

Sor Lor 030/2022

August 11, 2022

Subject : Management's Discussion and Analysis for the second 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 second Quarter period ended June 30, 2022 which compared to the same period of 2021.

For the operating result of second Quarter ended June 30, 2022 compared with the same period of 2021. There is a profit on equity holders of the company at the amount of Baht 73.03 million compared to the same period of previous year that the company has loss on equity holders at Baht 56.85 million or increased by 228.46%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	April - June		
	2022	2021	Change (%)
Sales revenue	877.57	542.56	61.75%
Cost of sales	671.70	462.46	45.24%
Gross profit	205.87	80.10	157.02%
Gross profit margin	23.46%	14.76%	58.94%
Selling and administrative expenses	147.77	139.96	5.58%
Operating profit (Loss)	58.10	(59.86)	197.06%
Finance cost	7.10	8.32	(14.66%)
Gain (Loss) on exchange rate	15.03	27.84	(46.01%)
Other items (expenses)	7.22	0.64	1,028.13%
Unrealized gain (loss) on market price of raw material	14.42	(11.73)	222.93%
Tax income (expenses)	(13.66)	(8.56)	59.58%
Non-controlling interests of the subsidiaries (loss)	0.98	(3.14)	131.21%
Profit (Loss) on equity holders of the Company	73.03	(56.85)	228.46%

Pranda Group has revenue of Baht 877.57 million compared to the same period of previous year Baht at 542.56 million or increased by 61.75%.

The increase in revenue is mainly due to sale from production business, which account for 77% of total revenue, increased by 67% 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 23% of total revenue, increased by 48% 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 second quarter 2022, the company has gross profit of Baht 205.87 million or 23.46% higher than same period of previous year which was at 14.76% because gross profit margin in second quarter 2021 lower than normal.

In second quarter 2022, Pranda Group has selling and administration expense increased from same period of previous year align with align with sales growth as aforementioned above. Therefore, total selling and administration expense has at Baht 147.77 million increased 5.58% compared with same period of previous year.

As aforementioned earlier, Pranda Group has operating profit in second quarter 2022 at Baht 58.10 million compared with previous year which had loss at Baht (59.86) million.

Pranda Group has finance cost at Baht 7.10 million compared to the same period of previous year at Baht 8.32 million or decreased by 14.66% which mainly due to loan outstanding balance as at June 30, 2022 lower than the same period of previous year.

In second Quarter, Pranda Group has gain on exchange rate at the amount of Baht 15.03 million compared to the same period of previous year which had gain on exchange rate at Baht 27.84 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 items has at Baht 7.22 million compared to the same period of previous year at Baht 0.64 million or increased by 1,028.13% mainly came from Pranda Group has lodging revenue Baht 6.63 million in second quarter 2022. While, in second quarter 2021 had other income as aforementioned Baht 5.32 million and impairment loss on financial assets Baht 4.68 million.

In second Quarter, Pranda Group has unrealized gain on market price of raw material from retail business at Baht 14.42 million compared with same period of previous year had loss at Baht (11.73) million as a result of market price of raw material decreased as at ended of quarter. While, same period of previous year market price of raw material increased.

Pranda Group has tax expense Baht 13.66 million while the same period of previous year had tax expense Baht 8.56 million as second quarter in 2021 Pranda Group reversed corporate tax expense due to excess recognized previously.

While, second quarter in 2022 Pranda Group has profit tax. Thus Pranda Group reversed deferred tax asset which ever recorded in order to use tax benefit in second quarter in 2022. Therefore, Pranda Group has deferred tax expense but no current income tax in this period.

In summary, Pranda Group has made profit on equity holders of the company at Baht 73.03 million compared with the same period of previous year which had made loss Baht (56.85) million.

For the operating result of six-month period ended June 30, 2022 compared with the same period of 2021. There is a profit on equity holders of the company at the amount of Baht 68.20 million compared to the same period of previous year that the company has loss on equity holders at Baht (5.98) million or increased by 1,240.47%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	January - June		Change
	2022	2021	(%)
Sales revenue	1,622.20	1,048.43	54.73%
Cost of sales	1,229.37	830.69	47.99%
Gross profit	392.83	217.74	80.41%
Gross profit margin	24.22%	20.77%	16.61%
Selling and administrative expenses	295.94	294.54	0.48%
Operating profit (Loss)	96.89	(76.80)	226.16%
Finance cost	13.76	19.48	(29.36%)
Gain (Loss) on exchange rate	(13.32)	69.77	(119.09%)
Other items (expenses)	12.13	11.06	9.67%
Unrealized gain (loss) on market price of raw material	(0.55)	22.63	(102.43%)
Tax income (expenses)	(11.89)	(19.06)	(37.62%)
Non-controlling interests of the subsidiaries (Loss)	1.30	(5.90)	122.03%
Profit (Loss) on equity holders of the Company	68.20	(5.98)	1,240.47%

Pranda has revenue at Baht 1,622.20 million compared to the previous year at Baht 1,048.43 million or increased by 54.73%.

The increase in revenue is mainly due to sale from production business, which account for 73% of total revenue, increased by 69% 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 27% of total revenue, increased by 27% 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 six-month in 2022, the company has gross profit of Baht 392.83 million or 24.22% higher than same period of previous year which was at 20.77%

In six-month 2022, Pranda Group has selling and administration expense close to same period of previous year resulted in Pranda Group has operating profit at Baht 96.89 million compared with previous year which had loss at Baht (76.80) million.

Pranda Group has finance cost at Baht 13.76 million compared to the same period of previous year at Baht 19.48 million or decreased by 29.36% which mainly due to loan outstanding balance as at June 30, 2022 lower than the same period of previous year.

In six-month, Pranda Group has loss on exchange rate at the amount of Baht (13.32) million compared to the same period of previous year which had gain on exchange rate at Baht 69.77 million due to unrealized loss on exchange rate of Pound Sterling and Euro currency of working capital in subsidiary in foreign country.

In six-month, Pranda Group has unrealized loss on market price of raw material at Baht (0.55) million compared with same period of previous year had gain at Baht 22.63 million as a result of market price of raw material close to market price as at last period ended. While, same period of previous year market price of raw material decreased.

Pranda Group has tax expense Baht 11.89 million while the same period of previous year had tax expense Baht 19.06 million. For period six-month 2022, Pranda group has profit tax. Thus Pranda Group reversed deferred tax asset which ever recorded in order to use tax benefit in second quarter in 2022. Therefore, Pranda Group has deferred tax expense but no current income tax in this period.

In summary, Pranda Group has made profit on equity holders of the company at Baht 68.20 million compared with the same period of previous year which had made loss Baht (5.98) million.

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

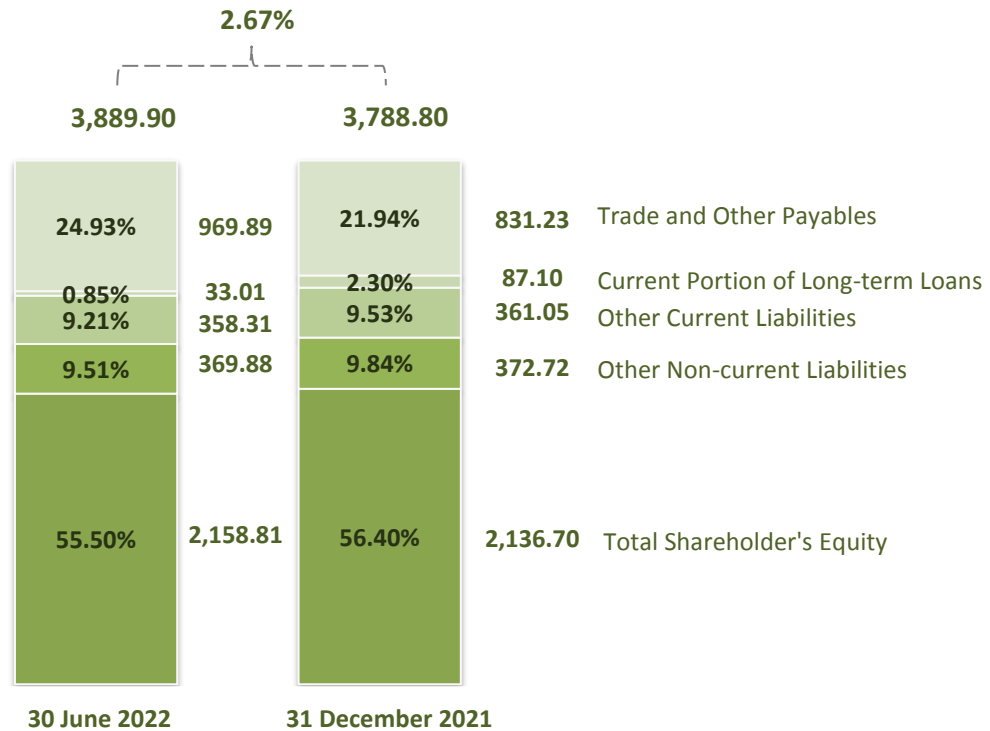
	Total Assets			
	2.67%			
	3,889.90	3,788.80		
Cash and cash equivalents	8.09%	314.57	10.50%	397.82
Trade and other receivables	10.71%	416.77	8.66%	328.01
Inventories	43.04%	1,674.25	41.26%	1,563.30
Other current asset	1.28%	49.79	1.09%	41.28
Investment Properties	15.08%	586.45	15.48%	586.62
Property, plant and equipment	16.09%	625.95	17.02%	644.89
Other non-current asset	5.71%	222.12	5.99%	226.88
	30 June 2022		31 December 2021	

Unit : Million Baht

The group's total asset as of June 30, 2022 has at Baht 3,889.90 million which increased by Baht 101.10 million or 2.67% 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.

Total Liabilities and Shareholders' Equity

Unit : Million Baht



The group's total liabilities and shareholders' equity as of June 30, 2022 has at Baht 3,889.90 million increased by Baht 101.10 million or 2.67% 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 June 30, 2022, Pranda Group has cash and cash equivalents at Baht (83.25) million while same period of previous year had cash and cash equivalents at Baht (31.21) million as details follow:

	Unit: Million Baht	
	January – June	
	2022	2021
Cash Flow from Operating Activities	33.92	124.71
Cash Flow from Investing Activities	(12.83)	(16.14)
Cash Flow from Financing Activities	(110.87)	(62.04)
Increase in Translation Adjustment	6.53	(77.74)
Net Cash Flow	(83.25)	(31.21)

The Company's Cash Inflow from Operating Activities period ended June 30, 2022 is at Baht 33.92 million mainly due to Pranda Group has profit from operation after adjustment to reconcile of non-cash transaction Baht 194.23 million and cash outflow used in inventory increased by Baht 104.89 million, trade and other receivable increased by Baht 124.48 million as well as cash increased due to increasing on account payable and other payable by Baht 108.27 million.

Net Cash Outflow used in Investing Activities period ended June 30, 2022 is at 12.83 million generally due to purchasing fixed assets for operating working capital in Pranda Group.

Net Cash Outflow used in Financing Activities period ended June 30, 2022 is at Baht 110.87 million mainly came from repayment loan on schedule Baht 54.18 million and Cash paid for dividend payment Baht 53.90 million.



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Translation adjustment for the period ended June 30, 2022 at Baht 6.53 million mainly came from depreciation on Baht compared with US dollars by 3.05% which resulted in unrealized gain on exchange rate from translation adjustment of subsidiary.

Please be informed accordingly.

Yours Sincerely

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