

Subject: Management's Discussion and Analysis for Nine Months Ended September 30, 2023 (Revised)

 To The President
 The Stock Exchange of Thailand

Management's Discussion and Analysis
Consolidated Financial Statements
For nine months ended September 30, 2023

Overall Group Performance
Table 1: Overall Financial Performance

Unit: million baht

	9M 2023	9M 2022 <i>Proforma F/S*</i> <i>(Include Data On 9 months)</i>	9M 2022 <i>Statutory F/S**</i>	Change	%YoY
Revenues	943.23	855.61	713.90	87.62	10.2%
Gross Profit	491.84	419.67	333.45	72.17	17.2%
Adjusted EBT***	271.85	231.04	180.24	40.81	17.7%
EBT	249.61	154.74	103.92	94.87	61.3%
Net Profit	217.38	138.34	95.09	79.04	57.1%
% Gross Profit Margin	52.1%	49.0%	46.7%		
% Adjusted EBT	28.8%	27.0%	25.2%		

Unit: million baht

	Q3 2023	Q3 2022	Change	%YoY	Q2 2023
Revenues	334.37	302.06	32.31	10.7%	307.37
Gross Profit	181.88	143.77	38.11	26.5%	159.21
Adjusted EBT***	107.98	76.58	31.40	41.0%	81.64
EBT	100.98	23.39	77.59	331.7%	76.71
Net Profit	84.72	24.61	60.11	244.3%	70.56
% Gross Profit Margin	54.4%	47.6%			51.8%
% Adjusted EBT	32.3%	25.4%			26.6%

Note:

 * *Proforma Consolidated F/S include Data On for 1 Jan 2022 – 30 Sep 2022 for comparative purpose.*

 ** *Statutory Consolidated F/S include Data On for 25 May 2022 – 30 Sep 2022 as acquisition date was 24 May 2022.*

 *** *Adjusted Earnings before tax which exclude the effect of transactions from gain/loss on valuation of financial investment, Exchange gain (loss), one-off income (expenses) and Amortization expense of intangible asset from Purchase Price Allocation (PPA).*

Revenues

For 9M 2023, The Humanica Group of Companies (“HUMAN” or the “Company”) delivered sales and service revenue of 943.23mb (9M 2022: 855.61mb included DataOn 9 months), an increase of 87.62mb or 10.2% from HR Solutions revenue contributed 846.49mb and Financial Solutions revenue contributed 96.74mb, up from 766.83mb and 88.78mb respectively year-on-year.

For revenue comparison 9M 2023 with 9M 2022 (Statutory FS), revenue increased 229.33mb or 32.1%. Including DataOn from the time of consolidation revenue increased 146.67mb or 106.0%. (DataOn’s revenue for Jan – Sep 2023 was 285.08mb and DataOn’s revenue for 25 May 2022 (acquired date) to 30 Sep 2022 was 138.41mb)

Included in the revenue was the sales and service revenue from DataOn group of 285.08mb. Humanica’s post-acquisition organic growth was 82.67mb or 14.4%.

For Q3 2023, the revenue increased by 32.31mb or 10.7% (Q3 2022: 302.06mb) from HR Solutions 20.69mb or 7.6% and Financial Solutions 11.62mb or 40.2%.

Gross Profit

For 9M 2023, Gross Profit grew +72.17mb or +17.2% and Gross Profit Margin (GPM) grew from 49.0% to 52.1% as Revenue grew +87.62mb and Cost increased -15.44mb from increase in Staff Cost -48.00mb less Software capitalization +26.00mb and other cost saving +7.00mb.

For Q3 2023, Gross Profit increased by +38.11mb or +26.5% and Gross Profit Margin of 54.4% and increased from 47.6% in Q3 2022.

Adjusted EBT/EBT

For 9M 2023,

Adjusted EBT closed at 271.85mb (9M 2022: 231.04mb), an increase of 40.81mb or 17.7% from

- Gross Profit grew +72mb
- Increase of SG&A expense -34mb (increase of payroll, marketing and professional fee)
- Interest income from financial investments grew +8mb
- Share of loss from associates and Joint Venture -5mb

EBT increased by 94.87mb or 61.3% (9M 2022: 154.74mb) from

- Adjusted EBT grew +41mb
- Exchange Gain decreased -4mb
- Valuation of financial investment improved from last year +20mb
- Last year one-off expenses as this year has no one-off expenses +45mb (from acquisition cost of DataOn +6mb and Provision of Convertible Note investment +39mb)

For Q3 2023,

Adjusted EBT increased by 31.40mb or 41.0% to 107.98mb (Q3 2022: 76.58mb)

EBT increased by 77.59mb or 331.7% (Q3 2022: 23.39mb). The EBT increased from the impact of last year one-off expenses include the acquisition cost of DataOn +6mb and Provision of Convertible Note investment +39mb.

Net Profit

The net profit after tax closed at 217.38mb (9M 2022: 138.34mb), increasing by 79.04mb or 57.1% with overall net profit margin up to 23.0% (9M 2022: 16.2%) due to a growth in revenue and one-off expenses amounting to 58.28mb in 9M 2022.

For Q3 2023, the net profit increased by 60.11mb or 244.3% (Q3 2022: 24.61mb) due to one-off expenses 42.94mb in Q3 2022.

Segment Report

Table 2: The breakdown performance by region.

Unit: million baht

	9M 2023				9M 2022			
	Thailand	Indonesia	Other SEA	Total	Thailand	Indonesia*	Other SEA	Total
Revenues	575.71	285.08	82.44	943.23	508.88	280.13	66.60	855.61
Gross Profit	277.77	180.81	33.26	491.84	233.06	164.44	22.17	419.67
Adjusted EBT	148.68	96.09	27.08	271.85	121.39	90.65	19.00	231.04
EBT	148.88	74.02	26.71	249.61	56.93	78.98	18.83	154.74
% Gross Profit Margin	48.2%	63.4%	40.3%	52.1%	45.8%	58.7%	33.3%	49.0%
%Adjusted EBT	25.8%	33.7%	32.8%	28.8%	23.9%	32.4%	28.5%	27.0%

* For Indonesia, include DataOn for 1 Jan 2022 – 30 Sep 2022 for comparative purpose.

Unit: million baht

	Q3 2023				Q3 2022			
	Thailand	Indonesia	Other SEA	Total	Thailand	Indonesia	Other SEA	Total
Revenues	201.07	105.38	27.92	334.37	177.11	103.29	21.66	302.06
Gross Profit	99.51	70.28	12.09	181.88	79.79	59.41	4.57	143.77
Adjusted EBT	55.70	42.46	9.82	107.98	41.38	31.94	3.26	76.58
EBT	55.91	35.25	9.82	100.98	(3.02)	23.35	3.16	23.39
% Gross Profit Margin	49.5%	66.7%	43.3%	54.4%	45.1%	57.5%	21.1%	47.6%
%Adjusted EBT	27.7%	40.3%	35.2%	32.3%	23.4%	30.9%	15.1%	25.4%

In Table 2, The Company's segment report comprises 3 regions, Thailand, Indonesia and Other countries in the South East Asia (SEA) include Singapore, Malaysia, Vietnam and Philippines.

9M 2023/9M 2022

The overall revenue increased by 87.62mb or 10.2% from 9M 2022 which increased from Thailand 66.83mb or 13.1%, Indonesia 4.95mb or 1.8% and others 15.84mb or 23.8%. This increase is mainly due to increasing revenue from human resources software and system and payroll outsourcing service in Thailand.

The Human's gross profit closed at 491.84mb (9M 2022: 419.67 mb) which delivered from Thailand 277.77mb, Indonesia 180.81mb and others 33.26mb (9M 2022: 233.06mb, 164.44mb and 22.17mb respectively year-on-year). The gross profit margin in Thailand increased from 45.8% to 48.2%, Indonesia increased from 58.7% to 63.4% and others increased from 33.3% to 40.3%.

The adjusted EBT in Thailand increased from 121.39mb in 9M 2022 to 148.68mb in 9M 2023, Indonesia increased from 90.65mb to 96.09mb and others increased from 19.00mb to 27.08mb.

The EBT in Thailand increased from 56.93mb in 9M 2022 to 148.88mb in 9M 2023 and others increased from 18.83mb to 26.71mb while Indonesia dropped from 78.98mb to 74.02mb including the impact of PPA 11.35mb.

Q3 2023/Q3 2022

The revenue in Thailand increased from 177.11mb in Q3 2022 to 201.07mb in Q3 2023, Indonesia increased from 103.29mb to 105.38mb and others increased from 21.66mb to 27.92mb.

The gross profit in Thailand increased from 79.79mb in Q3 2022 to 99.51mb in Q3 2023, Indonesia increased from 59.41mb to 70.28mb and others increased from 4.57mb to 12.09mb. The gross profit margin in Thailand increased from 45.1% to 49.5%, Indonesia increased from 57.5% to 66.7% and others increased from 21.1% to 43.3%.

The adjusted EBT in Thailand increased from 41.38mb in Q3 2022 to 55.71mb in Q3 2023, Indonesia increased from 31.94mb to 42.46mb and others increased from 3.26mb to 9.82mb.

The EBT in Thailand increased from -3.02mb in Q3 2022 to 55.91mb in Q3 2023, Indonesia increased from 23.25mb to 35.25mb and others increased from 3.16mb to 9.82mb.

The recurring and non-recurring revenue:

Table 3: The break down revenue by recurring & non-recurring revenue.

Unit: million baht

9M 2023	Thailand			Indonesia	Other SEA	Total	% Proportion
	HR Solutions	Financial Solutions	Total	HR Solutions	HR Solutions		
Recurring	335.18	55.27	390.45	185.69	77.97	654.11	69.3%
Non Recurring	143.80	41.47	185.27	99.39	4.46	289.12	30.7%
Total Revenues	478.98	96.74	575.72	285.08	82.43	943.23	100.0%

9M 2022	Thailand			Indonesia*	Other SEA	Total	% Proportion
	HR Solutions	Financial Solutions	Total	HR Solutions	HR Solutions		
Recurring	283.67	49.65	333.32	167.23	63.84	564.39	66.0%
Non Recurring	136.43	39.13	175.56	112.90	2.76	291.22	34.0%
Total Revenues	420.10	88.78	508.88	280.13	66.60	855.61	100.0%

* For Indonesia, include DataOn for 1 Jan 2022 – 30 Sep 2022 for comparative purpose.

Q3 2023	Thailand			Indonesia	Other SEA	Total	% Proportion
	HR Solutions	Financial Solutions	Total	HR Solutions	HR Solutions		
Recurring	114.06	19.01	133.07	62.84	25.48	221.39	66.2%
Non Recurring	46.52	21.49	68.01	42.54	2.43	112.98	33.8%
Total Revenues	160.58	40.50	201.08	105.38	27.91	334.37	100.0%

Q3 2022	Thailand			Indonesia	Other SEA	Total	% Proportion
	HR Solutions	Financial Solutions	Total	HR Solutions	HR Solutions		
Recurring	98.49	16.73	115.22	59.98	20.35	195.55	64.7%
Non Recurring	49.73	12.15	61.88	43.31	1.32	106.51	35.3%
Total Revenues	148.22	28.88	177.10	103.29	21.67	302.06	100.0%

9M 2023/9M 2022

Overall, the Company's recurring revenue proportion increased from 66.0% in 9M 2022 to 69.3% while non-recurring revenue proportion decreased from 34.0% in 9M 2022 to 30.7%. Recurring revenue reported an overall increase of 89.72mb or 15.9%. We registered stronger growth in recurring SaaS and payroll outsourcing service revenue.

Non-recurring revenue slightly decreased 2.10mb or 0.7% from 9M 2022, mainly due to low sales of perpetual licenses in Indonesia and less discretionary professional services included in project implementations in Indonesia.

Q3 2023/Q3 2022

The Company's recurring revenue proportion slightly increased from 64.7% in Q3 2022 to 66.2% while non-recurring revenue proportion slightly decreased from 35.3% in Q3 2022 to 33.8%. Recurring revenue reported an overall increase of 25.84mb or 13.2%, driven by income from software and human resources system and payroll outsourcing service.

Non-recurring revenue increased 6.47mb or 6.1% from Q3 2022, mainly due to implementation from new projects from Financial Solutions.

Financial Position

Table 4: Overall Financial Position

Unit: million baht

<u>Assets</u>	As of Dec 31, 2022 (Restated)	%	As of Sep 30, 2023	%	Change YoY	% YoY
Cash and cash equivalents	586.17	14.7%	547.73	13.2%	(38.44)	(6.6%)
Current financial assets	24.23	0.6%	57.81	1.4%	33.58	138.6%
Trade & Other receivable	189.56	4.8%	204.14	4.9%	14.58	7.7%
Current contract assets	48.53	1.2%	57.04	1.4%	8.51	17.5%
Inventory	7.01	0.2%	6.53	0.2%	(0.48)	(6.8%)
Other current Asset	2.81	0.1%	2.83	0.1%	0.02	0.7%
Non-current financial assets	518.55	13.0%	510.54	12.3%	(8.01)	(1.5%)
Right to use assets	167.88	4.2%	143.82	3.5%	(24.06)	(14.3%)
Goodwill	1,896.34	47.6%	1,999.58	48.2%	103.24	5.4%
Non-Current asset	541.43	13.6%	622.70	15.0%	81.27	15.0%
Total Assets	3,982.51	100.0%	4,152.72	100.0%	170.21	4.3%
<u>Liabilities</u>						
Current liability	271.14	6.8%	290.12	7.0%	18.98	7.0%
Non-Current liability	229.20	5.8%	205.94	5.0%	(23.26)	(10.1%)
Total liabilities	500.34	12.6%	496.06	11.9%	(4.28)	(0.9%)
Shareholders' equity	3,482.17	87.4%	3,656.66	88.1%	174.49	5.0%
Total liabilities and Shareholders' equity	3,982.51	100.0%	4,152.72	100.0%	170.21	4.3%

(a) Total assets

Total assets as of September 30, 2023 stand at 4,152.72mb, an increase of 170.21mb or 4.3%. The increase was mainly due to higher trade receivables and financial assets. The Company restated the financial position as of December 31, 2022 from fair value adjustment of purchase price allocation of DataOn group which were goodwill amounting to 1,787.72mb and customer relationship amounting to 130.62mb.

(b) Total Liabilities

Total liability as of September 30, 2023 was 496.06mb, decreasing by 4.28mb or 0.9%, mainly due to decreasing in lease liabilities. From restated the financial position as of December 31, 2022, the Company had deferred tax liabilities from fair value adjustment of purchase price allocation amounting to 18.88mb.

(c) **Shareholders' equity**

Total shareholder's equity as of September 30, 2023 was 3,656.66mb, increasing by 174.49mb or 5.0%, mainly due to contributed from operating profits attributable to owner of the parent 217.88mb and translation adjustments through other comprehensive income of 135.23mb offset by recognition of a decrease in fair value of financial assets through other comprehensive income of 7.72mb and dividend payment of 173.49mb. From restated the financial position as of December 31, 2022, the Company restated retained earnings amounting to 16.03mb and other components of equity amounting to 76.54mb.

Cash Flow Statement

Unit: million baht

	Jan-Sep 2022	Jan-Sep 2023
Net cash provided by (used in)		
Cash Flow from Operating (CFO)	185.25	315.89
Cash Flow from Investing (CFI)	122.92	(143.81)
Cash Flow from Financing (CFF)	(149.74)	(212.75)
Net increase in cash and cash equivalents	158.43	(40.67)

Cash Flow from Operating Activities

CFO for 9M 2023 was 315.89mb. The management will consider using the surplus CFO in investment or any other activities to create better value for the Company.

Cash Flow from Investing Activities

CFI for 9M 2023 was -143.81mb mainly due to additional investment in associated companies and joint venture, financial assets and software development.

Cash Flow from Financing Activities

CFF for 9M 2023 was -212.75mb, due to finance lease payment and dividend payout 173.49mb.

Please be informed accordingly.

Yours sincerely,

Mr. Soontorn Dentham
Chief Executive Officer