

Sor Lor 001/2023

February 28, 2023

Subject : Management's Discussion and Analysis for the fourth 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 fourth Quarter period ended December 31, 2022 which compared to the same period of 2021.

For the operating result of fourth Quarter ended December 31, 2022 compared with the same period of 2021. There is a loss on equity holders of the company at the amount of Baht (7.25) million compared to the same period of previous year that the company has profit on equity holders at Baht 58.77 million or decreased by 112.34%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	October - December		
	2022	2021	Change (%)
Sales revenue	955.56	1,017.15	(6.06%)
Cost of sales	701.96	775.88	(9.53%)
Gross profit	253.60	241.27	5.11%
Gross profit margin	26.54%	23.72%	11.89%
Selling and administrative expenses	189.60	158.03	19.98%
Operating profit (Loss)	64.00	83.24	(23.11%)
Finance cost	11.12	8.28	34.30%
Gain (Loss) on exchange rate	(46.70)	(38.75)	20.52%
Other items (expenses)	15.55	44.15	(64.78%)
Unrealized gain (loss) on market price of raw material	(23.36)	(13.18)	77.24%
Tax income (expenses)	(1.09)	(7.56)	(85.58%)
Non-controlling interests of the subsidiaries (loss)	4.53	0.85	432.94%
Profit (Loss) on equity holders of the Company	(7.25)	58.77	(112.34%)

Pranda Group has revenue of Baht 955.56 million compared to the same period of previous year Baht at 1,017.15 million or decreased by 6.06%.

The mainly factor come from sale from production business, which account for 72% of total revenue, decreased by 8% compared with same period of previous year due to balance order throughout the year.

While revenue in Omni-channel business, which account for 28% of total revenue, decreased by 2% compared with same period of previous year mainly due to Thailand market spending recovery since late 2021 resulted in sales in fourth quarter 2021 recovered same level before epidemic situation. For Vietnam market, as high gold price and high interest rate which affect to consumer confidence spending.

Also, distribution channel in India grow continuously throughout entire year and start local production line to supply the growing demand in India market.

As a result of overall in fourth quarter 2022, the company has gross profit of Baht 253.60 million or 26.54% higher than same period of previous year which was at 23.72%

In fourth quarter 2022, Pranda Group has selling and administration expense increased from same period of previous year which mostly come from repair and maintenance utility function which postpone in previous quarter, provision align with accounting standard and additional consultant service fee as well as selling and administration expense increased align with sales growth in India resulted in overall selling and administration expense has at Baht 189.60 million increased 19.98% compared with same period of previous year.

As aforementioned earlier, Pranda Group has operating profit in fourth quarter 2022 at Baht 64.00 million compared with previous year which had profit at Baht 83.24 million.

Pranda Group has finance cost at Baht 11.12 million compared to the same period of previous year at Baht 8.28 million or increased by 34.30% which mainly due come from loan interest rate increased 41.82% while Pranda Group has loan outstanding balance as at December 31, 2022 lower than the same period of previous year.

In fourth Quarter, Pranda Group has loss on exchange rate at the amount of Baht (46.70) million compared to the same period of previous year which had loss on exchange rate at Baht (38.75) million mostly due to exchange rate of US Dollar which high fluctuate and appreciated significantly in this quarter compared with Baht currency.

Other items has at Baht 15.55 million compared to the same period of previous year at Baht 44.15 million or decreased by 64.78% mainly came from fourth quarter in 2021 Pranda Group had one-time income due to restructuring plan in USA in distribution business.

In fourth Quarter, Pranda Group has unrealized loss on market price of raw material from retail business at Baht (23.36) million compared with same period of previous year had loss at Baht (13.18) million as a result of market price of raw material increased as at ended of fourth quarter in portion higher than same period of previous year.

In summary, Pranda Group has made loss on equity holders of the company at Baht (7.25) million compared with the same period of previous year which had made profit Baht 58.77 million.

For the operating result of the year period ended December 31, 2022 compared with the previous year. There is a profit on equity holders of the company at the amount of Baht 135.01 million compared to the previous year that the company has profit on equity holders at Baht 138.17 million or decreased by 2.29%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	January – December		
	2022	2021	Change (%)
Sales revenue	3,610.39	2,900.53	24.47%
Cost of sales	2,690.13	2,213.38	21.54%
Gross profit	920.26	687.15	33.92%
Gross profit margin	25.49%	23.69%	7.60%
Selling and administrative expenses	636.00	590.83	7.65%
Operating profit (Loss)	284.26	96.32	195.12%
Finance cost	28.67	36.49	(21.43%)
Gain (Loss) on exchange rate	(86.11)	77.16	(211.60%)
Other items (expenses)	28.03	43.94	(36.21%)
Unrealized gain (loss) on market price of raw material	(3.47)	14.03	(124.73%)
Tax income (expenses)	(52.34)	(61.52)	(14.92%)
Non-controlling interests of the subsidiaries (Loss)	6.69	(4.73)	241.44%
Profit (Loss) on equity holders of the Company	135.01	138.17	(2.29%)

Pranda has revenue at Baht 3,610.39 million compared to the previous year at Baht 2,900.53 million or increased by 24.47%.

The increase in revenue is mainly due to sale from production business, which account for 75% of total revenue, increased by 25% compared with the 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 25% of total revenue, increased by 22% compared with the previous year mainly due to Thailand market spending recovery. During the year especially on distribution channel in India start local production line to supply the growing demand in India market.

As a result of overall in 2022, the company has gross profit of Baht 920.26 million or 25.49% higher than previous year which was at 23.69%.

Pranda Group has selling and administration expense align with sales growth as aforementioned above. Therefore, total selling and administration expense has at Baht 636 million increased 7.65%.

Pranda Group has finance cost at Baht 28.67 million compared to previous year at Baht 36.49 million or decreased by 21.43% which mainly due to loan outstanding balance as at December 31, 2022 lower than previous year.

In 2022, Pranda Group has loss on exchange rate at the amount of Baht (86.11) million compared to previous year which had gain on exchange rate at Baht 77.16 million due to exchange rate of US Dollar which high fluctuate throughout the year.

Pranda Group has other items at Baht 28.03 million while compare with previous year which had other items at Baht 43.94 million or increased by 36.21%. This is mainly come from lodging revenue which close to previous year. Also, this line included impairment loss on financial assets decreased from Baht 23.77 million of previous year to Baht 8.30 million in 2022.

In 2022, Pranda Group has unrealized loss on market price of raw material at Baht (3.47) million compared with previous year had gain at Baht 14.03 million as a result of market price of raw material increased at ended of this year in portion higher previous year.

In summary, Pranda Group has made profit on equity holders of the company at Baht 135.01 million compared with the same period of previous year which had made profit Baht 138.17 million.

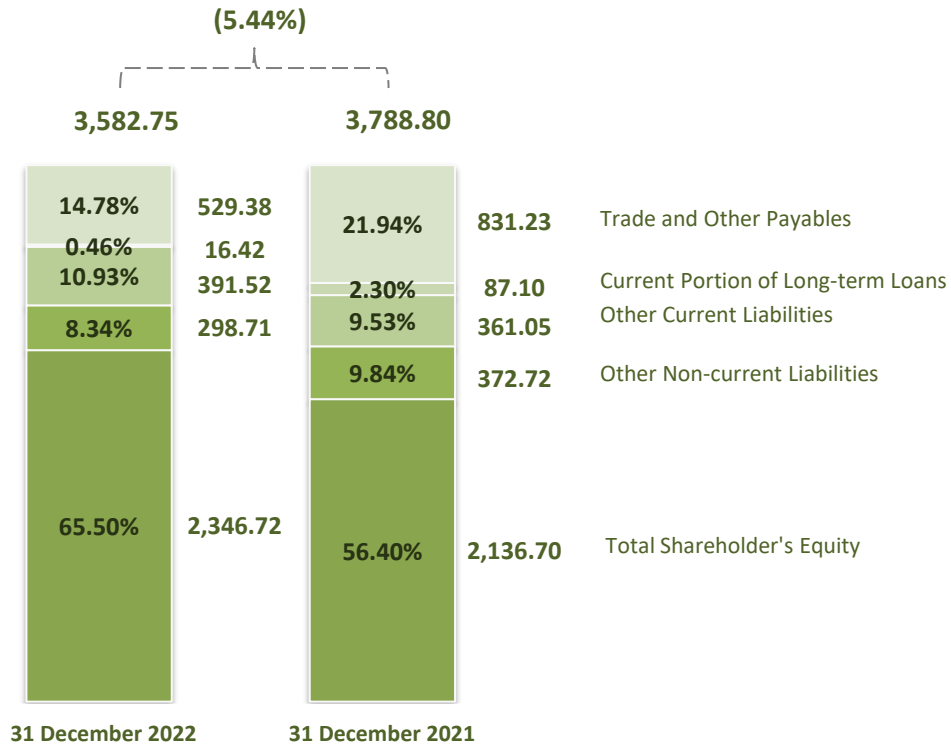
For statement of financial position as at December 31, 2022, changes as compared to December 31, 2021 as followed:

	Total Assets (5.44%)		Unit : Million Baht	
	3,582.75		3,788.8	
Cash and cash equivalents	6.77%	242.68	10.50%	397.82
Trade and other receivables	10.82%	387.82	8.66%	328.01
Inventories	42.70%	1,529.89	41.26%	1,563.30
Other current asset	1.31%	47.03	1.09%	41.28
Investment Properties	16.36%	586.28	15.48%	586.62
Property, plant and equipment	17.43%	624.60	17.02%	644.89
Other non-current asset	4.59%	164.45	5.99%	226.88
	31 December 2022		31 December 2021	

The group's total asset as of December 31, 2022 has at Baht 3,582.75 million which decreased by Baht 206.05 million or (5.44%) as compared to December 31, 2021. The decreasing of total assets mainly come from decreasing on cash and cash equivalents due to repayment current liabilities.

Total Liabilities and Shareholders' Equity

Unit : Million Baht



The group's total liabilities and shareholders' equity as of December 31, 2022 has at Baht 3,582.75 million decreased by Baht 206.05 million or (5.44%) as compared to December 31, 2021, mainly came from repayment loan to financial institutions and trade and other payables.

Cash flow statement for the period ended December 31, 2022, Pranda Group has cash and cash equivalents at Baht (155.14) million while same period of previous year had cash and cash equivalents at Baht (45.66) million as details follow:

	Unit: Million Baht	
	January – December	
	2022	2021
Cash Flow from Operating Activities	(45.31)	300.84
Cash Flow from Investing Activities	(44.00)	(31.52)
Cash Flow from Financing Activities	(146.44)	(216.26)
Increase in Translation Adjustment	80.61	(98.72)
Net Cash Flow	<u>(155.14)</u>	<u>(45.66)</u>

The Company's Cash Outflow used in Operating Activities period ended December 31, 2022 is at Baht (45.31) million mainly due to Pranda Group has profit from operation after adjustment to reconcile of non-cash transaction Baht 362.80 million and cash outflow used in trade and other receivable increased by Baht 88.90 million as well as decreasing on account payable and other payable by Baht 306.48 million.

Net Cash Outflow used in Investing Activities period ended December 31, 2022 is at (44.00) million generally due to purchasing fixed assets for operating working capital in Pranda Group.

Net Cash Outflow used in Financing Activities period ended December 31, 2022 is at Baht (146.44) million mainly came from repayment loan on schedule Baht 70.86 million and cash paid for dividend payment Baht 53.90 million.



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Translation adjustment for the period ended December 31, 2022 at Baht 80.61 million mainly came from Baht depreciation compared with US dollars by 9% which resulted in unrealized gain on exchange rate from translation adjustment of subsidiary.

Please be informed accordingly.

Yours Sincerely

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