

Date: August 5, 2024

Reference 13/2024 (2567)

Subject Management Discussion and Analysis of the Financial Performance for the period ended 30 June 2024

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 period ended 30 June 2024, with total revenues of Baht 3,578.8 million, increase from the period ended 30 June 2023 by 16.1% and net profit attribute to owners of the parent of Baht 112.0 million, increase from the period ended 30 June 2023 by 11.4%. The details of significant changes are as follows:

Financial Performance

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	For the period ended					
	30-Jun-23		30-Jun-24		Change	
	Million THB	% Revenue	Million THB	%Revenue	Million THB	%
REVENUES						
Revenue from rendering of services	3,075.9	99.8%	3,572.8	99.8%	496.9	+16.2%
Other income	6.5	0.2%	6.0	0.2%	(0.5)	(7.7%)
Total Revenues	3,082.4	100.0%	3,578.8	100.0%	496.4	+16.1%
EXPENSES						
Cost of rendering of services	2,762.2	89.6%	3,231.9	90.3%	469.7	17.0%
Administrative expenses	204.0	6.6%	211.7	5.9%	7.7	3.8%
Total Expenses	2,966.2	96.2%	3,443.6	96.2%	477.4	16.1%
Profit before finance costs and income tax	116.2	3.8%	135.2	3.8%	19.0	16.4%
Finance costs	7.0	0.2%	2.1	0.1%	(4.9)	(70.0%)
Profit Before Income Tax Expense	109.2	3.5%	133.1	3.7%	23.9	21.9%
Income tax expense	12.7	0.4%	25.0	0.7%	12.3	96.9%
Net Profit For the Year	96.5	3.1%	108.1	3.0%	11.6	12.0%

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	For the period ended					
	30-Jun-23		30-Jun-24		Change	
	Million THB	% Revenue	Million THB	%Revenue	Million THB	%
PROFIT ATTRIBUTABLE TO						
Owners of the parent	100.5	3.3%	112.0	3.1%	11.5	11.4%
Non-controlling interests	(4.0)	(0.1%)	(3.9)	(0.1%)	0.1	1.9%

Total Revenues

Total Revenues, including service revenue and other income for the period ended 30 June 2023 and 2024, The Company's total revenue was Baht 3,082.4 million and Baht 3,578.8 million, respectively, increased by Baht 496.6 million or 16.1%

For the period ended 30 June 2023 and 2024, The Company's revenue from rendering of services were Baht 3,075.9 million and 3,572.8 million, respectively, increased by Baht 497.0 million or 16.2% 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 period ended					
	30-Jun-23		30-Jun-24		Change	
	Million THB	%	Million THB	%	Million THB	%
Revenue from rendering of services - outsource	2,933.3	95.2%	3,416.9	110.9%	483.6	+15.7%
Revenue from rendering of services - recruitment	130.1	4.2%	126.2	4.1%	(3.9)	(0.1%)
Total Revenue from main business	3,063.4	99.4%	3,543.2	99.0%	479.8	+15.7%
Revenue from rendering of services - Integrated learning Service	6.4	0.2%	15.5	0.4%	9.0	+140.2%
Revenue from rendering of services - Online Job Platform	1.1	0.0%	0.4	0.0%	(0.8)	(65.8%)
Revenue from rendering of services - HRIS Platform *	4.9	0.2%	13.8	0.4%	8.9	+181.3%
Total Revenue from new business	12.5	0.4%	29.6	0.8%	17.1	+137.3%
Other Revenue	6.5	0.2%	6.0	0.2%	(0.5)	(7.6%)
Total Revenues	3,082.4	100.0%	3,578.8	100.0%	496.4	+16.1%

* Commencing to generate revenue in Q2/2023

Revenue by services	For the period ended					
	30-Jun-23		30-Jun-24		Change	
	Million THB	%	Million THB	%	Million THB	%
Cost of Services and Expenses						
Cost of rendering of services - outsource	2,704.3	87.7%	3,159.9	88.3%	455.6	16.8%
Cost of rendering of services - recruitment	50.5	1.6%	51.5	1.4%	1.0	2.0%
Cost of rendering of services - training	3.3	0.1%	8.5	0.2%	5.2	157.6%
Cost of rendering of services - Jobs Platform	0.8	0.0%	1.3	0.0%	0.5	100.0%
Cost of rendering of services - Jobs Platform	3.3	0.1%	10.7	0.3%	7.4	100.0%
Total Cost of rendering of services	2,762.2	89.6%	3,231.9	90.3%	469.7	17.0%
Administrative expenses	204.0	6.6%	211.7	5.9%	7.7	3.8%
Total Cost of rendering of services and Expenses	2,966.2	96.2%	3,443.6	96.2%	477.4	16.1%
Profit from Operating Activities	116.2	3.8%	135.2	3.8%	19.0	16.4%
Finance costs	7.0	0.2%	2.1	0.1%	(4.9)	(70.0%)
Profit Before Income Tax Expense	109.2	3.5%	133.1	3.7%	23.9	22.0%
Income tax expense	12.7	0.4%	25.0	0.7%	12.3	96.9%
Net Profit For the Year	96.5	3.1%	108.1	3.0%	11.6	12.0%
Owners of the parent	100.5	3.3%	112.0	3.1%	11.5	11.4%
Non-controlling interests	(4.0)	(0.1%)	(3.9)	(0.1%)	0.1	1.9%

(1) Revenue from outsourcing services

For the period ended 30 June 2023 and 2024, the Company generated revenue from outsourcing services of Baht 2,933.3 million and Baht 3,416.9 million, respectively, increased by Baht 483.6 million or 16.5%. The Company's growth comes from customers in the retail and wholesale consumer products business, consumer electronics/mobile gadgets business, and new customer from Banking and financial services, which lead to the growth of outsourcing staff. As of 30 June 2024, the company has a total of 18,153 outsourcing staff, increasing from 2023 by 1,340.

(2) Revenue from recruitment services

For the periods ended 30 June 2023 and 2024, the Company generated revenue from recruitment services of Baht 130.1 million and 126.2 million, respectively, which decreased by Baht 3.9 million or 3.0% due to the demand for staff in Junior position more than in Middle and Executive Positions.

Platform services consist of (3) Integrated Learning Service that provides service through online and offline channels, (4) an Online Job Platform, and (5) HRIS platform. These platforms are in the first phase of business development. For the period ended 30 June 2023 and 2024, the Company generated revenue from integrated learning services of Baht 6.4 million and Baht 15.5 million, respectively, increased by Baht 9.0 million or 140.2% and generated revenue from new HRIS platform service of Baht 4.9 million and Baht 13.8 million, increased by Baht 8.9 million or 181.3%

Cost of Services

For the period ended 30 June 2023 and 2024, The Company had cost of services of Baht 2,762.2 million and Baht 3,231.9 million, respectively, increased by Baht 469.7 million or 17.0%, mainly due to the following:

(1) The cost of outsourcing service was Baht 3,159.9 million, increasing by Baht 455.6 million or 16.8%. The increase was attributed to an increase in the salary and wage of the newly hired outsourcing staff. As a result, the cost grew in line with such an increase in revenue.

(2) The cost of recruitment service was Baht 51.5 million, increasing Baht 1.0 million or 2.0%, which comes from the expansion of the Company's recruiters to support the business growth.

Gross Profit Margin

Gross profit by Type of Business	For the period ended					
	30-Jun-23		30-Jun-24		Changed	
	ล้านบาท	สัดส่วน	ล้านบาท	สัดส่วน	ล้านบาท	%
Gross profit from rendering of services - outsource	229.0	7.8%	257.0	7.5%	28.0	12.2%
Gross profit from rendering of services - recruitment	79.6	61.2%	74.7	59.2%	(4.9)	(6.1%)
Gross profit from rendering of services - Integrated learning Service	3.1	48.8%	7.0	45.1%	3.8	121.9%
Gross profit from rendering of services - Online Job Platform	0.2	23.8%	(0.9)	(231.0%)	(1.2)	(463.4%)
Gross profit from rendering of services - HRIS Platform *	1.6	32.5%	3.1	22.2%	1.5	-
Total Gross profit	313.6	10.2%	340.9	9.5%	27.3	8.7%

* Commencing to generate revenue in Q2/2023

For the period ended 30 June 2023 and 2024, The Company had a gross profit of Baht 313.6 million and Baht 340.9 million, increased by 27.3 million or 8.7%. The increase in gross profit came from the revenue growth from outsourcing services which has gross profit of 12.2%.

Administrative Expenses

For the period ended 30 June 2023 and 2024, administrative expenses were Baht 204.0 million and Baht 211.7 million, respectively, increased by Baht 7.7 million or 3.8%. Mainly due to (1) The Increase in administrative expenses for support in the new HRIS platform services (2) The increasing number of operation staff to support the capability to supply services for PRTR customers, including related expenses such as Software licenses for rendering of services. However, when considering administrative expenses relative to total revenue, for the periods ending 30 June 2023 and 2024, they amounted to 6.6% and 5.9%, respectively. This improvement was due to more efficient expense management.

Financial Costs

Financial costs were Baht 2.1 million, decreasing Baht 4.9 million from prior year. The decrease came from the Company had fully repaid borrowings from the financial institutions. The Company then has major interest expense from Lease liabilities.

Income Tax Expense

Income tax expense	For the period ended	
	30-Jun-23	30-Jun-24
Profit Before Income Tax Expense	109.2	133.1
Income tax expense	12.7	25.0
Effective tax rate	11.6%	18.8%

The effective tax rate is under 20% because some accounting expenses deductible for tax purposes exceed their recorded accounting value. (For the period ended 30 June 2023, there was IPO expense that the company recorded as deduction from Premium on ordinary shares, which can be deductible for tax purposes.)

Statements of Financial Position

CONSOLIDATED FINANCIAL POSITION	As at				Changed	
	31-Dec-23		30-Jun-24		Million baht	%
	Million baht	%	Million baht	%		
Total Assets	2,084.1	100.0%	2,165.4	100.0%	81.3	3.9%
Total Liabilities	545.9	26.2%	609.1	28.1%	63.2	11.6%
Total Shareholders' Equity	1,538.2	73.8%	1,556.3	71.9%	18.1	1.2%

Total Assets

Total assets as at 30 June 2024 of Baht 2,165.4 million, increasing by Baht 81.3 million, compared to the year 2023 with Baht 2,084.1 million, was mainly due to an increase in Accrued Income by Baht 71 million and increase in Corporate income tax receivable Baht 70 million. The Company has Cash and cash equivalents amount of Baht 378.7 million as of 30 Jun 2024.

Total Liabilities

Total liabilities as at 30 June 2024 amount of Baht 609.1 million, increasing by 11.6%, compared to the year-end 2023 with Baht 545.9 million, was mainly due to a rise in accrued expenses related to service costs by 79 million Baht.

Total Shareholder Equity

Total shareholder equity as at 30 June 2024 of Baht 1,556.3 million, increasing by Baht 18.1 million or 1.2% compared to the year ended 2023 with Baht 1,538.2 million, was mainly due to comprehensive income for the period ended 30 June 2024 of Baht 108 million offset with dividend paid 81.3 million.

Key Financial Ratio

Financial Ratios	For the period ended	
	30-Jun-23	30-Jun-24
Gross Profit Margin (%)	10.2	9.5
Net Profit Margin (Owners of the parent) (%)	3.3	3.1
Current Ratio (times)	4.9	4.1
D/E Ratio (times)	0.3	0.4
Earning per Share (Baht)	0.2	0.2

Cash Flow Liquidity and Capital Resource

Statement of Cashflows (Unit : Million Baht)	For the period ended			
	30-Jun-23	30-Jun-24	Change	%
Cash Flow from Operating Activities				
Net cash provided by (used in) operating activities	115.8	(6.2)	(122.1)	(105.4%)
Cash Flow from Investing Activities				
Net cash used in investing activities	(196.6)	(4.0)	192.6	98.0%
Cash Flow from Financing Activities				
Net cash from (used in) financing activities	321.5	(91.4)	(412.9)	(128.4%)
Net increase (decrease) in cash and cash equivalents	240.8	(101.6)	(342.4)	(142.2%)
Cash and cash equivalents as at 1 January	112.5	480.3	367.8	326.9%
Cash and cash equivalents as at	353.3	378.7	25.4	7.2%

As at 30 June 2024, the company has cash and cash equivalent balance total of Baht 378.7 million. The Company has net cash used in operating activities total of Baht 6.2 million for the period ended 30 June 2024 (The Company had net cash from operating activities of Baht 115.8 million for the period ended 30 Jun 2023 as the Company got the withholding tax refund of the year 2021 amounting of 111.7 million. For the current year, Revenue department is in the reviewing process for tax refund of the year 2022 amounting of 127.5 million.) The Company has net cash used in investing activities total of Baht 4.0 million from implement of the new software (HRIS platform and PRTR Link) in total of Baht 7.0 million, and net cash used in financing activities total of Baht 91.4 million comprising dividend payment 81.3 million, repayment of lease liabilities 8.0 million and Interest payment 2.1 million.

Please be informed accordingly.

Yours faithfully,

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(Risara Charoenpanich)
Chief Executive Officer