

Date: February 27, 2024

Reference 03/2024 (2567)

Subject Management Discussion and Analysis of the Financial Performance for the year ended 31 December 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 year ended 31 December 2023, with total revenues of Baht 6,422.0 million and net profit attribute to owners of the parent of Baht 206.4 million. The details of significant changes are as follows:

Financial Performance

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	For the year ended					
	31-Dec-22		31-Dec-23		Change	
	Million THB	% Revenue	Million THB	%Revenue	Million THB	%
REVENUES						
Revenue from rendering of services	6,111.7	99.9%	6,407.8	99.8%	296.1	4.8%
Other income	5.0	0.1%	14.2	0.2%	9.2	184.0%
Total Revenues	6,116.7	100.0%	6,422.0	100.0%	305.3	5.0%
EXPENSES						
Cost of rendering of services	5,476.0	89.5%	5,762.3	89.7%	286.3	5.2%
Administrative expenses	376.4	6.2%	411.3	6.4%	34.9	9.3%
Total Expenses	5,852.4	95.7%	6,173.6	96.1%	321.2	5.5%
Profit before finance costs and income tax	264.3	4.3%	248.4	3.9%	(15.9)	(6.0%)
Finance costs	21.4	0.3%	9.7	0.2%	(11.7)	(54.7%)
Profit Before Income Tax Expense	242.9	4.0%	238.7	3.7%	(4.2)	(1.7%)
Income tax expense	43.5	0.7%	40.5	0.6%	(3.0)	(6.9%)
Net Profit For the Year	199.4	3.3%	198.2	3.1%	(1.2)	(0.6%)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	For the year ended					
	31-Dec-22		31-Dec-23		Change	
	Million THB	% Revenue	Million THB	%Revenue	Million THB	%
PROFIT ATTRIBUTABLE TO						
Owners of the parent	202.2	3.3%	206.4	3.2%	4.2	2.1%
Non-controlling interests	(2.8)	(0.0%)	(8.2)	(0.1%)	(5.4)	(188.1%)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO						
NET PROFIT FOR THE YEAR	204.0	3.3%	208.1	3.2%	4.1	2.0%
Other comprehensive income for the year - net of tax	(2.7)	(0.0%)	(8.2)	(0.1%)	(5.5)	(198.6%)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	201.3	3.3%	199.9	3.1%	(1.4)	(0.7%)

Total Revenues

Total Revenues, including service revenue and other income for the year ended 31 December 2022 and 2023, The Company's total revenue was Baht 6,116.7 million and Baht 6,422.0 million, respectively, increased by Baht 305.43 million or 5.0%.

Revenue from rendering of services

For the year ended 31 December 2022 and 2023, The Company's revenue from rendering of services were Baht 6,111.7 million and 6,407.8 million, respectively, increased by Baht 296.1 million or 4.8% due to continuing growth in core services, both outsourcing service and recruitment service, as well as new service, Integrated Learning Service and HRIS Platform. In overall, the Company generates revenue continually growth with the quality of service and potential to provide integration in one-stop service which 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 year ended					
	31-Dec-22		31-Dec-23		Change	
	Million THB	%	Million THB	%	Million THB	%
Revenue from rendering of services - outsource	5,869.0	96.0%	6,104.3	95.1%	235.3	4.0%
Revenue from rendering of services - recruitment	233.1	3.8%	267.3	4.2%	34.1	14.6%
Revenue from rendering of services - Integrated learning Service *	9.5	0.2%	19.4	0.3%	9.9	103.3%
Revenue from rendering of services - Online Job Platform **	0.1	0.0%	2.3	0.0%	2.2	2,260.2%
Revenue from rendering of services - HRIS Platform ***	-	-	14.5	0.2%	14.5	100.0%
Other Revenue	5.0	0.1%	14.2	0.2%	9.1	181.0%
Total Revenues	6,116.7	100.0%	6,422.0	100.0%	305.3	5.0%

* Commencing to generate revenue in late 2021

** Commencing to generate revenue in Q4/2022

*** Commencing to generate revenue in Q2/2023

Revenue by services	For the year ended					
	31-Dec-22		31-Dec-23		Change	
	Million THB	%	Million THB	%	Million THB	%
Cost of Services and Expenses						
Cost of rendering of services - outsource	5,389.7	88.1%	5,638.1	87.8%	248.4	4.6%
Cost of rendering of services - recruitment	81.2	1.3%	101.6	1.6%	20.4	25.2%
Cost of rendering of services - training	4.7	0.1%	9.9	0.2%	5.2	108.6%
Cost of rendering of services - Jobs Platform	0.4	0.0%	2.1	0.0%	1.7	100.0%
Cost of rendering of services - Jobs Platform	-	-	10.6	0.2%	10.6	100.0%
Total Cost of rendering of services	5,476.0	89.5%	5,762.3	89.7%	286.3	5.2%
Administrative expenses	376.4	6.2%	411.3	6.4%	34.9	9.3%
Total Cost of rendering of services and Expenses	5,852.4	95.7%	6,173.6	96.1%	321.2	5.5%
Profit from Operating Activities	264.3	4.3%	248.4	3.9%	(15.9)	-6.0%
Finance costs	21.4	0.3%	9.7	0.2%	(11.7)	(54.6%)
Profit Before Income Tax Expense	242.9	4.0%	238.7	3.7%	(4.2)	-1.7%
Income tax expense	43.5	0.7%	40.5	0.6%	(3.0)	(6.9%)
Net Profit For the Year	199.4	3.3%	198.2	3.1%	(1.2)	-0.6%

(1) Revenue from outsourcing services

For the year ended 31 December 2022 and 2023, the Company generated revenue from outsourcing services of Baht 5,869.0 million and Baht 6,104.3 million, respectively, increased by Baht 235.3 million or 4.0%. The Company's growth comes from new customers in retail and wholesale of consumer products business, consumer electronics/mobile gadgets business, and construction materials business, which grow continuously including consumer spending in the early of 2023 and bonus payment which affect to the continuous growth in consumer electronics/mobile gadgets business.

(2) Revenue from recruitment services

For the year ended 31 December 2022 and 2023, the Company generated revenue from recruitment services of Baht 233.1 million and 267.3 million, respectively, increased by Baht 34.1 million or 14.6% from the demand for staff in Junior and Executive Positions, including an increase in revenue from new 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 year ended 31 December 2022 and 2023, the Company generated revenue from integrated learning services of Baht 9.5 million and Baht 19.4 million, respectively, increased by Baht 9.9 million or 103.3% and generate revenue from new HRIS platform service of Baht 14.5 million.

Cost of Services

For the year ended 31 December 2022 and 2023, The Company had cost of services of Baht 5,476.0 million and Baht 5,762.3 million, respectively, increased by Baht 286.3 million or 5.2%, mainly due to the following:

(1) Cost of outsourcing service was Baht 5,638.1 million, increasing by Baht 248.4 million or 4.6%. The increase was attributed to an increase in salary and wage from a new customers in the sales staff group and an increase in salaries and related benefits of some groups of outsourcing staff such as officers and factory workers. Including the raising of commission and incentive expenses attributable to PC staff from 2022, according to improvement in consumer spending and bonus payment. As a result, the revenue was growing in line with such an increase in the cost.

(2) Cost of recruitment service was Baht 101.6 million, increasing Baht 20.4 million or 25.2%, which comes from the expansion of The Company's recruiters to support the growth of the business.

Gross Profit Margin

Gross profit by Type of Business	งบการเงินสำหรับปีสิ้นสุดวันที่					
	31 ธันวาคม 2565		31 ธันวาคม 2566		การเปลี่ยนแปลง	
	ล้านบาท	สัดส่วน	ล้านบาท	สัดส่วน	ล้านบาท	%
Gross profit from rendering of services - outsource	479.3	8.2%	466.2	7.6%	(13.1)	(2.7%)
Gross profit from rendering of services - recruitment	151.9	65.2%	165.6	62.0%	13.7	9.0%
Gross profit from rendering of services - Integrated learning Service *	4.8	50.2%	9.5	48.9%	4.7	98.0%
Gross profit from rendering of services - Online Job Platform **	(0.3)	(305.1%)	0.2	8.5%	0.5	(166.1%)
Gross profit from rendering of services - HRIS Platform ***	-	-	4.0	27.6%	4.0	-
Total Gross profit	635.7	10.4%	645.5	10.1%	9.7	1.5%

For the year ended 31 December 2022 and 2023, The Company had a gross profit of Baht 635.7 million and Baht 645.5 million, respectively, and gross profit margin of 10.4% and 10.1%, 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 2022 which caused the contribution amount to reduce by approximately Baht 16 million and (3) The increase in the company's recruiters to support the growth of the business.

Administrative Expenses

For the year ended 31 December 2022 and 2023, Administrative expenses were Baht 376.4 million and Baht 411.3 million, respectively, increased Baht 34.9 million or 9.3%. Mainly due to (1) The Increase in administrative expenses for support in the new HRIS platform services (2) The increasing number of operation staff for outsourcing services and recruiters to support capability to supply services for PRTR customers, including related expenses 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 other fees for one-time payment.

Financial Costs

Financial costs were Baht 9.7 million, decreasing Baht 11.7 million from 2022, in line with the decrease in interest expense from the financial institutions and during the year ended 31 December 2023, the Company had fully repayment for short-term borrowings from the financial institutions.

Income Tax Expense

Income tax expense	For the year ended	
	31-Dec-22	31-Dec-23
Profit Before Income Tax Expense	242.9	238.7
Income tax expense	43.5	40.5
Effective tax rate	17.9%	17.0%

Effective tax rate is under 20% mainly due to 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 expenses in tax calculation.

Statements of Financial Position

CONSOLIDATED FINANCIAL POSITION	As at				Changed	
	31-Dec-22		31-Dec-23			
	Million baht	%	Million baht	%	Million baht	%
Total Assets	1,505.7	100.0%	2,084.1	100.0%	578.4	38.4%
Total Liabilities	1,054.6	70.0%	545.9	26.2%	(508.7)	(48.2%)
Total Shareholders' Equity	451.1	30.0%	1,538.2	73.8%	1,087.1	241.0%

Total Assets

Total assets as at 31 December 2023 of Baht 2,084.1 million, increasing by Baht 578.4 million, compared to the year 2022 with Baht 1,505.7 million, was mainly due to an increase in Cash and cash equivalents by Baht 367.8 million which results from the issuing of additional shares capital from initial public offering (IPO) including the increase of investment in intangible asset (HRIS Platform) in 2023.

Total Liabilities

Total liabilities as at 31 December 2023 of Baht 545.9 million, decreasing by 48.2%, compared to the year-end 2022 with Baht 1,054.6 million, was mainly due to repayment in loans from financial institutions.

Total Shareholder Equity

Total shareholder equity as at 31 December 2023 of Baht 1,538.2 million, increasing by Baht 1,087.1 million or 241.0% 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 year ended 31 December 2023 of Baht 198.2 million. And (3) Dividend payment total of 183.0 million Baht.

Key Financial Ratio

Financial Ratios	For the year ended	
	31-Dec-22	31-Dec-23
Gross Profit Margin (%)	10.4	10.1
Net Profit Margin (Owners of the parent) (%)	3.3	3.2
Current Ratio (times)	1.4	4.5
D/E Ratio (times)	2.3	0.4
Earning per Share (Baht)	0.8	0.4

Cash Flow Liquidity and Capital Resource

Statement of Cashflows (Unit : Million Baht)	As at			
	31-Dec-22	31-Dec-23	Change	%
Cash Flow from Operating Activities				
Net cash provided by operating activities	109.5	114.9	5.4	5.0%
Cash Flow from Investing Activities				
Net cash used in investing activities	(48.4)	(56.7)	(8.4)	-17.4%
Cash Flow from Financing Activities				
Net cash used in financing activities	(70.1)	309.6	379.7	541.6%
Net increase (decrease) in cash and cash equivalents	(9.0)	367.8	376.8	4197.9%
Cash and cash equivalents as at 1 January	121.5	112.5	(9.0)	-7.4%
Cash and cash equivalents as at	112.5	480.3	367.8	326.9%

As at 31 December 2023, the company has cash and cash equivalent balance total of Baht 480.3 million, which increased from the cash flow from operating activities total of Baht 114.9 million and has net cash used in investing activities total of Baht 56.7 million which purchased of the new software (HRIS platform and Jobs platform) in total of Baht 50.9 million, and net cash received in financing activities total of Baht 309.6 million for repayment of loan to Financial Institution total of Baht 548.5 million and Dividend payment total of Baht 183.0 million. The company has cash increase from paid-in capital and paid-up premium on shares from the 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