

Sor Lor 031/2023

November 9, 2023

Subject : Management's Discussion and Analysis for the third Quarter 2023

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, 2023 which compared to the same period of 2022.

For the operating result of third Quarter ended September 30, 2023 compared with the same period of 2022. There is a profit on equity holders of the company at the amount of Baht 6.13 million compared to the same period of previous year that the company has profit on equity holders at Baht 74.08 million or decreased by 91.73%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	July - September		
	2023	2022	Change (%)
Revenue from Sales	937.14	1,032.63	(9.25%)
Cost of sales	750.51	758.80	(1.09%)
Gross profit	186.63	273.83	(31.84%)
Gross profit margin	19.91%	26.52%	(24.92%)
Selling and administrative expenses	159.89	150.45	6.27%
Operating profit (Loss)	26.74	123.38	(78.33%)
Finance cost	7.91	5.30	49.25%
Gain (Loss) on exchange rate	(12.05)	(26.09)	(53.81%)
Other items (expenses)	9.64	1.88	412.77%
Unrealized gain (loss) on market price of raw material	4.26	20.43	(79.15%)
Tax income (expenses)	(10.00)	(39.36)	74.59%
Non-controlling interests of the subsidiaries (loss)	4.55	0.86	429.07%
Profit (Loss) on equity holders of the Company	6.13	74.08	(91.73%)

Pranda Group has revenue of Baht 937.14 million compared to the same period of previous year Baht at 1,032.63 million or decreased by 9.25%.

The mainly factor come from sale from production business, which account for 75% of total revenue, decreased by 14% compared with same period of previous year due to order from key market decelerate as concern on economic recession in the company main export market in Europe and America.

While revenue in Omni-channel business, which account for 25% of total revenue, increased by 8% compared with same period of previous year mainly due to distribution channel in India grow continuously throughout entire year and start local production line to supply the growing demand in India market. Regarding on Thailand market, sales close to same period of previous year.

In third quarter 2023, the company has gross profit of Baht 186.63 million lower than same period of previous year which was at 26.52% mainly come from sales from separate financial statement in production business has high gold jewelry order resulted in low gross profit margin at 12.22% decreased from same period of previous year which was at 21.69%. Therefore, Pranda Group has overall gross profit margin at 19.91%.

In third quarter 2023, Pranda Group has selling and administration expense increased from same period of previous year which mostly come from marketing activity such as travelling expense, fair exhibition expense and etc.

Also, selling and administration expense increased align with sales growth in India resulted in overall selling and administration expense has at Baht 159.89 million increased by 6.27% compared with same period of previous year.

As aforementioned earlier, Pranda Group has operating profit in third quarter 2023 at Baht 26.74 million compared with previous year which had profit at Baht 123.38 million.

Pranda Group has finance cost at Baht 7.91 million compared with same period of previous year which was at Baht 5.30 million or increased by 49.25% due to increasing on interest rate during the period.

Pranda Group has loss on exchange rate at the amount of Baht 12.05 million compared to the same period of previous year which had loss on exchange rate at Baht 26.09 million mostly is account payable in US Dollar currency resulted in loss on exchange rate in US Dollar as high fluctuate and appreciated in this quarter compared with Baht currency.

Other items has at Baht 9.64 million compared to the same period of previous year which had other items at Baht 1.88 million or increased by 412.77% mainly came from reversal impairment loss on financial assets (allowance for doubtful accounts) in this quarter while realized loss from investment in associated company in previous year.

In third quarter, Pranda Group has unrealized gain on market price of raw material at Baht 4.26 million compared with same period of previous year had gain at Baht 20.43 million as a result of market price of raw material decreased as at end of third quarter in portion lower than same period of previous year which come from Gold lease transaction from Omni-channel business in Thailand for hedging risk on physical gold (raw material) inventory.

Pranda Group has tax expense Baht 10.00 million which is interim corporate income tax. While the same period of previous year had tax expense Baht 39.36 million as Pranda Group has taxable profit lower than same period of previous year.

In summary, Pranda Group has made profit on equity holders of the company at Baht 6.13 million compared with the same period of previous year which had made profit Baht 74.08 million.

For the operating result of nine-month period ended September 30, 2023 compared with the same period of 2022. There is a loss on equity holders of the company at the amount of Baht (53.05) million compared to the same period of previous year that the company has profit on equity holders at Baht 142.27 million or decreased by 137.29%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	January - September		
	2023	2022	Change (%)
Revenue from Sales	2,291.50	2,654.83	(13.69%)
Cost of sales	1,808.53	1,988.18	(9.04%)
Gross profit	482.97	666.65	(27.55%)
Gross profit margin	21.08%	25.11%	(16.05%)
Selling and administrative expenses	480.60	446.39	7.66%
Operating profit (Loss)	2.37	220.26	(98.92%)
Finance cost	21.61	17.55	23.13%
Gain (Loss) on exchange rate	(7.50)	(39.41)	(80.97%)
Other items (expenses)	18.44	12.49	47.64%
Unrealized gain (loss) on market price of raw material	(10.96)	19.89	(155.10%)
Tax income (expenses)	(21.22)	(51.25)	(58.60%)
Non-controlling interests of the subsidiaries (Loss)	12.57	2.16	481.94%
Profit (Loss) on equity holders of the Company	(53.05)	142.27	(137.29%)

Pranda has revenue at Baht 2,291.50 million compared to the previous year at Baht 2,654.83 million or decreased by 13.69%.

The decreasing in revenue is mainly due to sale from production business which account for 71% of total revenue, decreased by 18% compared with same period of previous year due to order from key market decelerate as concern on economic recession in the company main export market in Europe and America.

While revenue in Omni-channel business, which account for 29% of total revenue, increased by 1% compared with same period of previous year mainly as distribution channel in India recover and start local production line to supply the growing demand in India market. Regarding on Thailand market, sales close to same period of previous year.

As a result of overall in nine-month in 2023, the company has gross profit of Baht 482.97 million lower than same period of previous year which was at 25.11% mainly come from sales from separate financial statement in production business has high gold jewelry order resulted in low gross profit margin at 11.21% decreased from same period of previous year which was at 18.64%. Therefore, Pranda Group has overall gross profit margin at 21.08%.

In nine-month in 2023, Pranda Group has selling and administration expense increased from same period of previous year which mostly come from marketing activity such as travelling expense, fair exhibition expense and etc.

Also, selling and administration expense increased align with sales growth in India resulted in overall selling and administration expense has at Baht 480.60 million increased by 7.66% compared with same period of previous year.

As aforementioned earlier, Pranda Group has operating profit in nine-month in 2023 at Baht 2.37 million compared with previous year which had profit at Baht 220.26 million.

Pranda Group has finance cost at Baht 21.61 million compared with same period of previous year which was at Baht 17.55 million or increased by 23.13% due to increasing on interest rate during the period.

In nine-month 2023, Pranda Group has loss on exchange rate at the amount of Baht 7.50 million compared to the same period of previous year which had loss on exchange rate at Baht 39.41 million mostly is account payable in US Dollar currency resulted in loss on exchange rate in US Dollar as high fluctuate and appreciated in this quarter compared with Baht currency.

Other items has at Baht 18.44 million compared to the same period of previous year which had other items at Baht 12.49 million or increased by 47.64% mainly came from included compensation income from insurance claim in 2023 while realized loss from investment in associated company in previous year.

In nine-month 2023, Pranda Group has unrealized loss on market price of raw material at Baht 10.96 million due to market price of raw material increased at ended of September. While same period of previous year market price of raw material decreased resulted in unrealized gain at Baht 19.89 million.

Pranda Group has tax expense Baht 21.22 million which is interim corporate income tax. While the same period of previous year had tax expense Baht 51.25 million as Pranda Group has taxable profit lower than same period of previous year.

In summary, Pranda Group has made loss on equity holders of the company at Baht (53.05) million compared with the same period of previous year which had made profit Baht 142.27 million.

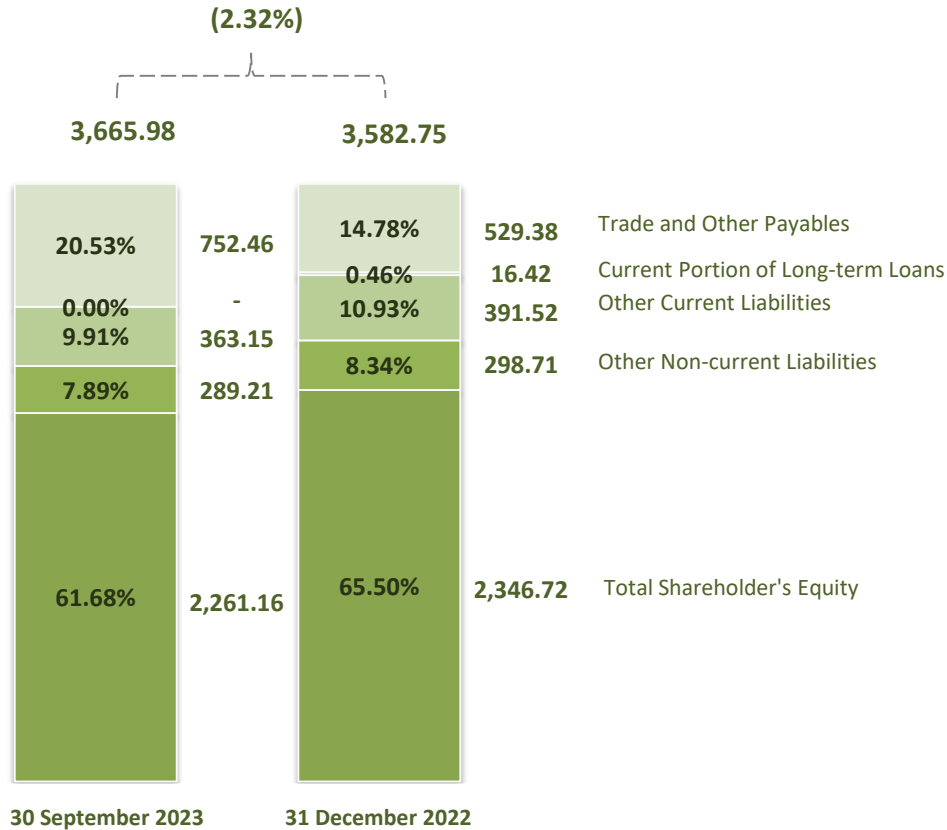
For statement of financial position as at September 30, 2023, changes as compared to December 31, 2022 as followed:

	Total Assets (2.32%)		Unit :Million Baht	
	3,665.98		3,582.75	
Cash and cash equivalents	5.43%	198.91	6.77%	242.68
Trade and other receivables	11.87%	435.14	10.82%	387.82
Inventories	44.19%	1,620.14	42.70%	1,529.89
Other current asset	1.54%	56.50	1.31%	47.03
Investment Properties	16.16%	592.42	16.36%	586.28
Property, plant and equipment	16.17%	592.91	17.43%	624.60
Other non-current asset	4.64%	169.96	4.59%	164.45
	30 September 2023		31 December 2022	

The group's total asset as of September 30, 2023 has at Baht 3,665.98 million increased by Baht 82.23 million or 2.32% as compared to December 31, 2022. The increasing of total assets mainly come from trade and other receivables increased align with delivery order to customers which still not overdue and also increasing from inventory which is work in process as well as property, plant and equipment decreased from depreciation in the period.

Total Liabilities and Shareholders' Equity

Unit : Million Baht



The group's total liabilities and shareholders' equity as of September 30, 2023 has at Baht 3,665.98 million increased by Baht 82.23 million or 2.32% as compared to December 31, 2022 mainly came from trade and other payables increased due to purchasing material used in production line in order to deliver order to customer in next quarter.

Cash flow statement for the period ended September 30, 2023, Pranda Group has cash and cash equivalents at Baht (43.78) million while same period of previous year had cash and cash equivalents at Baht (74.85) million as details follow:

	Unit: Million Baht	
	January – September	
	2023	2022
Cash Flow from Operating Activities	81.06	(11.95)
Cash Flow from Investing Activities	(27.77)	(37.03)
Cash Flow from Financing Activities	(106.91)	(64.23)
Increase in Translation Adjustment	9.85	38.37
Net Cash Flow	<u>(43.78)</u>	<u>(74.84)</u>

The Company's Cash Inflow from Operating Activities period ended September 30, 2023 is at Baht 81.06 million mainly due to Pranda Group has profit from operation after adjustment to reconcile of non-cash transaction Baht 88.50 million and cash increased as account payable and other payable increased Baht 183.54 million and cash used in inventory increased Baht 81.13 million and trade and other receivable increased Baht 30.24 million.

Net Cash Outflow used in Investing Activities period ended September 30, 2023 is at (27.77) 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, 2023 is at Baht (106.91) million mainly came from cash receipt from short-term loan used in working capital Baht 7.67 million, repayment long-term loans Baht 19.06 million and dividend payment Baht 59.89 million.

Please be informed accordingly.

Yours Sincerely

Chanat Sorakraikitikul
Chairman of Finance & Risk Management Committee

Corporate Secretary Office
Tel. 02-769-9999 Ext. 431, 403, 436