

10 August 2023

Subject Management Discussion and Analysis for the 2nd quarter ended 30 June 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 2nd quarter ended 30 June 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 2Q2023, the Group reported total revenues of Baht 1,231.76 million, an increase by 5.72% compared to 2Q2022. 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 20.88%, an increase from 2Q2022 of which a gross profit margin of 19.79%. This was in accordance with the business plan of the Group to focus on solutions with higher gross profit margins. In the first 6 months of 2023, total revenues reported Baht 2,369.50 million, an increase by 5.91% from the same period last year. The Group performance were described as details below:

Revenues	Q2/2022		Q2/2023	
	Million Baht	%	Million Baht	%
Sales and Service Income	1,147.19	98.46	1,223.17	99.30
Other Incomes*	17.95	1.54	8.59	0.70
Total Revenues	1,165.13	100.00	1,231.76	100.00

Revenues	6M/2022		6M/2023	
	Million Baht	%	Million Baht	%
Sales and Service Income	2,212.82	98.91	2,358.35	99.53
Other Incomes*	24.48	1.09	11.15	0.47
Total Revenues	2,237.30	100.00	2,369.50	100.00

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

Sales and Service Income

In the 2Q2023, the Group reported sales and service income of Baht 1,223.17 million, an increase by 6.62% compared to 2Q2022, which resulting from growth in revenue from Enterprise Solution and Services (Digital Transformation) Business and revenue from Software Platform Business, the same direction with 6M2023, sales and service income was Baht 2,358.35 million, an increase by 6.58% compared to 6M2022. The Group's sales and service income 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	Q2/2022		Q2/2023		
	Million Baht	%	Million Baht	%	Growth (%)
(1) Revenue from Enterprise Solution and Services (Digital Transformation)	854.84	74.52	911.55	74.52	6.63
(2) Revenue from Value-added Distribution	276.49	24.10	281.83	23.04	1.93
(3) Revenue from Software Platform	15.85	1.38	29.80	2.44	87.92
Total Sales and Service Income	1,147.19	100.00	1,223.17	100.00	6.62

Revenue Type	6M/2022		6M/2023		
	Million Baht	%	Million Baht	%	Growth (%)
(1) Revenue from Enterprise Solution and Services (Digital Transformation)	1,658.31	74.94	1,763.65	74.78	6.35
(2) Revenue from Value-added Distribution	525.29	23.74	537.77	22.80	2.38
(3) Revenue from Software Platform	29.22	1.32	56.92	2.41	94.80
Total Sales and Service Income	2,212.82	100.00	2,358.35	100.00	6.58

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

Revenue from Enterprise Solution and Services considered the main income of the Group accounted for 74.52% in the 2Q2023. The Group's revenue from Enterprise Solution and Services was amounted to Baht 911.55 million representing a growth rate of 6.63%, which resulting to growth from major solutions especially in the Cyber Security Solution, Digital Business and Application and Managed Tech Services. In 6M2023, the revenue from Enterprise Solution and Services was Baht 1,763.65 million, an increase by 6.35% from the same period last year.

(2) Revenue from Value-added Distribution

Revenue from Value-added Distribution has been appointed as authorized distributors. In 2Q2023, the Group reported revenue from this Group in the amounting to Baht 281.83 million, representing 23.04% of total sales and service income. The Group's revenue from Value-added Distribution increased by 1.93% from 2Q2022. In 6M2023, the revenue from Value-added Distribution was Baht 537.77 million, an increase by 2.38% from the same period last year.

(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 2Q2023, the Software Platform's revenue was Baht 29.80 million, representing 2.44% of total sales and service income. The revenue from Software Platform increased by 87.92% from 2Q2022. In 6M2023, the Software Platform's revenue was Baht 56.92 million, an increase by 94.80% from the same period last year, 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. In addition, the Group has developed new software platforms, continually to drive the revenue of the Group to grow in the long term.

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 2Q2023, the Group reported total expenses of Baht 1,171.66 million, representing 95.12% 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 2Q2023, the Group reported cost of sales and services amounting to Baht 967.81 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 2Q2023, the Group had such ratios of 79.12% representing a gross profit margin of 20.88%, an increase from 2Q2022 of which a gross profit margin of 19.79% which mainly due to the increase in revenue from Enterprise Solution and Services and revenue from Software Platform Business. In 6M2023, the Group's gross profit margin was 20.17%, an increase from 6M2022 which reported gross profit margin of 18.19%.

Selling and Distribution Expenses

The Group reported sales and distribution expenses of Baht 86.83 million in 2Q2023, representing 7.05% 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. In 6M2023, the Group's sales and distribution expenses amounted to Baht 173.20 million, accounting for 7.31% of total revenue.

Administrative and Other expenses

The Group reported administrative and other expenses of Baht 98.45 million in 2Q2023, representing 7.99% of total revenue which mainly consisted of employee expenses of Baht 58.91 million, property expenses of Baht 28.99 million, and other operating expenses of Baht 13.89 million. In 6M2023, the Group's administrative and other expenses amounted to Baht 196.64 million, accounting for 8.30% of total revenue.

Finance Cost

In 2Q2023, the Group reported finance cost of Baht 5.13 million, an increase by Baht 4.10 million, mainly from loans from financial institutions for the Group's working capital. In 6M2023, the Group's finance cost amounted to Baht 10.89 million.

Net Profit

In 2Q2023, the Group had a net profit of Baht 60.10 million, an increase by 143.42% from the first quarter of the year and similar to the same period last year, representing a net profit margin of 4.88%. However, excluding the cost of image promotion and marketing related to the initial public offering of the Company's ordinary shares in the Stock Exchange of Thailand amounting to Baht 3.60 million, the Group's net profit will report of Baht 63.70 million, an increase by 158.00% from the first quarter of 2023 and increased by 6.03% from the same quarter of the previous year with a net profit margin of 5.17%. For the first 6 months of 2023, the Group had a net profit of Baht 84.79 million, an increase by 4.68% from the same period last year.

Statements of Financial Position

Assets

At the end of 2Q2023, the Group reported total assets of Baht 4,822.69 million. The major assets are unbilled receivables, cash and cash equivalents, trade and other receivables, and prepayments for service costs and others which represent 15.35%, 21.03%, 21.55% and 31.19%, 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 2Q2023, the Group reported total liabilities of Baht 2,801.33 million. Most of the liabilities are current liabilities which representing 90.46% 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 2Q2023, the Group had unearned revenues of Baht 1,364.07 million, representing 48.69% of total liabilities.

At the end of 2Q2023, the Group had short-term loans from financial institutions amounting to Baht 280.00 million, a decrease from the end of 2022 at Baht 678 million.

The Group's Interest-Bearing Debt to Equity ratio at the end of the 2Q2023 was 0.14 times, lowered from the end of first quarter of the year at 0.56 times and decreased from the end of the year of 2022 at 0.59 times which remains in low level. As a result, the Group has the ability to support a high level of business expansion both the horizontal and vertical value chain.

Shareholders' equity

As of the end of 2Q2023, the Group had shareholders' equity of Baht 2,021.36 million, an increase from the year of 2022 at Baht 1,140.07 million, mainly from the funding from the initial public offering in the Stock Exchange of Thailand to support the Group's business expansion.

Sincerely yours,

(Dr. Chaiyuth Chunnahacha)

Chief Executive Officer