million, Baht 4,993.13 million, and Baht 4,781.58 million, respectively, a decrease of 4.33% in 2021 and a decrease of 4.24% in 2022 mainly due to the portfolio adjustment, which was in accordance with the business plan of the Group to focus solutions with higher gross profit margins. The Company has details as follows:

Revenues	2020		2021		2022	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales and Service Income	5,176.62	99.19	4,939.07	98.92	4,731.34	98.95
Other Incomes*	42.33	0.81	54.06	1.08	50.25	1.05
Total Revenues	5,218.95	100.00	4,993.13	100.00	4,781.59	100.00

Remark: * Other incomes are calculated from other incomes plus finance income.

Sales and Service Income

In 2020-2022, the Group had sales and service income of Baht 5,176.62 million, Baht 4,939.07 million and Baht 4,731.34 million respectively, representing a decrease of 4.59% in 2021 and a decrease of 4.21% in 2022 mainly due to the portfolio adjustment, which was in accordance with the business plan of the Group to focus solutions with higher gross profit margins. Sales and service income of the Group can be divided into 3 main categories, consisting of (1) Revenue from Enterprise Solution and Services Business (2) Revenue from Value-added Distribution Business and (3) Revenue from Software Platform Business, with details as follows:

Revenue Type	2020		2021			2022		
	Million Baht	%	Million Baht	%	Growth (%)	Million Baht	%	Growth (%)
(1) Revenue from Enterprise Solution and Services (Digital Transformation)	3,252.11	62.82	3,232.41	65.45	(0.61)	3,607.23	76.24	11.60
(2) Revenue from Value-added Distribution	1,882.98	36.38	1,645.39	33.31	(12.62)	1,051.57	22.23	(36.09)
(3) Revenue from Software Platform	41.53	0.80	61.27	1.24	47.53	72.54	1.53	18.39
Total Sales and Service Income	5,176.62	100.00	4,939.07	100.00	(4.59)	4,731.34	100.00	(4.21)

(1) Revenue from Enterprise Solution and Services (Digital Transformation)

Revenue from Enterprise Solution and Services considered the main income of the Group accounted for 62.82%, 65.45% and 76.24% of revenue from sales and services income in 2020-2022, respectively. Revenue from Enterprise Solution and Services was Baht 3,252.11 million in 2020, Baht 3,232.41 million in 2021 and Baht 3,607.23 million in 2022.

For the year 2022, the Group's revenue from Enterprise Solution and Services amounted to Baht 3,607.23 million representing a growth rate of 11.60%, which was the result of the growth from major solutions especially in the Cloud and Data Center Modernization, Data and Analytics, and Digital Business and Application solutions for financial and telecommunication business.

(2) Revenue from Value-added Distribution

Revenue from Value-added Distribution has been appointed as authorized distributors. Two of which are currently Oracle and Veritas. In 2020-2022, the Group had revenue from this Group in the amount of Baht 1,882.98 million, Baht 1,645.39 million and Baht 1,051.57 million accounting for 36.38%, 33.31% and 22.23% of sales and service income in 2020-2022, respectively. According to the discontinuing of being a reseller of an office software product in October 2021, which is in accordance with the business plan of the Group to focus solutions with higher margins. In the year 2022, the Group's revenue from Value-added Distribution decreased by 36.09% from the previous year.

(3) Revenue from Software Platform

Revenue from Software Platform generated from products developed by the Group's subsidiaries, BLD, INSE and MVG. In 2020-2022, the Software Platform's revenue had in the amount of Baht 41.53 million, Baht 61.27 million and Baht 72.54 million, representing 0.80 percent, 1.24 percent and 1.53 percent of total sales and service income, respectively. In 2020, the revenue from Software Platform increased by 18.39% as INSE expands its Chatbot service to educational institutions. In addition, the business sector began to have more marketing activities after the COVID-19 epidemic situation in the country. This supports the growth of INSE, including the fact that MVG's platform has been well received by real estate customers.

Costs and Expenses

The Group's costs and expenses consist of cost of sales and services, selling and distribution expenses, administrative expenses, financial cost and other expenses. In 2020-2022, the Group had total expenses of Baht 5,012.49 million, Baht 4,687.10 million, and Baht 4,447.84 million, representing 96.04%, 93.87%, and 93.02% of total revenue, respectively.

Cost of Sales and Services and Gross Profit Margin

Cost of sales and services is considered the main expense of the Group. In 2020-2022, the Group had cost of sales and services amounting to Baht 4,230.95 million, Baht 3,999.39 million and Baht 3,728.10 million, respectively. There are costs of developing and installing solutions such as software and equipment costs and related service fees, etc., representing 82.19%, 81.27% and 77.44% of the cost of sales and services in 2020-2022, respectively.

Considering the cost of sales and services compared to revenue from sales and services in 2020-2022, the Group had such ratios of 81.73%, 80.97% and 78.80% respectively, representing a gross profit margin of 18.27%, 19.03% and 21.20% of the Group as a result of the Group discontinued the reseller of the office software product in October 2021 according to the business plan of the Group focusing solutions with higher margins.

Selling and Distribution Expenses

The Group had sales and distribution expenses of Baht 294.80 million in 2020, Baht 288.71 million in 2021 and Baht 326.75 million in 2022, accounting for 5.69%, 5.85% and 6.91% of sales and service income, respectively which the main selling and distribution expenses are personnel expenses and marketing expenses. In 2022, the Group had marketing expenses increased as a result of the easing of the COVID-19 situation and the Group organized marketing and public relations activities to promote the image and brand of the group.

Administrative and Other expenses

In 2022, the Group had administrative and other expenses in the amount of Baht 385.15 million, accounting for 8.05% of total revenue, which was close to the year 2021. In 2022, the Group had these major expenses which were employee expenses of Baht 214.67 million, property expenses of Baht 103.96 million, and operating expenses of Baht 60.27 million.

Finance Cost

In 2020-2022, the company had finance costs of Baht 6.51 million, Baht 5.22 million, and Baht 7.85 million, respectively, mainly from the interest paid under the lease agreement. There are loans from financial institutions in 2022 for working capital and as a source of funds for dividend payments.

Net Profit

In 2020-2022, the Group had a net profit of Baht 165.92 million, Baht 244.84 million and Baht 268.16 million, representing a net profit margin of 3.18%, 4.90% and 5.61%, respectively.

Statements of Financial Position

Assets

At the end of 2020-2022, the Group has total assets of Baht 4,197.05 million, Baht 4,012.11 million, and Baht 4,036.73 million, respectively. The important assets of the Group are cash and cash equivalents, trade and other receivables, unbilled receivables and prepayments for service costs and others. At the end of 2022, the proportion of such important assets was 15.36%, 24.39%, 17.82% and 25.50%, respectively.

The Group had trade and other receivables of Baht 784.23 million, Baht 689.62 million and Baht 984.36 million, representing 18.70%, 17.22% and 24.49% of total assets at the end of 2020-2022, respectively. The period of repayment to customers (Credit Term) is approximately 30-90 days.

At the end of 2020-2022, the Group had prepayments for service costs and others of Baht 1,069.61 million, Baht 1,069.23 million, and Baht 1,200.75 million, representing 25.48%, 26.65%, and 29.75% of total assets, respectively. Prepayments for service costs and others consist of the cost of work during installation which is the cost of the project that the Group is in the process of developing and installing solutions for customers and prepaid service costs, including prepaid maintenance work and the right to access prepaid software, etc.

Liabilities

At the end of 2020-2022, the Group had total liabilities of Baht 2,190.62 million, Baht 2,308.32 million and Baht 2,896.66 million, respectively. Most of the liabilities are current liabilities which accounted for 87.99%, 89.87% and 90.75% of total liabilities, respectively. Most of the liabilities include trade and other payables, unearned revenues and short-term loans from financial institutions.



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The Group had unearned revenues from providing services that will be gradually recognized throughout the life of service contracts, such as maintenance service contracts and software access rights (SaaS) contracts. At the end of 2020-2022, the Group received unearned income of Baht 1,174.16 million, Baht 1,164.82 million and Baht 1,018.89 million, representing 53.60%, 50.46%, and 35.17% of total liabilities, respectively.

At the end of 2022, the Group had short-term loans from financial institutions amounting to Baht 678.00 million for working capital and the source of funds for dividend payments.

The Group's Interest-Bearing Debt to Equity ratio at the end of 2022 was 0.59 times, remain low level.

Shareholders' equity

As of the end of 2022, the group had shareholders' equity of Baht 1,140.07 million. The group's return on equity ratio in 2022 was 18.80%, an increase from the previous year's 13.30%.

Sincerely yours,

(Dr. Chaiyuth Chunnahacha)

Chief Executive Officer