

21 February 2024

Subject Management Discussion and Analysis for the year ended 31 December 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 year ended 31 December 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 economic fluctuation in the past, the Group reported all-time high total revenues of Baht 5,358.17 million in 2023, an increase by 12.06% compared to 2022. 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 reported Baht 1,099.48 million, an increase by 9.59% from the last year. The gross profit margin was 20.60%, similar to the same period last year. Revenues from the Group were described as details below:

Revenues	Year 2022		Year 2023	
	Million Baht	%	Million Baht	%
Sales and Service Income	4,731.34	98.95	5,337.99	99.62
Other Incomes*	50.24	1.05	20.18	0.38
Total Revenues	4,781.58	100.00	5,358.17	100.00

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

Sales and Service Income

In the year of 2023, the Group reported sales and service income of Baht 5,337.99 million, an increase by 12.82% from the last year, 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. 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	Year 2022		Year 2023		
	Million Baht	%	Million Baht	%	Growth (%)
(1) Revenue from Enterprise Solution and Services (Digital Transformation)	3,607.23	76.24	3,969.22	74.36	10.04
(2) Revenue from Value-added Distribution	1,051.56	22.23	1,244.66	23.32	18.36
(3) Revenue from Software Platform	72.55	1.53	124.11	2.32	71.07
Total Sales and Service Income	4,731.34	100.00	5,337.99	100.00	12.82

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

Revenue from Enterprise Solution and Services considered the main income of the Group accounted for 74.36% in the year of 2023. The Group's revenue from Enterprise Solution and Services was amounted to Baht 3,969.22 million representing a growth rate of 10.04%.

(2) Revenue from Value-added Distribution

Revenue from Value-added Distribution has been appointed as authorized distributors. In the year of 2023, the Group reported revenue from this Group in the amounting to Baht 1,244.66 million, representing 23.32% of total sales and service income. The Group's revenue from Value-added Distribution increased by 18.36% from the previous 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 the year of 2023, the Software Platform's revenue was Baht 124.11 million, representing 2.32% of total sales and service income. The revenue from Software Platform increased by 71.07% from the previous year, as BLD's continuous growth especially in telecommunication sector and expanding customer base to other sectors. In addition, the business sector continued to have more marketing activities with good response and well-known platform from customers which support the growth of INSE, including the fact that MVG's platform has been well accepted by real estate customers, 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 year of 2023, the Group reported total expenses of Baht 5,040.96 million, representing 94.08% 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 year of 2023, the Group reported cost of sales and services amounting to Baht 4,238.51 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 the year of 2023, the Group had the ratio of 79.40% representing a gross profit margin of 20.60% similar to last year.

Selling and Distribution Expenses

The Group reported sales and distribution expenses of Baht 390.67 million in 2023, representing 7.29% 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 addition, the Group had expenses that support sales and was successful in having Backlog at a record high of more than Baht 4,500 million and an increase of 16% from the third quarter of 2023, supporting future revenue recognition.

Administrative and Other expenses

The Group reported administrative and other expenses of Baht 397.11 million in 2023, representing 7.41% of total revenue which mainly consisted of employee expenses of Baht 224.92 million, property expenses of Baht 111.35 million, and other operating expenses of Baht 61.31 million. In addition, the Group has been aware of duties and responsibilities towards the environment and is committed to raising the level of efficient environmental management covering operational activities or providing various services. The Group has promoted and created awareness among all employees to consider the efficient use of energy and set goals in terms of reducing electricity and water use and joining the Care the bear project. In 2023, the company has started using it to organize activities with employees, including Townhall activities, operating results, business directions, as well as participation and organizational commitment of employees including investor relations activities cover IPO Roadshow activities, Opportunity Day activities, and Analyst Meeting activities, with a total carbon footprint reduced from organizing activities of 851.81 kilograms of carbon dioxide equivalent (kgCO₂e), which is equivalent to absorb carbon dioxide from 95 trees per year by reducing the use of paper and plastic. refraining from using foam, using decorative materials that can be recycled and reducing food waste, etc.

Finance Cost

In the year of 2023, the Group reported finance cost of Baht 14.66 million having a low Interest-Bearing Debt to Equity ratio at 0.02 times.

Net Profit

In 2023, the Group had a net profit of Baht 252.95 million, a decrease by 5.67% from last year, representing a net profit margin of 4.72%, a decrease from 5.61% in the previous year. However, excluding expenses for image promotion and marketing related to the initial public offering of common shares on the Stock Exchange of Thailand and other incomes, the Group will have profits from operations and net profit increased from the previous year.

Statements of Financial Position

Assets

At the end of 2023, the Group reported total assets of Baht 5,569.05 million. The major assets are prepayments for service costs and others, cash and cash equivalents, trade and other receivables and unbilled receivables which represent 28.54%, 24.02%, 24.01% and 13.24%, 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 3,382.92 million at the end of 2023, which increased from the end of 2022 when it was reported at Baht 2,896.66 million. Most of the liabilities are current liabilities which representing 92.04% of total 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 2023, the Group had unearned revenues of Baht 1,592.24 million, representing 47.07% of total liabilities.

At the end of 2023, the Group had short-term loans from financial institutions amounting to Baht 42.50 million, which decreased from the end of 2022 when they had loans amounting to Baht 678.00 million.

The Group had an Interest-Bearing Debt to Equity ratio of 0.02 at the end of 2023, which decreased 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 2023, the Group had shareholders' equity of Baht 2,186.12 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