

Sor Lor 012/2023

May 9, 2023

Subject : Management's Discussion and Analysis for the first 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 first Quarter period ended March 31, 2023 which compared to the same period of 2022.

For the operating result of first Quarter ended March 31, 2023 compared with the same period of 2022. There is a loss on equity holders of the company at the amount of Baht (25.58) million compared to the same period of previous year that the company has loss on equity holders at Baht (4.83) million or increased by 429.61%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	January - March		
	2023	2022	Change (%)
Sales revenue	692.31	744.63	(7.03%)
Cost of sales	531.50	557.67	(4.69%)
Gross profit	160.81	186.96	(13.99%)
Gross profit margin	23.23%	25.11%	(7.49%)
Selling and administrative expenses	163.06	148.17	10.05%
Operating profit (Loss)	(2.25)	38.79	(105.80%)
Finance cost	6.85	6.66	2.85%
Gain (Loss) on exchange rate	2.31	(28.34)	108.15%
Other items (expenses)	10.54	4.91	114.66%
Unrealized gain (loss) on market price of raw material	(24.70)	(14.97)	65.00%
Tax income (expenses)	(0.40)	1.77	(122.60%)
Non-controlling interests of the subsidiaries (loss)	4.23	0.33	1,181.82%
Profit (Loss) on equity holders of the Company	(25.58)	(4.83)	429.61%

Pranda Group has revenue of Baht 692.31 million compared to the same period of previous year Baht at 744.63 million or decreased by 7.03%.

The mainly factor come from sale from production business, which account for 68% of total revenue, decreased by 9% compared with same period of previous year due to order from key market decelerate as concern on economic recession.

While revenue in Omni-channel business, which account for 32% of total revenue, decreased by 3% compared with same period of previous year mainly due to re-strategic business plan and restructure point of sales channel resulted in closure of several shop in Vietnam. While, revenue in Thailand close to previous year.

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 first quarter 2023, the company has gross profit of Baht 160.81 million lower than same period of previous year which was at 25.11% mainly due to production business has high gold jewelry order resulted in decreasing on gross profit margin. Meanwhile, Omni-channel business has gross profit margin increased. As a result, overall gross profit margin stand at 23.34% as aforementioned.

In first quarter 2023, Pranda Group has selling and administration expense increased from same period of previous year which mostly come from ongoing repair and maintenance utility function since fourth quarter 2022 which postpone in previously and marketing activity increased after Covid situation 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 163.06 million increased 10.05% compared with same period of previous year.

As aforementioned earlier, Pranda Group has operating loss in first quarter 2023 at Baht (2.25) million compared with previous year which had profit at Baht 38.79 million.

In first quarter, Pranda Group has gain on exchange rate at the amount of Baht 2.31 million compared to the same period of previous year which had loss on exchange rate at Baht (28.34) million mostly due to exchange rate of US Dollar which high fluctuate and appreciated in this quarter compared with Baht currency. In addition, Pranda Group had unrealized loss on exchange rate of Euro currency of working capital in subsidiary in foreign country in first quarter 2022.

Other items has at Baht 10.54 million compared to the same period of previous year at Baht 4.91 million or increased by 114.66% mainly came from first quarter in 2023 Pranda Group has compensation income from insurance claims.

In first quarter, Pranda Group has unrealized loss on market price of raw material at Baht (24.70) million compared with same period of previous year had loss at Baht (14.97) million as a result of market price of raw material increased as at ended of first quarter in portion higher 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.

In summary, Pranda Group has made loss on equity holders of the company at Baht (25.58) million compared with the same period of previous year which had made loss Baht (4.83) million.

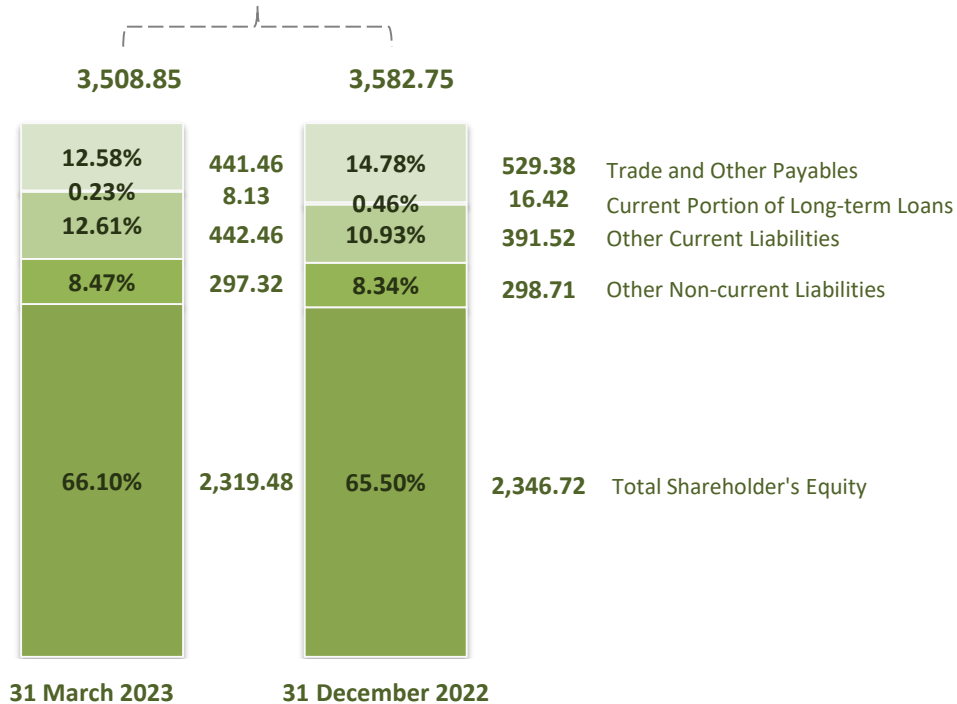
For statement of financial position as at March 31, 2023, changes as compared to December 31, 2022 as followed:

	Total Assets		Unit : Million Baht	
	(2.06%)			
	3,508.85	3,582.7		
Cash and cash equivalents	8.48%	297.48	6.77%	242.68
Trade and other receivables	9.53%	334.32	10.82%	387.82
Inventories	41.97%	1,472.72	42.70%	1,529.89
Other current asset	1.27%	44.48	1.31%	47.03
Investment Properties	16.71%	586.20	16.36%	586.28
Property, plant and equipment	17.42%	611.41	17.43%	624.60
Other non-current asset	4.62%	162.24	4.59%	164.45
	31 March 2023		31 December 2022	

The group's total asset as of March 31, 2023 has at Baht 3,508.85 million which decreased by Baht 73.90 million or (2.06%) as compared to December 31, 2022. The decreasing of total assets mainly come from received payment from trade and other receivables and inventory management to align with revenue from customer. While, property, plant and equipment decreased from depreciation in the period.

**Total Liabilities and Shareholders' Equity
(2.06%)**

Unit : Million Baht



The group's total liabilities and shareholders' equity as of March 31, 2023 has at Baht 3,508.85 million decreased by Baht 73.90 million or (2.06%) as compared to December 31, 2022, mainly came from repayment loan to financial institutions and trade and other payables.

Cash flow statement for the period ended March 31, 2023, Pranda Group has cash and cash equivalents at Baht 54.80 million while same period of previous year had cash and cash equivalents at Baht (51.33) million as details follow:

	Unit: Million Baht	
	January – March	
	2023	2022
Cash Flow from Operating Activities	10.57	65.01
Cash Flow from Investing Activities	(6.16)	(4.31)
Cash Flow from Financing Activities	53.02	(132.52)
Increase in Translation Adjustment	(2.63)	20.49
Net Cash Flow	54.80	(51.33)

The Company's Cash Outflow used in Operating Activities period ended March 31, 2023 is at Baht 10.57 million mainly due to Pranda Group has profit from operation after adjustment to reconcile of non-cash transaction Baht 37.66 million and trade and other receivable decreased by Baht 49.43 million, inventory decreased by Baht 59.43 million as well as increasing on account payable and other payable by Baht 113.49 million.

Net Cash Outflow used in Investing Activities period ended March 31, 2023 is at (6.16) million generally due to purchasing fixed assets for operating working capital in Pranda Group.

Net Cash Inflow from Financing Activities period ended March 31, 2023 is at Baht 53.02 million mainly came from increasing on bank overdrafts and short-term loans used in working capital.

Translation adjustment for the period ended March 31, 2023 at Baht (2.63) million mainly came from Baht appreciation compared with US dollars by 6.79% which resulted in unrealized gain on exchange rate from translation adjustment of subsidiary.

Please be informed accordingly.

Yours Sincerely

Chanat Sorakraikitikul
Chairman of Finance & Risk Management Committee

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