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Reference 010/2023 (2566)

Subject Management Discussion and Analysis of the Financial Performance for the six-month period ended 30 June 2023

Attention President

The Stock Exchange of Thailand

PRTR Group Public Company Limited and its subsidiaries (“PRTR” or the “Company”) would like to report on our financial performance for the six-month period ended 30 June 2023, with total revenues of Baht 3,082.4 million and net profit of Baht 96.5 million. The details of significant changes are as follow:

Financial Performance

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	For the period ended					
	30-Jun-22		30-Jun-23		Change	
	Million THB	% Revenue	Million THB	%Revenue	Million THB	%
REVENUES						
Revenue from rendering of services	2,960.7	99.9%	3,075.9	99.8%	115.2	3.9%
Other income	1.9	0.1%	6.5	0.2%	4.6	242.1%
Total Revenues	2,962.6	100.0%	3,082.4	100.0%	119.8	4.0%
EXPENSES						
Cost of rendering of services	2,644.0	89.2%	2,762.2	89.6%	118.2	4.5%
Administrative expenses	185.6	6.3%	204.0	6.6%	18.4	9.9%
Total Expenses	2,829.6	95.5%	2,966.2	96.2%	136.6	4.8%
Profit before finance costs and income tax	133.0	4.5%	116.2	3.8%	(16.8)	(12.6%)
Finance costs	10.4	0.4%	7.0	0.2%	(3.4)	(32.7%)
Profit Before Income Tax Expense	122.6	4.1%	109.2	3.5%	(13.4)	(10.9%)
Income tax expense	26.1	0.9%	12.7	0.4%	(13.4)	(51.3%)
Net Profit For the Year	96.5	3.3%	96.5	3.1%	-	0%
PROFIT ATTRIBUTABLE TO						
Owners of the parent	96.5	3.3%	100.5	3.3%	4.0	4.1%
Non-controlling interests	(0.0)	(0.0%)	(4.0)	(0.1%)	(4.0)	81,850.4%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO						
NET PROFIT FOR THE YEAR	96.5	3.3%	100.5	3.3%	4.0	4.1%
Other comprehensive income for the year - net of tax	(0.0)	(0.0%)	(4.0)	(0.1%)	(4.0)	81,850.4%
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	96.5	3.3%	96.5	3.1%	0.0	0.0%

Total Revenues

Total Revenues, including service revenue and other income for the six-month period ended 30 June 2022 and 2023, The Company's total revenue was Baht 2,962.6 million and Baht 3,082.4 million, respectively, increased by Baht 119.8 million or 4.0%.

Revenue from rendering of services

For the six-month period ended 30 June 2022 and 2023, The Company's revenue from rendering of services were Baht 2,960.7 million and 3,075.9 million, respectively, increased by Baht 115.2 million or 3.9% due to continuing growth in core services, both outsourcing service and recruitment service, as well as new service, Integrated Learning Service and during Quarter 2, the Company generate revenue from new service, HRIS Platform, which is a payroll software service to complement PRTR as the Total HR Solution that meet to be a one-stop service and cover recruitment in various industries and capability to recruit all levels of staff positions for clients.

Revenue by service segment is as follows:

Revenue by services	For the period ended					
	31-Mar-22		31-Mar-23		Change	
	Million THB	%	Million THB	%	Million THB	%
Revenue from rendering of services - outsource	2,834.7	95.7%	2,933.4	95.2%	98.7	3.5%
Revenue from rendering of services - recruitment	122.6	4.1%	130.1	4.2%	7.5	6.1%
Revenue from rendering of services - Integrated learning Service *	3.3	0.1%	6.4	0.2%	3.1	95.2%
Revenue from rendering of services - Online Job Platform **	-	-	1.0	0.0%	1.0	100.0%
Revenue from rendering of services - HRIS Platform ***	-	-	4.9	0.2%	4.9	100.0%
Other Revenue	1.9	0.1%	6.5	0.2%	4.6	241.6%
Total Revenues from rendering of services	2,962.6	100.0%	3,082.4	100.0%	119.8	4.0%

* Commencing to generate revenue in late 2021

** Commencing to generate revenue in Q4/2022

*** Commencing to generate revenue in Q2/2023

(1) Revenue from outsourcing services

For the six-month period ended 30 June 2022 and 2023, the Company generated revenue from outsourcing service of Baht 2,834.7 million and Baht 2,933.4 million, respectively, increased by Baht 98.7 million or 3.5%. The Company's growth come from new customers in retail and wholesale of consumer products business, consumer electronics/mobile gadgets business and construction materials business, which grow continuously including bonus payment and as of Quarter 2 company has total outsource staff at 16,496 staffs

(2) Revenue from recruitment services

For the six-month period ended 30 June 2022 and 2023, the Company generated revenue from recruitment service of Baht 122.6 million and 130.1 million, respectively, increasing Baht 7.5 million or 6.1% from the demand for staff continued and increased in revenue from new customers. In Quarter 2, The Company has recruit candidates more than 600 positions to our customers.

Platform services consist of (3) integrated learning service that provides service through online and offline channels, (4) online job platform and (5) HRIS platform. These platforms are in the first phase of business development. For the six-month period ended 30 June 2022 and 2023, the Company generate revenue from integrated learning service of Baht 3.3 million and Baht 6.4 million, respectively, increased by Baht 3.1 million or 95.2% and generate revenue from new HRIS platform service of Baht 4.9 million.

Cost of Services

For the six-month period ended 30 June 2022 and 2023, The Company had cost of services of Baht 2,664.0 million and Baht 2,762.2 million, respectively, increasing by Baht 118.2 million or 4.5%, mainly due to following:

(1) cost of outsourcing service was Baht 2,704.3 million, increasing Baht 101.5 million or 3.9%. The increase was attributed to increase in salary, wage and overtime expenses from number of outsourcing staff for sale service of new customers and increase in salaries and related benefits of some groups of outsourcing staff such as officers and factory workers. Including with raising up of commission and incentive expense attributable to PC staffs from the same period in 2022, following improvement in consumer spending in the first half of the year 2023. As a result, the revenue was growing in line with such an increase in the cost.

(2) cost of recruitment service was Baht 50.5 million, increasing Baht 10.9 million or 27.4%, derived from rising PRTR recruiting new staff to strengthen capacity of recruitment team for support the expansion of recruitment service.

Gross Profit Margin

For the six-month period ended 30 June 2022 and 2023, The Company had a gross profit of Baht 316.7 million and Baht 313.7 million, respectively, and gross profit margin of 10.7% and 10.2%, respectively, slightly decreasing by mainly factor from (1) Rising in variable income of employee, while service fee of variable income slightly lower from service fee generated from the fixed income of outsource staff (2) Reduction of the employer's social security contribution rate in the second quarter of 2022 and (3) Rising PRTR recruiting new staff to strengthen capacity of recruitment team for support the expansion of recruitment service.

Administrative Expenses

For the six-month period ended 30 June 2022 and 2023, Administrative expenses were Baht 185.6 million and Baht 204.0 million, respectively, increasing Baht 18.4 million or 9.9%. Mainly due to (1) Increasing in administrative expenses for support in new HRIS platform service (2) Increasing number of HR client services staff and recruiter to support capability to supply services for PRTR customers, including with related expense such as Software license for rendering of services. (3) Expenses for the issuance and initial public offering of securities (IPO) such as roadshow, advertised, consultant fee, legal fee and others fee for one-time payment.

Financial Costs

Financial costs were Baht 7.0 million, decreasing Baht 3.4 million from the second quarter of 2022, in line with the decrease in interest expense from a financial institution and during the six-month period ended 30 June 2023, the Company had fully repayment for short-term borrowings from a financial institution.

Income Tax Expense

Income tax expense (Unit : Million Baht)	For the period ended	
	30-Jun-22	30-Jun-23
Profit Before Income Tax Expense	122.6	109.2
Income tax expense	26.1	12.7
Effective tax rate	21.3%	11.6%

Effective tax rate is under 20% mainly due to 5 years loss carry forward from subsidiaries which able to use right of expense deduction in tax calculation, including with double deduction expense and expense from issuance and initial public offering of securities (IPO) which in accounting standards accept to deduction with additional paid-in capital, while the Company can use to be expense in tax calculation.

Statements of Financial Position

CONSOLIDATED FINANCIAL POSITION	As at				Change	
	31-Dec-22		30-Jun-23		Million THB	%
	Million THB	%	Million THB	%		
Total Assets	1,505.7	100.0%	1,924.7	100.0%	419.0	27.8%
Total Liabilities	1,054.6	70.0%	489.9	25.5%	(564.7)	(53.5%)
Total Shareholders' Equity	451.1	30.0%	1,434.7	74.5%	983.6	218.0%

Total Assets

Total assets as at 30 June 2023 of Baht 1,924.7 million, increasing by 27.8%, compared to the 2022 year-end with Baht 1,505.7 million, was mainly due to increase in deposit at banks from issuing additional shares capital from initial public offering (IPO) and refundable income tax (withholding tax deducted from service revenue), including with invest in intangible asset (HRIS Platform).

Total Liabilities

Total liabilities as at 30 June 2023 of Baht 489.9 million, decreasing by 53.5%, compared to the 2022 year-end with Baht 1,054.6 million, was mainly due to repayment in loans from financial institutions.

Total Shareholder Equity

Total shareholder equity as at 30 June 2023 of Baht 1,434.7 million, increasing Baht 983.6 million or 218.0% compared to the 2022 year-end with Baht 451.1 million, was mainly due to (1) Paid-in Capital and Paid-up premium on shares from initial public offering (IPO) of Baht 1,046.4 million (2) comprehensive income for the six-month period ended 30 June 2023 of Baht 96.5 million. And (3) Dividend payment total of 183.0 million Baht.

Key Financial Ratio

Financial Ratios	Quarter 2	
	Year 2022	Year 2023
Gross Profit Margin (%)	10.7	10.1
Net Profit Margin (%)	3.3	3.2
Current Ratio (times)	1.5	4.6
D/E Ratio (times)	2.4	0.4
Earning per Share (Baht)	2.3	0.1

Cash Flow Liquidity and Capital Resource

Statement of Cashflows (Unit : Million Baht)	As at			
	30-Jun-22	30-Jun-23	Change	%
Cash Flow from Operating Activities				
Net cash provided by operating activities	172.1	115.8	(56.3)	-32.7%
Cash Flow from Investing Activities				
Net cash used in investing activities	(17.7)	(196.6)	(178.8)	-1008.1%
Cash Flow from Financing Activities				
Net cash used in financing activities	(122.0)	321.5	443.6	363.5%
Net increase (decrease) in cash and cash equivalents	32.4	240.8	208.4	644.1%
Cash and cash equivalents as at 1 January	121.5	112.5	(9.0)	-7.4%
Cash and cash equivalents as at	153.8	353.3	199.5	129.6%

As at 30 June 2023, The Company has Cash and Cash Equivalent balance total of Baht 353.3 million, which increasing from the Cash Flow from Operating Activities total of Baht 115.8 million and has Net Cash used in Investing Activities total of Baht 196.6 million from invest in fixed deposits in total of Baht 150 million and purchased of the new software (HRIS platform and Jobs platform) in total of Baht 40.5 million, and Net Cash received in Financing Activities total of Baht 321.5 million for repayment of loan to Financial Institution total of Baht 527.0 million and Dividend payment total of Baht 183.0 million. Company has Cash increase from Paid-in Capital and Paid-up premium on shares from initial public offering (IPO) of Baht 1,046.4 million

Please be informed accordingly.

Yours faithfully,

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(Risara Charoenpanich)
Chief Executive Officer