PRANDA GROUP

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Sor Lor 037/2022

November 11, 2022

Subject : Management's Discussion and Analysis for the third Quarter 2022

To : The President
The Stock Exchange of Thailand (SET)

Pranda Jewelry Public Company Limited would like to notify the operating result stated in consolidated financial statements for the third Quarter period ended September 30, 2022 which compared to the same period of 2021.

For the operating result of third Quarter ended September 30, 2022 compared with the same period of 2021. There is a profit on equity holders of the company at the amount of Baht 74.08 million compared to the same period of previous year that the company has profit on equity holders at Baht 85.37 million or decreased by 13.22%. The Statement of Comprehensive Income in brief is presented as followed:

Unit: Million Baht

	July - September		
			Change
	2022	**2021**	**(%)**
Sales revenue	1,032.63	834.95	23.68%
Cost of sales	758.80	606.81	25.05%
Gross profit	273.83	228.14	20.03%
Gross profit margin	26.52%	27.32%	(2.93%)
Selling and administrative expenses	150.45	138.27	8.81%
Operating profit (Loss)	123.38	89.87	37.29%
Finance cost	2.10	8.73	(75.95%)
Gain (Loss) on exchange rate	(26.09)	46.14	(156.55%)
Other items (expenses)	(1.32)	(11.26)	(88.28%)
Unrealized gain (loss) on market price of raw material	20.43	4.58	346.07%
Tax income (expenses)	(39.36)	(34.90)	(12.78%)
Non-controlling interests of the subsidiaries (loss)	0.86	0.33	160.61%
Profit (Loss) on equity holders of the Company	74.08	85.37	(13.22%)

Pranda Group has revenue of Baht 1,032.63 million compared to the same period of previous year Baht at 834.95 million or increased by 23.68%.

The increase in revenue is mainly due to sale from production business, which account for 79% of total revenue, increased by 17% compared with same period of previous year as key customer's economy in Europe and USA grow significantly resulted in achieved sales order.

While revenue in Omni-channel business, which account for 21% of total revenue, increased by 57% compared with same period of previous year mainly due to Thailand market spending recovery while, previous year had been affected by COVID-19 epidemic situation.

Also, distribution channel in India recover and start local production line to supply the growing demand in India market.

As a result of overall in third quarter 2022, the company has gross profit of Baht 273.83 million or 26.52% lower than same period of previous year which was at 27.32% due to low gross profit margin from production unit in second quarter 2021 as the company had work in process items per higher order than normal that already finished and realized as revenue in third quarter 2021.

In third quarter 2022, Pranda Group has selling and administration expense increased from same period of previous year align with sales growth as aforementioned above. Therefore, total selling and administration expense has at Baht 150.45 million increased 8.81% compared with same period of previous year.

As aforementioned earlier, Pranda Group has operating profit in third quarter 2022 at Baht 123.38 million compared with previous year which had profit at Baht 89.87 million.

Pranda Group has finance cost at Baht 2.10 million compared to the same period of previous year at Baht 8.73 million or decreased by 75.95% which mainly due to loan outstanding balance as at September 30, 2022 lower than the same period of previous year.

In third Quarter, Pranda Group has loss on exchange rate at the amount of Baht (26.09) million compared to the same period of previous year which had gain on exchange rate at Baht 46.14 million due to unrealized gain on exchange rate of Pound Sterling and Euro currency and unrealized loss on exchange rate of US Dollar of working capital in subsidiary in foreign country.

Other expense has at Baht (1.32) million compared to the same period of previous year at Baht (11.26) million or decreased by 88.28% mainly came from dun decreasing on impairment loss on financial assets in third quarter 2021 which at Baht 20.09 million while nil in third quarter 2022.

In third Quarter, Pranda Group has unrealized gain on market price of raw material from retail business at Baht 20.43 million compared with same period of previous year had gain at Baht 4.58 million as a result of market price of raw material decreased as at ended of third quarter in portion higher than same period of previous year.

In summary, Pranda Group has made profit on equity holders of the company at Baht 74.08 million compared with the same period of previous year which had made profit Baht 85.37 million.

For the operating result of nine-month period ended September 30, 2022 compared with the same period of 2021. There is a profit on equity holders of the company at the amount of Baht 142.27 million compared to the same period of previous year that the company has profit on equity holders at Baht 79.40 million or increased by 79.18%. The Statement of Comprehensive Income in brief is presented as followed:

Unit: Million Baht

	January - September		
			Change
	2022	**2021**	**(%)**
Sales revenue	2,654.83	1,883.38	40.96%
Cost of sales	1,988.18	1,437.50	38.31%
Gross profit	666.65	445.88	49.51%
Gross profit margin	25.11%	23.67%	6.08%
Selling and administrative expenses	446.39	432.81	3.14%
Operating profit (Loss)	220.26	13.07	1,585.23%
Finance cost	17.55	28.21	(37.79%)
Gain (Loss) on exchange rate	(39.41)	115.91	(134.00%)
Other items (expenses)	12.49	(0.20)	6,345.00%
Unrealized gain (loss) on market price of raw material	19.89	27.21	(26.90%)
Tax income (expenses)	(51.25)	(53.96)	(5.02%)
Non-controlling interests of the subsidiaries (Loss)	2.16	(5.58)	138.71%
Profit (Loss) on equity holders of the Company	142.27	79.40	79.18%

Pranda has revenue at Baht 2,654.83 million compared to the previous year at Baht 1,883.38 million or increased by 40.96%.

The increase in revenue is mainly due to sale from production business, which account for 76% of total revenue, increased by 43% compared with same period of previous year as key customer's economy in Europe and USA grow significantly resulted in achieved sales order.

While revenue in Omni-channel business, which account for 24% of total revenue, increased by 35% compared with same period of previous year mainly due to Thailand market spending recovery while, previous year had been affected by COVID-19 epidemic situation.

Also, distribution channel in India recover and start local production line to supply the growing demand in India market.

As a result of overall nine-month in 2022, the company has gross profit of Baht 666.65 million or 25.11% higher than same period of previous year which was at 23.67%.

In nine-month 2022, Pranda Group has selling and administration expense align with sales growth as aforementioned above. Therefore, total selling and administration expense has at Baht 446.39 million increased 3.14% compared with same period of previous year.

Pranda Group has finance cost at Baht 17.55 million compared to the same period of previous year at Baht 28.21 million or decreased by 37.79% which mainly due to loan outstanding balance as at September 30, 2022 lower than the same period of previous year.

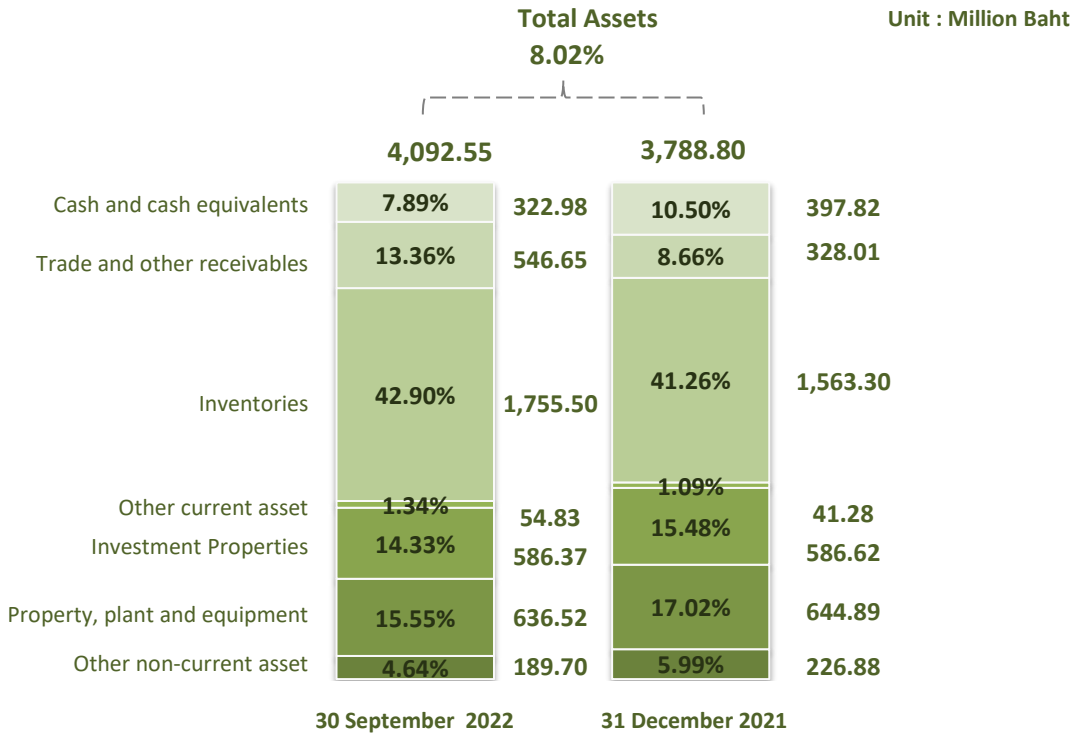
In nine-month, Pranda Group has loss on exchange rate at the amount of Baht (39.41) million compared to the same period of previous year which had gain on exchange rate at Baht 115.91 million due to unrealized loss on exchange rate of Pound Sterling and Euro currency of working capital in subsidiary in foreign country.

Pranda Group has other items at Baht 12.49 million while compare with the same period which had other expense at Baht (0.20) million or increased by 6,345%. This is mainly come from lodging revenue which close to previous year. Also, this line included impairment loss on financial assets decreased from Baht 24.78 million same period of previous year to Baht 3.29 million for the nine-month this year.

In nine-month, Group has unrealized gain on market price of raw material at Baht 19.89 million compared with same period of previous year had gain at Baht 27.21 million as a result of market price of raw material decreased as at ended of third quarter in portion higher than same period of previous year.

In summary, Pranda Group has made profit on equity holders of the company at Baht 142.27 million compared with the same period of previous year which had made profit Baht 79.40 million.

For statement of financial position as at September 30, 2022, changes as compared to December 31, 2021 as followed:



The group's total asset as of September 30, 2022 has at Baht 4,092.55 million which increased by Baht 303.75 million or 8.02% as compared to December 31, 2021. The increasing of total assets mainly come from inventory particularly the work in process inventory that are due for delivery in next quarter as well as increasing on account receivable due to delivered order to customer which mostly not overdue.

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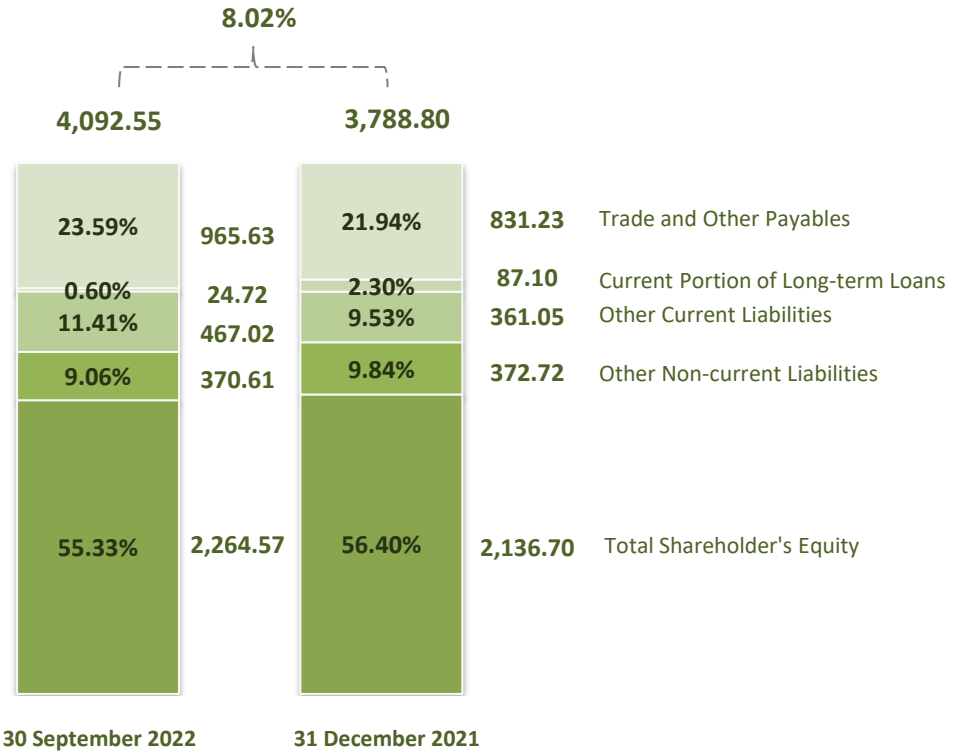
Total Liabilities and Shareholders' Equity

Unit : Million Baht



The group's total liabilities and shareholders' equity as of September 30, 2022 has at Baht 4,092.55 million increased by Baht 303.75 million or 8.02% as compared to December 31, 2021, mainly came from trade and other payables increased as Pranda Group purchased material used in production line in order to deliver order to customer in next quarter.

Cash flow statement for the period ended September 30, 2022, Pranda Group has cash and cash equivalents at Baht (74.84) million while same period of previous year had cash and cash equivalents at Baht (81.63) million as details follow:

Unit: Million Baht

	January – September	
	2022	**2021**
Cash Flow from Operating Activities	(11.95)	122.43
Cash Flow from Investing Activities	(37.03)	(23.29)
Cash Flow from Financing Activities	(64.23)	(63.42)
Increase in Translation Adjustment	38.37	(117.35)
Net Cash Flow	(74.84)	(81.63)

The Company's Cash Outflow used in Operating Activities period ended September 30, 2022 is at Baht 11.95 million mainly due to Pranda Group has profit from operation after adjustment to reconcile of non-cash transaction Baht 263.84 million and cash outflow used in inventory increased by Baht 191.14 million, trade and other receivable increased by Baht 165.32 million as well as cash increased due to increasing on account payable and other payable by Baht 90.38 million.

Net Cash Outflow used in Investing Activities period ended September 30, 2022 is at 37.03 million generally due to purchasing fixed assets for operating working capital in Pranda Group.

Net Cash Outflow used in Financing Activities period ended September 30, 2022 is at Baht 64.23 million mainly came from repayment loan on schedule Baht 62.52 million and cash paid for dividend payment Baht 53.90 million.

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Translation adjustment for the period ended September 30, 2022 at Baht 38.37 million mainly came from depreciation on Baht compared with US dollars by 9.10% which resulted in unrealized gain on exchange rate from translation adjustment of subsidiary.

Please be informed accordingly.

Yours Sincerely

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Chairman of Finance & Risk Management Committee

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