

Subject: Management's Discussion and Analysis for the Year Ended December 31, 2023

 To The President
 The Stock Exchange of Thailand

Management's Discussion and Analysis
Consolidated Financial Statements
For the Year ended December 31, 2023

Overall Group Performance
Table 1: Overall Financial Performance

Unit: million baht

	2023	2022 <i>Proforma F/S*</i> <i>(Include Data On</i> <i>12 months)</i>	2022 <i>Statutory F/S**</i>	Change	%YoY
Revenues	1,301.07	1,187.90	1,046.19	113.17	9.5%
Gross Profit	688.00	599.92	513.77	88.08	14.7%
Adjusted EBT***	390.27	340.72	289.86	49.55	14.5%
EBT	358.51	241.59	190.77	116.92	48.4%
Net Profit	307.61	207.24	163.99	100.37	48.4%
% Gross Profit Margin	52.9%	50.5%	49.1%		
% Adjusted EBT	30.0%	28.7%	27.7%		

Unit: million baht

	Q4 2023	Q4 2022	Change	%YoY	Q3 2023
Revenues	357.84	332.29	25.55	7.7%	334.37
Gross Profit	196.16	180.26	15.90	8.8%	177.46
Adjusted EBT***	118.42	109.63	8.79	8.0%	107.98
EBT	108.90	86.85	22.05	25.4%	100.98
Net Profit	90.23	68.90	21.33	30.9%	84.72
% Gross Profit Margin	54.8%	54.2%			53.1%
% Adjusted EBT	33.1%	33.0%			32.3%

Note:

* Proforma Consolidated F/S include DataOn for 1 Jan 2022 – 31 Dec 2022 for comparative purpose.

** Statutory Consolidated F/S include DataOn for 25 May 2022 – 31 Dec 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 2023, The Humanica Group of Companies (“HUMAN” or the “Company”) delivered sales and service revenue of 1,301.07mb (2022: 1,187.90mb included DataOn 12 months), an increase of 113.17mb or 9.5% from HR Solutions revenue contributed 1,165.19mb and Financial Solutions revenue contributed 135.88mb, up from 1,055.81mb and 132.09mb respectively year-on-year.

For revenue comparison 2023 with 2022 (Statutory FS), revenue increased 254.88mb or 24.4%. Including DataOn from the time of consolidation revenue increased 167.10mb or 69.3%. (DataOn’s revenue for Jan – Dec 2023 was 408.23mb and DataOn’s revenue for 25 May 2022 (acquired date) to 31 Dec 2022 was 241.13mb). Included in the revenue was the sales and service revenue from DataOn group of 408.23mb. Humanica’s post-acquisition organic growth was 87.78mb or 10.9%.

For Q4 2023, the revenue increased by 25.55mb or 7.7% to 357.84mb (Q4 2022: 332.29mb) from HR Solutions 29.72mb or 10.3% offset with Financial Solutions 4.17mb or 9.6%.

Gross Profit

For 2023, gross profit grew +88.08mb or +14.7% and gross profit margin (GPM) grew from 50.5% to 52.9% as revenue grew +113.17mb and cost increased -25.08mb from increase in staff cost -57.28mb less software capitalization +24.42mb and other cost saving +7.78mb.

For Q4 2023, gross profit increased by +15.90mb or +8.8% and gross profit margin of 54.8% and increased from 54.2% in Q4 2022.

Adjusted EBT/EBT

For 2023,

Adjusted EBT closed at 390.29mb (2022: 340.72mb), an increase of 49.55mb or 14.5% from

- Gross Profit grew +88.08mb
- Increase of SG&A expense -30.78mb (increase of staff cost, marketing and professional fee)
- Share of loss from associates and Joint Venture -9.5mb

EBT closed at 358.51mb (2022: 241.59mb) increased by 116.92mb or 48.4% from

- Adjusted EBT grew +49.55mb
- Exchange Gain increased +4mb
- Valuation of financial investment improved from last year +19mb
- Last year one-off expenses as this year has no one-off expenses +50mb (from acquisition cost of DataOn +6mb and Provision of Convertible Note investment +44mb)

For Q4 2023,

Adjusted EBT increased by 8.79mb or 8.0% to 118.42mb (Q4 2022: 109.63mb)

EBT increased by 22.05mb or 25.4% to 108.90mb (Q4 2022: 86.85mb). The EBT increased from revenue +25.55mb and cost increased -9.65mb (increase of staff cost).

Net Profit

The net profit after tax closed at 307.61mb (2022: 207.24mb), increasing by 100.37mb or 48.4% with overall net profit margin up to 23.6% (2022: 17.4%) due to a growth in revenue 113.17mb and one-off expenses amounting to 50.56mb in 2022 offset with increasing in cost -25.08mb and SG&A -30.78mb.

For Q4 2023, the net profit increased by 21.33mb or 30.9% to 90.23mb (Q4 2022: 68.90mb) due to increasing in revenue.

Segment Report

Table 2: The breakdown performance by region.

Unit: million baht

	2023				2022			
	Thailand	Indonesia	Other SEA	Total	Thailand	Indonesia*	Other SEA	Total
Revenues	783.27	408.23	109.57	1,301.07	709.72	382.84	95.34	1,187.90
Gross Profit	380.09	262.10	45.81	688.00	335.34	230.11	34.47	599.92
Adjusted EBT	206.62	147.32	36.33	390.27	183.08	129.02	28.62	340.72
EBT	206.40	116.65	35.46	358.51	104.56	108.65	28.38	241.59
% Gross Profit Margin	48.5%	64.2%	41.8%	52.9%	47.2%	60.1%	36.2%	50.5%
%Adjusted EBT	26.4%	36.1%	33.2%	30.0%	25.8%	33.7%	30.0%	28.7%

* For Indonesia, include DataOn for 1 Jan 2022 – 31 Dec 2022 for comparative purpose.

Unit: million baht

	Q4 2023				Q4 2022			
	Thailand	Indonesia	Other SEA	Total	Thailand	Indonesia	Other SEA	Total
Revenues	207.56	123.15	27.13	357.84	200.84	102.71	28.74	332.29
Gross Profit	102.32	81.29	12.55	196.16	102.28	65.68	12.30	180.26
Adjusted EBT	56.61	51.35	10.46	118.42	61.58	38.33	9.72	109.63
EBT	56.20	42.74	9.96	108.90	47.53	29.67	9.65	86.85
% Gross Profit Margin	49.3%	66.0%	46.3%	54.8%	50.9%	63.9%	42.8%	54.2%
%Adjusted EBT	27.3%	41.7%	38.6%	33.1%	30.7%	37.3%	33.8%	33.0%

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.

2023/2022

The overall revenue increased by 113.17mb or 9.5% from 2022 which increased from Thailand 73.55mb or 10.4%, Indonesia 25.39mb or 6.6% and others 14.23mb or 14.9%. This increase is mainly due to increasing revenue from human resources software and system and payroll outsourcing service.

The Human's gross profit closed at 688.00mb (2022: 599.92mb) which delivered from Thailand 380.09mb, Indonesia 262.10mb and others 45.81mb (2022: 335.34mb, 230.11mb and 34.47mb respectively year-on-year). The gross profit margin in Thailand increased from 47.2% to 48.5%, Indonesia increased from 60.1% to 64.2% and others increased from 36.2% to 41.8%.

The adjusted EBT in Thailand increased from 183.08mb in 2022 to 206.62mb in 2023, Indonesia increased from 129.02mb to 147.32mb and others increased from 28.62mb to 36.33mb.

The EBT in Thailand increased from 104.56mb in 2022 to 206.40mb in 2023, Indonesia increased from 108.65mb to 116.65mb and others increased from 28.38mb to 35.46mb.

Q4 2023/Q4 2022

The revenue in Thailand increased from 200.84mb in Q4 2022 to 207.56mb in Q4 2023, Indonesia increased from 102.71mb to 123.15mb while others dropped from 28.74mb to 27.13mb.

The gross profit in Thailand increased from 102.28mb in Q4 2022 to 102.32mb in Q4 2023, Indonesia increased from 65.68mb to 81.29mb and others increased from 12.30mb to 12.55mb. The gross profit margin in Thailand decreased from 50.9% to 49.3%, Indonesia increased from 63.9% to 66.0% and others increased from 42.8% to 46.3%.

The adjusted EBT in Thailand decreased from 61.58mb in Q4 2022 to 56.61mb in Q4 2023, Indonesia increased from 38.33mb to 51.35mb and others increased from 9.72mb to 10.46mb.

The EBT in Thailand increased from 47.53mb in Q4 2022 to 56.20mb in Q4 2023, Indonesia increased from 29.67mb to 42.74mb and others increased from 9.65mb to 9.96mb.

The recurring and non-recurring revenue:

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

Unit: million baht

2023	Thailand			Indonesia	Other SEA	Total	% Proportion
	HR Solutions	Financial Solutions	Total	HR Solutions	HR Solutions		
Recurring	449.34	74.41	523.75	250.38	103.76	877.89	67.5%
Non Recurring	198.05	61.47	259.52	157.85	5.81	423.18	32.5%
Total Revenues	647.39	135.88	783.27	408.23	109.57	1,301.07	100.0%

2022	Thailand			Indonesia*	Other SEA	Total	% Proportion
	HR Solutions	Financial Solutions	Total	HR Solutions	HR Solutions		
Recurring	390.29	67.16	457.45	224.84	86.75	769.04	64.7%
Non Recurring	187.34	64.93	252.27	158.00	8.59	418.86	35.3%
Total Revenues	577.63	132.09	709.72	382.84	95.34	1,187.90	100.0%

* For Indonesia, include DataOn for 1 Jan 2022 – 31 Dec 2022 for comparative purpose.

Q4 2023	Thailand			Indonesia	Other SEA	Total	% Proportion
	HR Solutions	Financial Solutions	Total	HR Solutions	HR Solutions		
Recurring	114.17	19.14	133.31	64.69	25.78	223.78	62.5%
Non Recurring	54.25	20.00	74.25	58.46	1.35	134.06	37.5%
Total Revenues	168.42	39.14	207.56	123.15	27.13	357.84	100.0%

Q4 2022	Thailand			Indonesia	Other SEA	Total	% Proportion
	HR Solutions	Financial Solutions	Total	HR Solutions	HR Solutions		
Recurring	106.62	17.51	124.13	57.61	22.91	204.65	61.6%
Non Recurring	50.91	25.80	76.71	45.10	5.83	127.64	38.4%
Total Revenues	157.53	43.31	200.84	102.71	28.74	332.29	100.0%

2023/2022

Overall, the Company's recurring revenue proportion increased from 64.7% in 2022 to 67.5% in 2023 while non-recurring revenue proportion decreased from 35.3% in 2022 to 32.5% in 2023. Recurring revenue reported an overall increase of 108.85mb or 14.2%. We registered stronger growth in recurring SaaS and payroll outsourcing service revenue.

Non-recurring revenue increased 4.32mb or 1.0% from 2022, mainly due to increasing in implementation and change request income.

Q4 2023/Q4 2022

The Company's recurring revenue proportion increased from 61.6% in Q4 2022 to 62.5% in Q4 2023 while non-recurring revenue proportion decreased from 38.4% in Q4 2022 to 37.5% in Q4 2023. Recurring revenue reported an overall increase of 19.13mb or 9.3%, driven by income from software and human resources system and payroll outsourcing service.

Non-recurring revenue increased 6.42mb or 5.0% from Q4 2022, mainly due to implementation and change request income.

Financial Position

Table 4: Overall Financial Position

Unit: million baht

<u>Assets</u>	As of Dec 31, 2022 (Restated)	%	As of Dec 31, 2023	%	Change YoY	% YoY
Cash and cash equivalents	586.17	14.7%	613.03	15.0%	26.86	4.6%
Current financial assets	24.23	0.6%	93.26	2.3%	69.03	284.9%
Trade & Other receivable	189.56	4.8%	185.88	4.5%	(3.68)	(1.9%)
Current contract assets	48.53	1.2%	71.06	1.7%	22.53	46.4%
Inventory	7.01	0.2%	6.35	0.2%	(0.66)	(9.4%)
Other current Asset	2.81	0.1%	4.83	0.1%	2.02	71.9%
Non-current financial assets	518.55	13.0%	484.64	11.8%	(33.91)	(6.5%)
Right to use assets	167.88	4.2%	129.98	3.2%	(37.90)	(22.6%)
Goodwill	1,896.34	47.6%	1,914.51	46.7%	18.17	1.0%
Non-Current asset	541.43	13.6%	595.80	14.5%	54.37	10.0%
Total Assets	3,982.51	100.0%	4,099.34	100.0%	116.83	2.9%
<u>Liabilities</u>						
Current liability	271.14	6.8%	304.73	7.4%	33.59	12.4%
Non-Current liability	229.20	5.8%	194.92	4.8%	(34.28)	(15.0%)
Total liabilities	500.34	12.6%	499.65	12.2%	(0.69)	(0.1%)
Shareholders' equity	3,482.17	87.4%	3,599.69	87.8%	117.52	3.4%
Total liabilities and Shareholders' equity	3,982.51	100.0%	4,099.34	100.0%	116.83	2.9%

(a) Total assets

Total assets as of December 31, 2023 stand at 4,099.34mb, an increase of 116.83mb or 2.9%. The increase was mainly due to higher financial assets and cash excess from operations. 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 December 31, 2023 was 499.65mb, decreasing by 0.69mb or 0.1%, 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 December 31, 2023 was 3,599.69mb, increasing by 117.52mb or 3.4%, mainly due to contributed from operating profits attributable to owner of the parent 307.61mb offset by translation adjustments through other comprehensive income of 25.36mb, recognition of a decrease in fair value of financial assets through other comprehensive income of 16.67mb 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

	2022	2023
Net cash provided by (used in)		
Cash Flow from Operating (CFO)	240.72	453.51
Cash Flow from Investing (CFI)	188.45	(198.67)
Cash Flow from Financing (CFF)	(170.38)	(225.88)
Net increase in cash and cash equivalents	258.79	28.96

Cash Flow from Operating Activities

CFO for 2023 was 453.51mb. 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 2023 was -198.67mb mainly due to additional investment in associated companies and joint venture, financial assets and software development.

Cash Flow from Financing Activities

CFF for 2023 was -225.88mb, due to finance lease payment and dividend payout 173.49mb.

Please be informed accordingly.

Yours sincerely,

Mr. Soontorn Dentham
Chief Executive Officer