

14 November 2023

Subject Management Discussion and Analysis for the 3rd quarter ended 30 September 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 3rd quarter ended 30 September 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

Although there was uncertainty and fluctuation in the market, the Group reported total revenues of Baht 1,345.64 million in 3Q2023, an increase by 10.02% compared to 3Q2022. The main reason was from an increase in revenue from all businesses including revenue from Enterprise Solution and Services, revenue from Value-added Distribution and revenue from Software Platform. The gross profit margin was 20.48%, similar to the same period last year. In the first 9 months of 2023, total revenues reported Baht 3,715.14 million, an increase by 7.36% from the same period last year. Revenues from the Group were described as details below:

Revenues	Q3/2022		Q3/2023	
	Million Baht	%	Million Baht	%
Sales and Service Income	1,207.38	98.71	1,341.67	99.71
Other Incomes*	15.72	1.29	3.97	0.29
Total Revenues	1,223.10	100.00	1,345.64	100.00

Revenues	9M/2022		9M/2023	
	Million Baht	%	Million Baht	%
Sales and Service Income	3,420.20	98.84	3,700.02	99.59
Other Incomes*	40.20	1.16	15.12	0.41
Total Revenues	3,460.40	100.00	3,715.14	100.00

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

Sales and Service Income

In the 3Q2023, the Group reported sales and service income of Baht 1,341.67 million, an increase by 11.12% compared to 3Q2022, which resulting from growth in revenue from all businesses including revenue from Enterprise Solution and Services (Digital Transformation), revenue from Value-added Distribution and revenue from Software Platform. In consistence with 9M2023, sales and service income reported Baht 3,700.02 million, an increase by 8.18% compared to 9M2022. 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	Q3/2022		Q3/2023		
	Million Baht	%	Million Baht	%	Growth (%)
(1) Revenue from Enterprise Solution and Services (Digital Transformation)	932.77	77.26	949.18	70.75	1.76
(2) Revenue from Value-added Distribution	253.83	21.02	360.34	26.86	41.96
(3) Revenue from Software Platform	20.78	1.72	32.15	2.39	54.72
Total Sales and Service Income	1,207.38	100.00	1,341.67	100.00	11.12

Revenue Type	9M/2022		9M/2023		
	Million Baht	%	Million Baht	%	Growth (%)
(1) Revenue from Enterprise Solution and Services (Digital Transformation)	2,591.08	75.76	2,714.08	73.35	4.75
(2) Revenue from Value-added Distribution	779.12	22.78	897.62	24.26	15.21
(3) Revenue from Software Platform	50.00	1.46	88.32	2.39	76.64
Total Sales and Service Income	3,420.20	100.00	3,700.02	100.00	8.18

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

Revenue from Enterprise Solution and Services considered the main income of the Group accounted for 70.75% in the 3Q2023. The Group's revenue from Enterprise Solution and Services was amounted to Baht 949.18 million representing a growth rate of 1.76%. In the first 9 months of 2023, the revenue from Enterprise Solution and Services was Baht 2,714.08 million, an increase by 4.75% from the same period last year.

(2) Revenue from Value-added Distribution

Revenue from Value-added Distribution has been appointed as authorized distributors. In 3Q2023, the Group reported revenue from this Group in the amounting to Baht 360.34 million, representing 26.86% of total sales and service income. The Group's revenue from Value-added Distribution increased by 41.96% from 3Q2022. In the first 9 months of 2023, the revenue from Value-added Distribution was Baht 897.62 million, an increase by 15.21% 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 3Q2023, the Software Platform's revenue was Baht 32.15 million, representing 2.39% of total sales and service income. The revenue from Software Platform increased by 54.72% from 3Q2022. In the first 9 months of 2023, the Software Platform's revenue was Baht 88.32 million, an increase by 76.64% from the same period last year, as BLD's continuous growth especially in telecommunication sector and expanding customer base to other sectors. 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 3Q2023, the Group reported total expenses of Baht 1,262.49 million, representing 93.82% 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 3Q2023, the Group reported cost of sales and services amounting to Baht 1,066.87 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 3Q2023, the Group had such ratios of 79.52% representing a gross profit margin of 20.48% similar to the same quarter last year. In the first 9 months of 2023, the Group's gross profit margin was 20.29%, an increase from 9M2022 which reported gross profit margin of 19.02%.

Selling and Distribution Expenses

The Group reported sales and distribution expenses of Baht 93.84 million in 3Q2023, representing 6.97% 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 the first 9 months of 2023, the Group's sales and distribution expenses amounted to Baht 267.04 million, accounting for 7.19% of total revenue.

Administrative and Other expenses

The Group reported administrative and other expenses of Baht 99.42 million in 3Q2023, representing 7.39% of total revenue which mainly consisted of employee expenses of Baht 57.21 million, property expenses of Baht 27.18 million, and other operating expenses of Baht 14.30 million. In the first 9 months of 2023, the Group's administrative and other expenses amounted to Baht 296.06 million, accounting for 7.97% of total revenue.

Finance Cost

In 3Q2023, the Group reported finance cost of Baht 2.36 million, a decrease by Baht 2.76 million, mainly from loan payment to financial institutions. In the first 9 months of 2023, the Group's finance cost amounted to Baht 13.25 million.

Net Profit

In 3Q2023, the Group had a net profit of Baht 66.71 million, an increase by 11.75% from the same period last year and the growth of 10.99% from last quarter, representing a net profit margin of 4.96%. In the first 9 months of 2023, the Group had a net profit of Baht 151.50 million, an increase by 7.68% from the same period last year.

Statements of Financial Position

Assets

At the end of 3Q2023, the Group reported total assets of Baht 4,592.82 million. The major assets are prepayments for service costs and others, cash and cash equivalents, trade and other receivables and unbilled receivables which represent 31.04%, 22.30%, 17.40% and 17.23%, 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

The Group reported total liabilities of Baht 2,503.83 million at the end of 3Q2023, which decreased from the end of 2022 when it was reported at Baht 2,896.66 million. Most of the liabilities are current liabilities which representing 89.37% of total liabilities. Most of the liabilities include unearned revenues, trade and other payables.

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 3Q2023, the Group had unearned revenues of Baht 1,409.82 million, representing 56.31% of total liabilities.

At the end of 3Q2023, the Group had short-term loans from financial institutions amounting to Baht 25 million, which decreased from the end of 2022 when they had loans amounting to Baht 678 million.

The Group had an Interest-Bearing Debt to Equity ratio of 0.01 at the end of 3Q2023, which decreased from the end of 2Q2023 when it was at a ratio of 0.14, and from the end of the year 2022 when it was at a ratio of 0.59. As a result of having a low Interest-Bearing Debt to Equity ratio, the Group has the ability to support business expansion at a high level, covering the entire value chain, both in breadth and depth.

Shareholders' equity

As of the end of 3Q2023, the Group had shareholders' equity of Baht 2,088.99 million, an increase from the year ended 2022 when the shareholders' equity was 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