

Ref: BC. 012/2024

May 13, 2024

Subject: Management's Discussion and Analysis for Three Months Ended March 31, 2024

To The President
The Stock Exchange of Thailand

Management's Discussion and Analysis
Consolidated Financial Statements
For three months ended March 31, 2024

Overall Group Performance

Table 1: Overall Financial Performance

Unit: million baht

	Q1 2024	Q1 2023	Change	%YoY	Q4 2023
Revenues	345.67	301.49	44.18	14.7%	357.84
Gross Profit	174.32	150.75	23.57	15.6%	196.16
Adjusted EBT*	94.40	82.23	12.17	14.8%	118.42
EBT	96.85	71.92	24.93	34.7%	108.90
Net Profit	82.07	62.10	19.97	32.2%	90.23
% Gross Profit Margin	50.4%	50.0%			54.8%
% Adjusted EBT	27.3%	27.3%			33.1%

Note:

* 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 Q1 2024, The Humanica Group of Companies ("HUMAN" or the "Company") delivered sales and service revenue of 345.67mb (Q1 2023: 301.49mb), an increase of 44.18mb or 14.7%. HR Solutions revenue increased 43.53mb from organic growth 39.10mb which mostly increased from license income (SaaS model), payroll outsourcing income and implementation income and increased from new business from HRM Consulting Company Limited (New subsidiary) 4.42mb. Financial Solutions revenue slightly increased 0.65mb.

Gross Profit

For Q1 2024, gross profit grew +23.57mb or +15.6% and gross profit margin (GPM) slightly grew from 50.0% to 50.4% as revenue grew +44.18mb and cost increased -20.61mb from increase in staff cost -13.46mb, other cost saving -2.47mb and software amortization -2.57mb.

Adjusted EBT/EBT

For Q1 2024,

Adjusted EBT closed at 94.90mb (Q1 2024: 82.23mb), an increase of 12.17mb or 14.8% from

- Gross Profit grew +23.57mb
- Increase of SG&A expense -3.89mb (increase from marketing and professional fee)
- Share of loss from associates and Joint Venture -3.77mb
- Other income decreased -3.74mb

EBT closed at 96.85mb (Q1 2023: 71.92mb) increased by 24.93mb or 34.7% mostly from

- Adjusted EBT grew +12.17mb
- Exchange Gain increased +9.90mb

Net Profit

The net profit after tax closed at 82.07mb (Q1 2023: 62.10mb), increasing by 19.97mb or 32.2% with overall net profit margin up to 23.7% (Q1 2023: 20.6%) due to a growth in EBT +24.93 less increased in income tax -4.96mb.

Segment Report

Table 2: The breakdown performance by region

Unit: million baht

	Q1 2024				Q1 2023			
	Thailand	Indonesia	Other SEA	Total	Thailand	Indonesia	Other SEA	Total
Revenues	200.63	106.04	39.00	345.67	185.75	86.02	29.72	301.49
Gross Profit	94.39	61.79	18.14	174.32	85.15	53.00	12.60	150.75
Adjusted EBT	45.97	32.86	15.57	94.40	45.38	25.58	11.27	82.23
EBT	53.58	27.09	16.18	96.85	42.39	18.33	11.20	71.92
% Gross Profit Margin	47.0%	58.3%	46.5%	50.4%	45.8%	61.6%	42.4%	50.0%
%Adjusted EBT	22.9%	31.0%	39.9%	27.3%	24.4%	29.7%	37.9%	27.3%

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.

Q1 2024/Q1 2023

The overall revenue increased by 44.18 mb or 14.7% from Q1 2023 which increased from Thailand 14.88mb or 8.0%, Indonesia 20.02mb or 23.3% and others 9.28mb or 31.2%. This increase is mainly due to increasing revenue from human resources software and system payroll outsourcing service and implementation income.

The Human's gross profit closed at 174.32mb (Q1 2023: 150.75mb) increased by 23.57 mb or 15.6% which delivered from Thailand 94.39mb, Indonesia 61.79mb and others 18.14mb (Q1 2023: 85.15mb, 53.00mb and 12.60mb respectively year-on-year). The gross profit margin in Thailand increased from 45.8% to 47.0%, Indonesia decreased from 61.6% to 58.3% (from the increase in employee expenses) and others increased from 42.4% to 46.5%.

The adjusted EBT in Thailand increased from 45.38mb in Q1 2023 to 45.97mb in Q1 2024, Indonesia increased from 25.58mb to 32.86mb and others increased from 11.27mb to 15.57mb.

The EBT in Thailand increased from 42.39mb in Q1 2023 to 53.58mb in Q1 2024, Indonesia increased from 18.33mb to 27.09mb and others increased from 11.20mb to 16.18mb.

The recurring and non-recurring revenue:

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

Unit: million baht

Q1 2024	Thailand			Indonesia	Other SEA	Total	% Proportion
	HR Solutions	Financial Solutions	Total	HR Solutions	HR Solutions		
Recurring	121.59	19.94	141.53	69.56	34.25	245.34	71.0%
Non-Recurring	51.29	7.81	59.10	36.48	4.75	100.33	29.0%
Total Revenues	172.88	27.75	200.63	106.04	39.00	345.67	100.0%

Q1 2023	Thailand			Indonesia	Other SEA	Total	% Proportion
	HR Solutions	Financial Solutions	Total	HR Solutions	HR Solutions		
Recurring	109.05	17.66	126.71	59.28	28.82	214.81	71.2%
Non-Recurring	49.60	9.44	59.04	26.74	0.90	86.68	28.8%
Total Revenues	158.65	27.10	185.75	86.02	29.72	301.49	100.0%

Q1 2024/Q1 2023

Overall, the Company's recurring revenue proportion decreased from 71.2% in Q1 2023 to 71.0% in Q1 2024 while non-recurring revenue proportion increased from 28.8% in Q1 2023 to 29.0% in Q1 2024. Recurring revenue reported an overall increase of 30.53mb or 14.2%. We registered stronger growth in recurring SaaS and payroll outsourcing service revenue.

Non-recurring revenue increased 13.65mb or 15.7% from Q1 2023, mainly due to increasing in implementation income.

Financial Position

Table 4: Overall Financial Position

Unit: million baht

<u>Assets</u>	As of Dec 31, 2023	%	As of Mar 31, 2024	%	Change YoY	% YoY
Cash and cash equivalents	613.03	15.0%	664.82	15.3%	51.79	8.4%
Current financial assets	93.26	2.3%	62.96	1.4%	(30.30)	(32.5%)
Trade & Other receivable	185.88	4.5%	212.24	4.9%	26.36	14.2%
Current contract assets	71.06	1.7%	84.19	1.9%	13.13	18.5%
Inventory	6.35	0.2%	4.88	0.1%	(1.47)	(23.1%)
Other current Asset	4.83	0.1%	4.64	0.1%	(0.19)	(3.9%)
Non-current financial assets	484.64	11.8%	547.01	12.5%	62.37	12.9%
Right to use assets	129.98	3.2%	129.86	3.0%	(0.12)	(0.1%)
Goodwill	1,914.51	46.7%	2,030.46	46.6%	115.96	6.1%
Non-Current asset	595.80	14.5%	618.32	14.2%	22.51	3.8%
Total Assets	4,099.34	100.0%	4,359.38	100.0%	260.04	6.3%
<u>Liabilities</u>						
Current liability	304.73	7.4%	353.00	8.1%	48.27	15.8%
Non-Current liability	194.92	4.8%	192.09	4.4%	(2.83)	(1.5%)
Total liabilities	499.65	12.2%	545.09	12.5%	45.44	9.1%
Shareholders' equity	3,599.69	87.8%	3,814.29	87.5%	214.60	6.0%
Total liabilities and Shareholders' equity	4,099.34	100.0%	4,359.38	100.0%	260.04	6.3%

(a) Total assets

Total assets as of March 31, 2024 stand at 4,359.38mb, an increase of 260.04mb or 6.3%. The increase was mainly due to higher non-current financial assets 62.46mb, cash excess from operations 51.79mb, trade and other receivables 26.36mb and goodwill 115.96mb which increased from recognition of gain on FX of DataOn group's goodwill 51.72mUSD to convert closing rate.

(b) Total Liabilities

Total liability as of March 31, 2024 was 545.09mb, increasing by 45.44mb or 9.1%, mainly due to increasing in contract liabilities 29.84mb and income tax payable 5.67mb.

(c) Shareholders' equity

Total shareholder's equity as of March 31, 2024 was 3,814.29mb, increasing by 214.60mb or 6.0%, mainly due to increasing in unappropriated retained earnings 80.53mb and other components of equity 145.30mb (increased from translation adjustments through other comprehensive income of DataOn group's goodwill).

Cash Flow Statement

Unit: million baht

	Q1 2023	Q1 2024
Net cash provided by (used in)		
Cash Flow from Operating (CFO)	109.60	126.25
Cash Flow from Investing (CFI)	(22.34)	(55.73)
Cash Flow from Financing (CFF)	(12.86)	(17.97)
Net increase in cash and cash equivalents	74.40	52.55

Cash Flow from Operating Activities

CFO for Q1 2024 was 126.25mb. 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 Q1 2024 was -55.73mb mainly due to additional investment in associated companies, financial assets and software development.

Cash Flow from Financing Activities

CFF for Q1 2024 was -17.97mb due to finance lease payment.

Please be informed accordingly.

Yours sincerely,

Mr. Soontorn Dentham
Chief Executive Officer