

15 May 2023

Subject Management Discussion and Analysis for the 1st quarter ended 31 March 2023

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 1st quarter ended 31 March 2023 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 the 1Q2023, the Group reported total revenues of Baht 1,137.74 million, an increase by 6.12% compared to 1Q2022. The main reason was from an increase in revenue from Enterprise Solution and Services Business and revenue from Software Platform Business which resulting to gross profit margin of 19.41%, an increase from 1Q2022 of which a gross profit margin of 16.47%. This was in accordance with the business plan of the Group to focus on solutions with higher gross profit margins. The Group performance for 1Q2023 were describe as details below:

| Revenues | Q1/2022 | | Q1/2023 | |
|--------------------------|-----------------|---------------|-----------------|---------------|
| | Million Baht | % | Million Baht | % |
| Sales and Service Income | 1,065.63 | 99.39 | 1,135.18 | 99.77 |
| Other Incomes* | 6.53 | 0.61 | 2.56 | 0.23 |
| Total Revenues | 1,072.16 | 100.00 | 1,137.74 | 100.00 |

Remark: * Other incomes consisted of other incomes and finance incomes.

Sales and Service Income

In the 1Q2023, the Group reported sales and service income of Baht 1,135.18 million, an increase by 6.53% compared to 1Q2022, which resulting from growth in revenue from Enterprise Solution and Services (Digital Transformation) Business and revenue from Software Platform Business. 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 | Q1/2022 | | Q1/2023 | | |
|----------------------------------------------------------------------------|-----------------|---------------|-----------------|---------------|-------------|
| | Million Baht | % | Million Baht | % | Growth (%) |
| (1) Revenue from Enterprise Solution and Services (Digital Transformation) | 803.47 | 75.40 | 852.11 | 75.06 | 6.05 |
| (2) Revenue from Value-added Distribution | 248.80 | 23.35 | 255.94 | 22.55 | 2.87 |
| (3) Revenue from Software Platform | 13.36 | 1.25 | 27.12 | 2.39 | 102.99 |
| Total Sales and Service Income | 1,065.63 | 100.00 | 1,135.18 | 100.00 | 6.53 |

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

Revenue from Enterprise Solution and Services considered the main income of the Group accounted for 75.06% in the 1Q2023. The Group's revenue from Enterprise Solution and Services was amounted to Baht 852.11 million representing a growth rate of 6.05%, which resulting to growth from major solutions especially in the Cloud and Data Center Modernization, Data and Analytics, Digital Business and Application and Managed Tech Services for financial sector and service sector 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 the 1Q2023, the Group reported revenue from this Group in the amounting to Baht 255.94 million, representing 22.55% of total sales and service income. The Group's revenue from Value-added Distribution increased by 2.87% from 1Q2022.

(3) Revenue from Software Platform

Revenue from Software Platform generated from products developed by the Group's subsidiaries, i.e. BLD, INSE and MVG. In the 1Q2023, the Software Platform's revenue was Baht 27.12 million, representing 2.39% of total sales and service income. The revenue from Software Platform increased by 102.99% from 1Q2022 as BLD's continuous growth especially in telecommunication sector. In addition, the business sector began to have more marketing activities after the COVID-19 epidemic situation in the country which this supports the growth of INSE, including the fact that MVG's platform has been well accepted 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 the 1Q2023, the Group reported total expenses of Baht 1,105.12 million, representing 97.13% of total revenue.

Cost of Sales and Services and Gross Profit Margin

Cost of sales and services is considered the main expense of the Group. In the 1Q2023, the Group reported cost of sales and services amounting to Baht 914.80 million. Major cost of sales consisted of developing and installing solutions such as software and equipment costs and related service fees, etc.

Considering the cost of sales and services compared to revenue from sales and services in 1Q2023, the Group had such ratios of 80.59% representing a gross profit margin of 19.41%, an increase from 1Q2022 of which a gross profit margin of 16.47% which mainly due to the increase in revenue from Enterprise Solution and Services and revenue from Software Platform Business.

Selling and Distribution Expenses

The Group reported sales and distribution expenses of Baht 86.37 million in the 1Q2023, representing 7.59% of total revenue, which mainly consisted of personnel expenses and marketing expenses. The increasing in marketing expenses were from the easing of the COVID-19 situation and more organized marketing and public relations activities to promote the image and brand of the group.

Administrative and Other expenses

The Group reported administrative and other expenses of Baht 98.19 million in the 1Q2023, representing 8.63% of total revenue which mainly consisted of employee expenses of Baht 53.03 million, property expenses of Baht 26.87 million, and other operating expenses of Baht 15.13 million.

Finance Cost

In the 1Q2023, the Group reported finance costs of Baht 5.76 million, an increase by Baht 4.80 million, mainly from loans from financial institutions for working capital and as a source of funds for dividend payments.

Net Profit

In the 1Q2023, the Group had a net profit of Baht 24.69 million, an increase by 18.00% from 1Q2022, representing a net profit margin of 2.17%. Normally the first quarter has the lowest net profit margin and will increase and has the highest net profit margin in the last quarter of the year (Referring to financial information in 2022).

Statements of Financial Position

Assets

At the end of the 1Q2023, the Group reported total assets of Baht 3,643.36 million. The major assets are cash and cash equivalents, trade and other receivables, unbilled receivables and prepayments for service costs and others which represent 13.83%, 15.65%, 20.74% and 34.64%, respectively. Prepayments for service costs and others consist of the cost of work under installation which is the cost of the project that the Group is in the process of developing and installing solutions for customers and prepayment for service costs such as prepayment for maintenance cost and a right to access software license, etc.

Liabilities

At the end of the 1Q2023, the Group reported total liabilities of Baht 2,777.86 million. Most of the liabilities are current liabilities which representing 90.34% of total liabilities. Most of the liabilities include trade and other payables, unearned revenues, and loans from financial institutions.

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 1Q2023, the Group had unearned income of Baht 1,057.98 million, representing 38.09% of total liabilities.

At the end of the 1Q2023, the Group had short-term loans from financial institutions amounting to Baht 488.00 million which used for working capital and the source of funds for dividend payments.

The Group's Interest-Bearing Debt to Equity ratio at the end of the 1Q2023 was 0.56 times, which remains in low level.

Shareholders' equity

As of the end of the 1Q2023, the Group had shareholders' equity of Baht 865.51 million, a decrease from the year of 2022 from dividend payment. The Group's return on equity ratio in the 1Q2023 was 20.93%, compared to 1Q2022 of 12.79%.

Sincerely yours,

(Dr. Chaiyuth Chunnahacha)

Chief Executive Officer