

**AURORA** 

ของขวัญแห่งความสุขที่มีคุณค่า

**AURORA DESIGN PUBLIC COMPANY LIMITED**

**MANAGEMENT DISCUSSION  
AND ANALYSIS (MD&A)**

**YE2022**

## EXECUTIVE SUMMARY

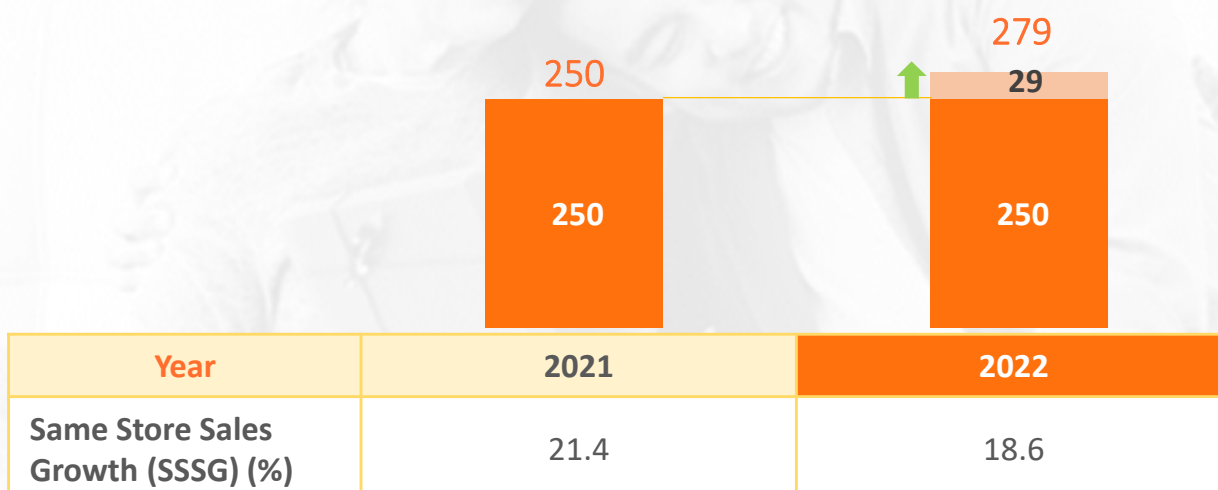
Operating Highlights	2021	2022	Change +/-
Unit: Million Baht			%YoY
<b>Operating Revenue</b>	<b>22,255.6</b>	<b>29,580.6</b>	<b>+32.9%</b>
Gross Profit	1,976.8	2,517.3	+27.3%
EBITDA	1,232.0	1,460.0	+18.5%
<b>Net Profit (loss) for the Company</b>	<b>591.0</b>	<b>707.9</b>	<b>+19.8%</b>
<b>Gross Profit Margin (%)</b>	<b>8.9%</b>	<b>8.5%</b>	<b>-0.4%</b>
<b>EBITDA Margin (%)</b>	<b>5.5%</b>	<b>4.9%</b>	<b>-0.6%</b>
<b>Net Profit (Loss) Margin (%)</b>	<b>2.7%</b>	<b>2.4%</b>	<b>-0.3%</b>

### YoY YE/22 vs YE/21

- In 2022, the Company recorded operating revenue of Baht 29,580.6 million, increased by Baht 7,325.1 million or 32.9% from 2021 mainly due to Same Store Sales Growth (SSSG), opening new branches, and customers who mostly came back to purchase more products at the store according to the recovery of economy from the Covid-19 pandemic, as well as the growth in interest income from sales with right of redemption business. In addition, the Company also held booths and conduct marketing activities to build brand awareness and boost sales. In 2023, the Company will still be focusing on continuous branch expansion.
- Gross profit margin was 8.5% in 2022, maintained from 2021. This indicates the Company's ability to maintain the level of profit from increasing the sales proportion of Design Gold and Diamond jewelry, which are high margin products. This positively impacts to gross profit margin in 2022, accounting for Baht 2,517.3 million, increased by Baht 540.4 million or 27.3% from 2021.
- Net profit was Baht 707.9 million, increased by Baht 116.8 million or 19.8% from 2021 due to the increase in revenue at a higher proportion than the increase in overall expenses from Same Store Sales Growth (SSSG), opening new branches, and customers who mostly came back to purchase more products at the store according to the recovery of economy from the Covid-19 pandemic.

### DETAILS OF THE NUMBER OF BRANCHES

Unit: Branches



## SIGNIFICANT EVENTS IN 2022

### Initial Public Offering (IPO) of Common Stock



Aurora Design PCL went through initial public offering (IPO) with no more than 334 million shares, accounting for 25% of the total number of issued and paid-up shares at the par value of 1 Baht. Proceeds will be used for business expansion as well as to expand branches to cover strategic locations in important provinces across the country.

### Collaborated with partners to drive the growth in “Thong Ma Ngern Pai”



Since 2022 until 2023, the Company has collaborated with many partners such as partnering with CJ Express Group Co., Ltd. (CJ More) to develop the business expansion model, partnering with Kasikorn PCL. to develop the technological payment, and partnering with Kasikorn Line Co. Ltd. (LINE BK) to launch promotions through LINE Official Account to deliver the additional offerings to users. In addition, “Thong Ma Ngern Pai” is presently in the process of negotiating with other partners to find an agreement of joint business in order to maximize customers’ satisfaction.

## BUSINESS DIRECTION IN 2023-2024

### Continuously seeking for growth opportunity through branch and business expansion



The Company identifies opportunities for customer base expansion through an increase in stores in many areas that have growth potential in both Bangkok and other provinces. By 2024, the Company aims to reach more than 400 branches, which will be available in both shopping mall, hypermarket, and other areas. In addition, the Company also has a plan for growth through sales with right of redemption business at the value of Baht 3,800 million.

## INDUSTRY INFORMATION



\*Note: Selling gold price of February 2023 is the average price until February 24, 2023.  
Source(s): Gold Traders Association, Thairath, and workpointtoday

Gold price in the beginning of 2023 will continue to increase as a result of the increase in purchasing power of Chinese and Singaporeans, mainly purchase to give as a gift during the Chinese new year, as well as the continuous Russia-Ukraine conflict. In 2023, trend of gold price is expected to continuously rise due to international factors, especially the US economy, which could fall into recession as the Federal Reserve Board (FED) continues to increase the interest rate to reduce the inflation to the target level. However, it is expected that FED will begin to slow down the rate for the rest of this year.

## OPERATING RESULTS IN 2022

Overall operating results of the Company in 2022	2021	2022	Change +/-
Unit: Million Baht			%YoY
Operating Revenue	22,255.6	29,580.6	+32.9%
Cost of Goods Sold	20,278.7	27,063.3	+33.5%
<b>Gross Profit</b>	<b>1,976.8</b>	<b>2,517.3</b>	<b>+27.3%</b>
Other Income	10.2	23.1	+126.5%
Selling and Distribution Expenses	912.8	1,206.6	+32.2%
Administrative Expenses	203.3	253.7	+24.8%
Financial Costs	200.2	218.8	+9.3%
<b>Profit (Loss) Before Income Tax Expenses</b>	<b>732.7</b>	<b>896.8</b>	<b>+22.4%</b>
Tax Expenses	141.7	189.0	+33.4%
<b>Net Profit (Loss) for the Company</b>	<b>591.0</b>	<b>707.9</b>	<b>+19.8%</b>

## OPERATING REVENUE STRUCTURE

### 94% REVENUE FROM MODERN GOLD DISTRIBUTION

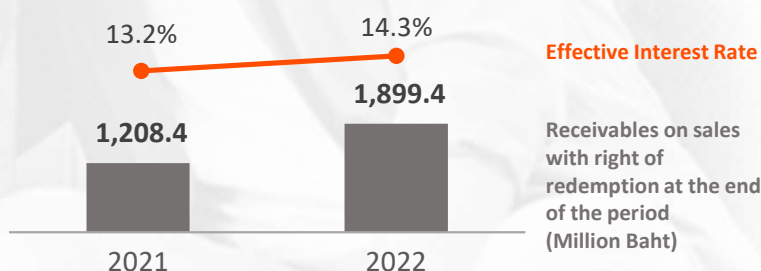
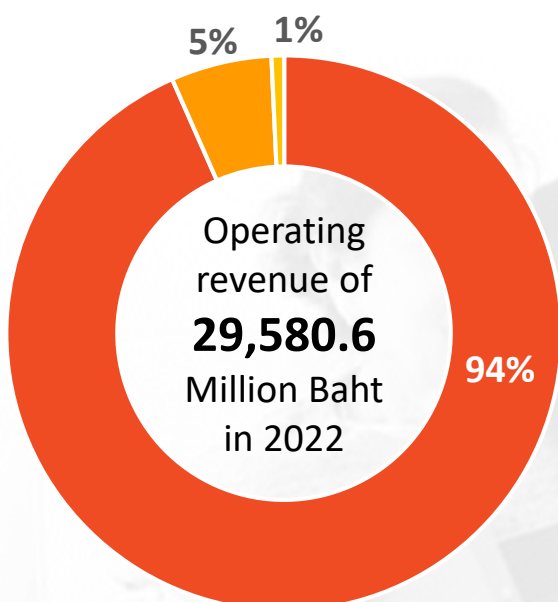
Gold jewelry products containing 96.5% pure gold such as necklaces, rings, bracelets, earrings, etc.

### 5% REVENUE FROM DIAMOND JEWELRY AND DESIGN GOLD DISTRIBUTION

- Diamond jewelry products such rings, earrings, bracelets, pendants with necklaces, etc.
- Gold jewelry products containing 40.0%-99.99% pure gold (Excluding Modern Gold products that contain 96.5% pure gold) with 4 groups of products: 1) Gold amulets 2) Belief products 3) Jewelry and 4) Gifts

### 1% REVENUE FROM INTEREST INCOME

Interest income from sales with right of redemption business in which customers can sell gold or gold/diamond jewelry with a right of redemption





## BUSINESS OVERVIEW BY CATEGORY

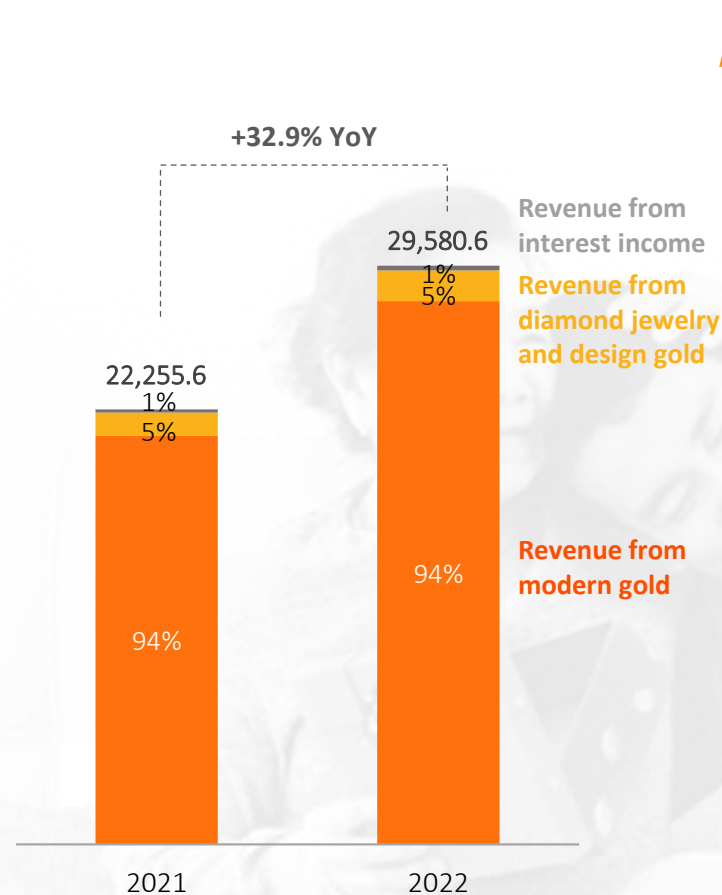
Revenue Structure	2021	2022	Change +/-
Unit: Million Baht			%YoY
Revenue from Modern Gold	20,894.7	27,781.6	+33.0%
Revenue from Design Gold and Diamond Jewelry	1,200.7	1,576.6	+31.3%
<b>Total Revenue from Product Distribution</b>	<b>22,095.4</b>	<b>29,358.2</b>	<b>+32.9%</b>
Revenue from Interest Income	160.2	222.4	+38.8%
<b>Total Operating Revenue</b>	<b>22,255.6</b>	<b>29,580.6</b>	<b>+32.9%</b>
Other Revenue	10.2	23.1	+126.5%
<b>Total Revenue</b>	<b>22,265.8</b>	<b>29,603.6</b>	<b>+32.9%</b>

Revenue Breakdown by Sales Channel	2021	2022	%YoY
Online Channel	2,475.1	2,395.8	-3.2%
Offline Channel	19,620.3	26,962.4	+37.4%
<b>Total</b>	<b>22,095.4</b>	<b>29,358.2</b>	<b>+32.9%</b>

### 1. Operating Revenue

Unit: Million Baht

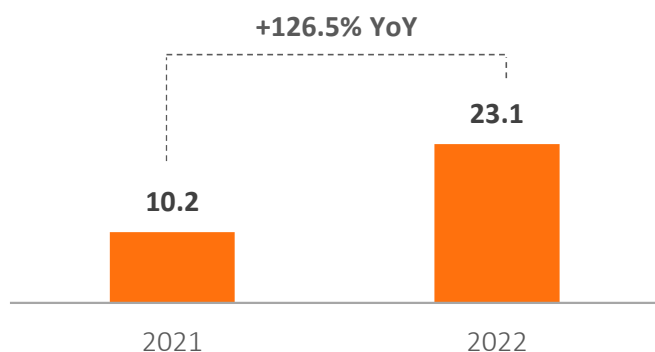


#### YoY YE/22 vs YE/21

In 2022, the Company recorded operating revenue of Baht 29,580.6 million, increased by Baht 7,325.1 million or 32.9% mainly due to an increase in revenue from modern gold by Baht 6,886.9 million or 33.0% and revenue from diamond jewelry and design gold which increased by Baht 375.9 million or 31.3% as a result of Same Store Sales Growth (SSSG), opening new branches, and customers who mostly came back to purchase more products at the store according to the recovery of economy from the Covid-19 pandemic. In addition, the Company continues to give high importance to marketing activities to build brand awareness and boost sales. Revenue from interest income increased by Baht 62.2 million or 38.8% mainly due to the growth in receivables on sales with right of redemption.

## 2. Other Revenue

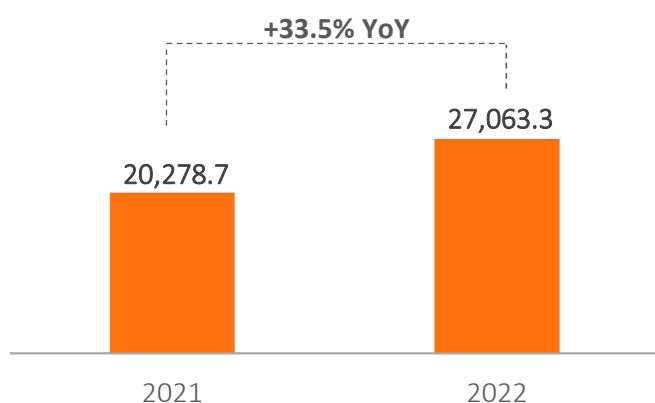
Unit: Million Baht, %



Note: Other revenue consists of store service revenue and B2B customers (such as spare parts and gold card issuance) and membership card revenue.

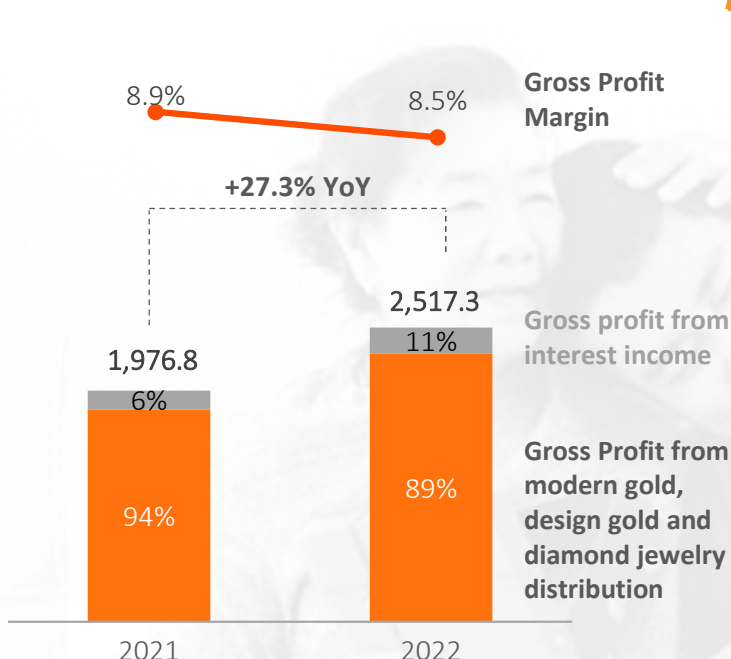
## 3. Cost of Goods Sold

Unit: Million Baht, %



## 4. Gross Profit & Gross Profit Margin

Unit: Million Baht, %



### YoY YE/22 vs YE/21

In 2022, the Company recorded other revenue of Baht 23.1 million, increased by Baht 12.9 million or 126.5% from 2021 as the Company received subsidy from a business partner to support with the marketing activities. In addition, revenue from service fee also increased from corporate customers whose purchasing orders grew from the previous year.

### YoY YE/22 vs YE/21

In 2022, the Company recorded the cost of goods sold of Bath 27,063.3 million, increased by Bath 6,784.6 million or 33.5% from 2021, corresponding to the increase in sales volume.

### YoY YE/22 vs YE/21

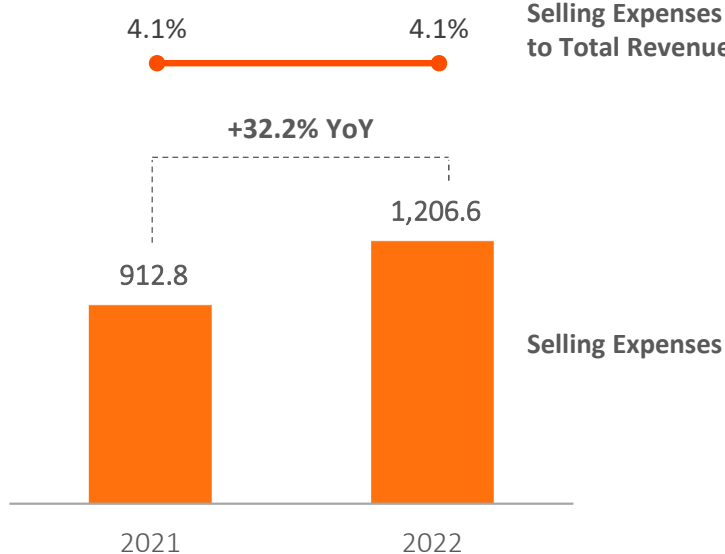
**Gross profit:** In 2022, the Company recorded gross profit of Baht 2,517.3 million, increased by Baht 540.4 million or 27.3% from 2021 due to:

- **Gross Profit from product distribution:** increased by Baht 478.2 million or 26.3%. Although the Company focuses on modern gold, the Company plans to continue to increase the sales proportion of design gold & diamond jewelry, which are high margin products so that the overall gross profit grows.
- **Gross Profit from interest income:** increased by Baht 62.2 million or 38.8% due to the growth in receivables from sales with right of redemption.

**Gross Profit Margin:** Gross profit margin was 8.5%, slightly decreased from 8.9% in 2021, displaying the Company's ability to maintain the profit level.

## 5. Selling Expenses

Unit: Million Baht, %



Selling Expenses to Total Revenue

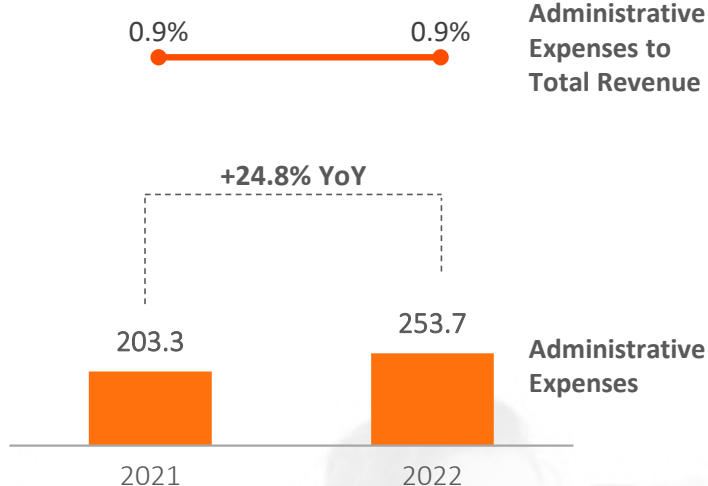
YoY YE/22 vs YE/21

**Selling Expenses:** In 2022, the Company recorded selling expenses of Baht 1,206.6 million, increased by Baht 293.8 million or 32.2% mainly from the increase in commission of branch staff corresponding to the increase in sales revenue, the rent from new branch openings, marketing expenses to drive sales and building brand awareness, most of which are increased to generate more sales revenue, and some one-time expenses used for marketing to be listed on SET (IPO).

**Selling Expenses to Total Revenue:** The percentage of selling and distribution expenses to total revenue was 4.1%, unchanged from 2021.

## 6. Administrative Expenses

Unit: Million Baht, %



Administrative Expenses to Total Revenue

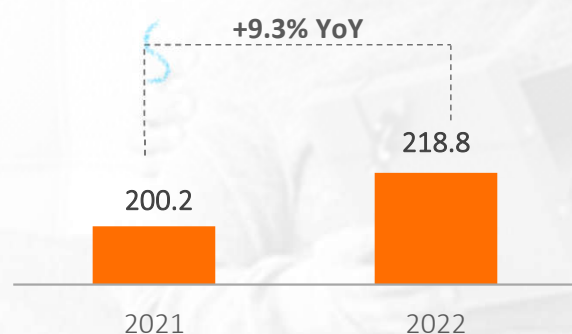
YoY YE/22 vs YE/21

**Administrative expenses:** In 2022, the Company recorded the administrative expenses of Baht 253.7 million, increased by Baht 50.4 million or 24.8% from 2021 mainly due to employee expenses from increasing the number of employees of the head office to support branch expansion, an increase in travel expenses and cost of consumables, and expenses involved in operation of listing on SET (IPO).

**Administrative expenses to total revenue:** The percentage of administrative expenses to total revenue was 0.9%, unchanged from 2021.

## 7. Financial Expense

Unit: Million Baht, %

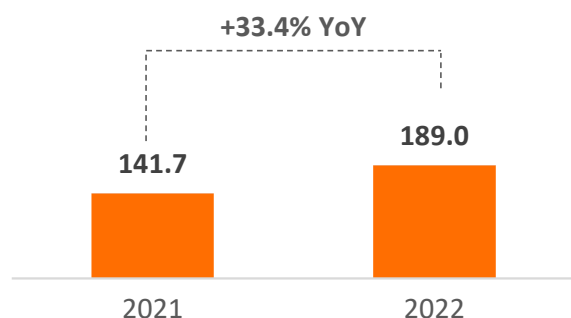


YoY YE/22 vs YE/21

In 2022, the Company recorded financial expenses of Baht 218.8 million, increased by Baht 18.6 million or 9.3% from 2021 mainly due to an increase in loan fee for debt restructuring from loans of related parties to loans from financial institutions which will be a one-time expense, and the interest on lease contracts which increased corresponding to the number of new branches opened. However, the interest on loans from financial institutions decreased due to the Company's efficient debt management.

## 8. Tax Expenses

Unit: Million Baht, %

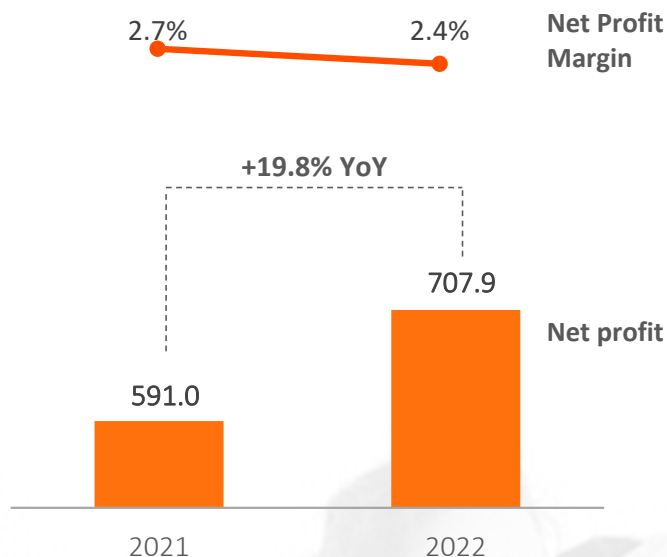


### YoY YE/22 vs YE/21

In 2022, the Company recorded tax expenses of Baht 189.0 million, increased by Baht 47.3 million or 33.4% as the increase in corporate income tax increased corresponding to the higher sales and earnings before tax.

## 9. Net Profit & Net Profit Margin

Unit: Million Baht, %



### YoY YE/22 vs YE/21

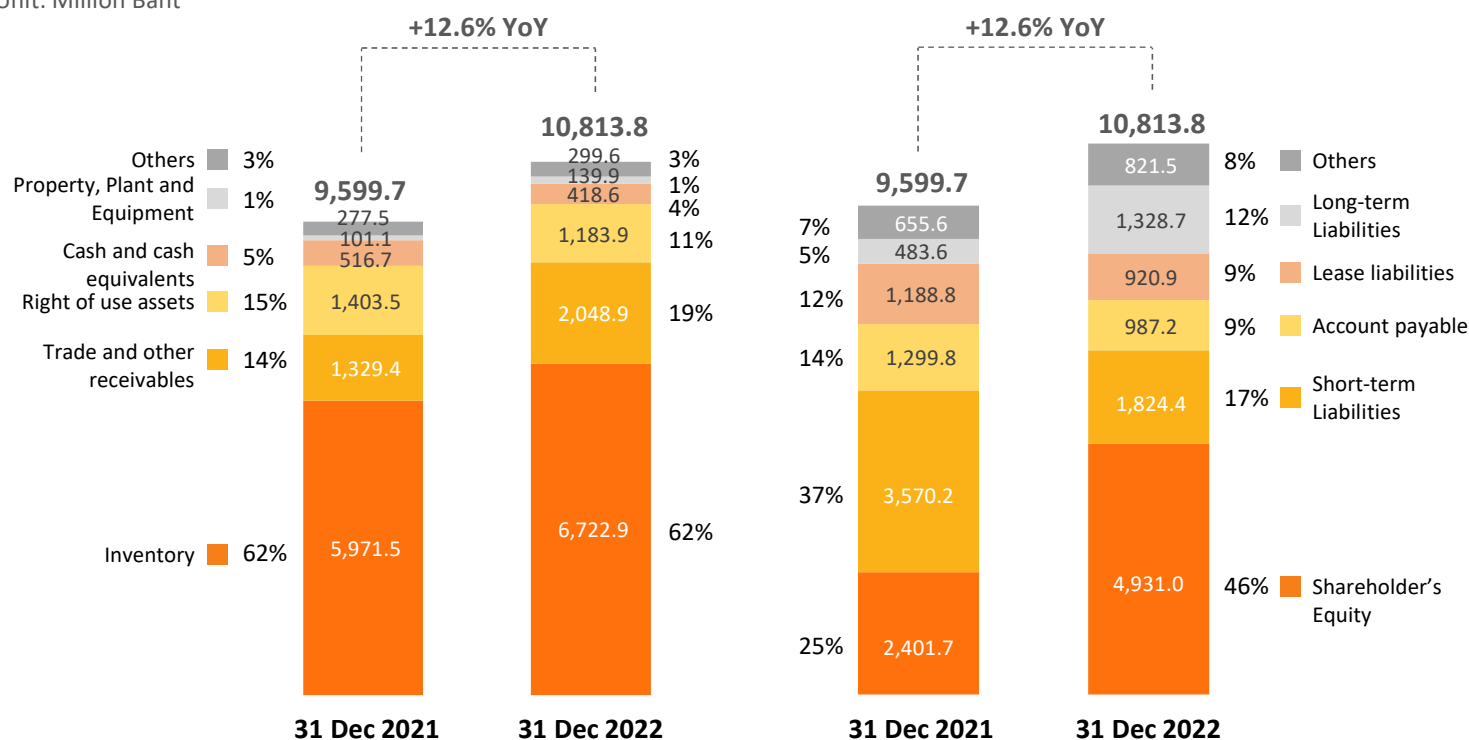
**Net Profit:** In 2022, the Company recorded the net profit of Baht 707.9 million, increased by Baht 116.8 million or 19.8% mainly due to the increase in revenue at a higher proportion than the increase in overall expenses from same store sales growth (SSSG), opening new branches, and customers who mostly came back to purchase more products at the store according to the recovery of economy from the Covid-19 pandemic.

**Net Profit Margin:** Net profit margin was 2.4%, slightly decreased from 2.7% in 2021 mainly due to the one-time expenses to be listed on SET (IPO). This also demonstrates the Company's ability to maintain the profit level.



## STATEMENT OF FINANCIAL POSITION

Unit: Million Baht



### Total Assets

As of 31 December 2022, the total assets of the Company was Baht 10,813.8 million, increased by Baht 1,214.1 million or 12.6% from 31 December 2021. The significant change are as follows:

- **Inventory:** increased by Baht 751.4 million due to an increase in gold inventory to support the growth from branch expansion and rising gold price.
- **Trade and other receivables:** increased by Baht 719.5 million from the growth in receivables on sales with right of redemption and receivables from corporate customers.
- **Right-of-use assets:** decreased by Baht 219.6 million due to the adjustment of the estimated period of the lease contract according to the Financial Reporting Standard No. 16 on Leases.
- **Cash & cash equivalents:** decreased by Baht 98.1 million due to the cash management for daily operation.

### Total Liabilities

As of 31 December 2022, the total liabilities of the Company was baht 5,882.8 million, decreased by Baht 1,315.2 million or 22.4% from 31 December 2021. The significant change are as follows:

- **Short-term Liabilities:** decreased by Baht 1,745.8 million due to the repayment to financial institutions. The loan can be redrawn to reduce financial costs, as well as the restructure of loans from related parties to loan from financial institutions.
- **Account payable:** decreased by Baht 312.6 million from the repayment to accrued expense and other payable.
- **Lease liabilities:** decreased by Baht 267.9 million from the adjustment of the estimated period of the lease contract according to the Financial Reporting Standard No. 16 on Leases and the repayment to lease creditors as usual from operation.
- **Long-term liabilities:** increased by Baht 845.1 million from the restructure of liability of loans from related parties to loans from financial institutions.

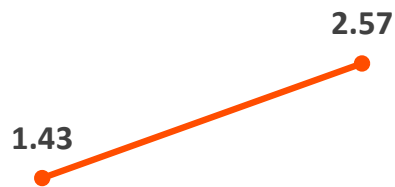
### Total Shareholders' Equity

As of 31 December 2022, the total shareholders' equity of the Company was Baht 4,931.0 million, increased by Baht 2,529.3 million or 105.3% from 31 December 2021 as a result of raising fund from IPO and increasing the registered capital. However, the Company paid an interim dividend of approximately Baht 1,700 million and set a legal reserve of approximately Baht 35 million.

## KEY FINANCIAL RATIOS

### Current Ratio

Unit: Times

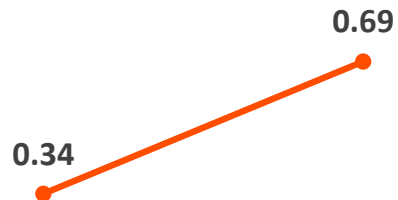


2021

2022

### Quick Ratio

Unit: Times



2021

2022

### Cash Cycle

Unit: Days

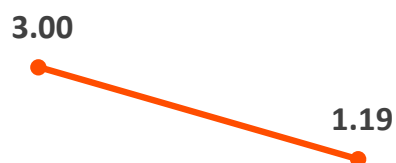


2021

2022

### D/E Ratio

Unit: Times



2021

2022

### ROE

Unit: %



2021

2022

### ROA

Unit: %



2021

2022