

AURORA



ของขวัญแห่งความสุขที่มีคุณค่า

AURORA DESIGN PUBLIC Company LIMITED

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

Q1/2023

EXECUTIVE SUMMARY

| Operating Highlights | Q1/22 | Q4/22 | Q1/23 | Change +/- | |
|--|----------------|----------------|----------------|---------------|---------------|
| Unit: Million Baht | | | | %YoY | %QoQ |
| Operating Revenue | 7,890.3 | 8,200.5 | 7,474.9 | -5.3% | -8.8% |
| Gross Profit | 655.4 | 733.8 | 719.4 | +9.8% | -2.0% |
| EBITDA | 438.5 | 434.8 | 482.1 | +9.9% | +10.9% |
| Net Profit (loss) for the Company | 239.7 | 212.1 | 267.3 | +11.5% | +26.0% |
| Gross Profit Margin (%) | 8.3% | 8.9% | 9.6% | +1.3% | +0.7% |
| EBITDA Margin (%) | 5.6% | 5.3% | 6.4% | +0.9% | +1.1% |
| Net Profit (Loss) Margin (%) | 3.1% | 2.6% | 3.6% | +0.5% | +1.0% |

YoY Q1/23 vs Q1/22

- In Q1/2023, the Company recorded operating revenue of Baht 7,474.9 million, decreased by Baht 415.4 million or 5.3% from Q1/2022, mainly due to the decrease in revenue from the settlement in trading orders of gold bar. However, the revenue from sales of Modern Gold products, Diamond Jewelry and Design Gold increased due to sales growth from new branch openings, which in Q1/2023, there were a total of 290 branches, increased by 35 branches from Q1/2022, as well as the increase in the customers' purchasing power from domestic consumption stimulus. At the same time, interest income also increased from the growth in receivables on sales with right of redemption
- Gross profit margin** was 9.6% in Q1/2023, increased from 8.3% in Q1/2022 mainly due to the increasing sales proportion of high margin products which includes Diamond Jewelry and Design Gold. In addition, the gross profit from interest income also increased from the growth in receivables on sales with right of redemption
- Net profit** was Baht 267.3 million, increased by Baht 27.5 million or 11.5% from Q1/2022 mainly due to the increasing sales proportion of high margin products which includes Diamond Jewelry and Design Gold and the increase in interest income.

QoQ Q1/23 vs Q4/22

- In Q1/2023, the Company recorded operating revenue of Baht 7,474.9 million, decreased by Baht 725.6 million or 8.8% from Q4/2022, as the 4th quarter of every year occupies the festive season driving the sales of the Company's storefronts to increase significantly. However, the interest income increased from the growth in receivables on sales with right of redemption. In Q1/2023, there were a total of 290 branches, increased by 11 branches from Q4/2022.
- Gross profit margin** was 9.6% in Q1/2023, increased from 8.9% in Q4/2022. Although the gross profit from sales decreased, the Company have displayed the ability to manage the cost of goods sold efficiently and increased in sales proportion of high margin products resulting in the Company's gross profit margin to rise.
- Net profit** was Baht 267.3 million, increased by Baht 55.2 million or 26.0% from Q4/2022. This was mainly due to the increasing sales proportion of high margin products which includes Diamond Jewelry and Design Gold. As well as the absent of expenses related to IPO on the Stock Exchange of Thailand, which was a one-time expense in Q4/2022.

SIGNIFICANT EVENTS IN 2023

Announcement Of Dividend Payment For 2022 Operating Performance



On April 27, 2023, the Board of Directors Meeting resolved to propose to the 2023 Annual General Meeting of Shareholders on April 26, 2023, to consider to pay dividends for the operating performance of 2022 from the net profit for the 4th quarter of 2022 (October 2022 until December 2022). The dividends will be paid in cash at the rate of Baht 0.08 per share for the total common stocks of 1,334,000,000 shares, in total of Baht 106,720,000. The Company has fixed the names of shareholders who are entitled to receive dividends (Record Date) on May 9, 2023, and dividend payment is scheduled to be paid on May 22, 2023.

Aurora Joined In Sending Gifts Back Home on Songkran Day



Songkran is a long holiday season that offers an opportunity for people to travel back to their hometowns and other provinces, but not everyone is able to return home. Considering this, Aurora saw an opportunity for the campaign "Return home, return (with) gold" to be a part of sending gifts of happiness that are valuable to customers. The campaign was executed with a golden bus with many amenities, including bus services and souvenirs. The bus departed from all 4 regions to send customers home safely. This campaign met the needs of customers who encounter travel restrictions while at the same time, reinforcing the brand's position as a deliverer of "Valuable gift of happiness".

BUSINESS DIRECTION

Continue Branch Expansion for Growth

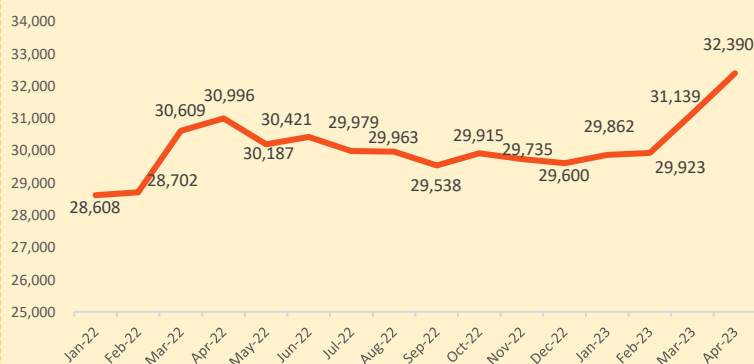


The Company aims to reach more than 400 branches within 2025. In Q1/2023, the Company opened 11 new branches both in Bangkok and other provinces to expand customer base. The store focuses to be available in shopping malls, hypermarkets, and other areas.

INDUSTRY INFORMATION

Unit: Baht

Selling Gold Price



Source(s): Gold Traders Association

Gold price during April 2023 will continue to increase as a result of the depreciation of the US dollar and investors buying gold as a safe-haven asset among the concerns about a recession. In 2023, the key drivers of the gold price are international conflicts, and severe economic recession in many countries around the world, especially the US economy which was mainly caused by the high inflation rate, causing the central banks of many countries to raise interest rates. Although it can slow down high-level inflation rates, the overall economy is several countries are affected. With the factors mentioned above, are the key drivers that will support the price of gold move higher.

OPERATING RESULT IN Q1/2023

| Overall operating results of the Company in Q1/2023 | Q1/22 | Q4/22 | Q1/23 | Change +/- | |
|---|--------------|--------------|--------------|---------------|---------------|
| Unit: Million Baht | | | | %YoY | %QoQ |
| Operating Revenue | 7,890.3 | 8,200.5 | 7,474.9 | -5.3% | -8.8% |
| Cost of Goods Sold | 7,234.9 | 7,466.6 | 6,755.5 | -6.6% | -9.5% |
| Gross Profit | 655.4 | 733.8 | 719.4 | +9.8% | -2.0% |
| Other Income | 5.0 | 2.8 | 14.5 | +192.2% | +416.8% |
| Selling Expenses | 284.2 | 338.2 | 301.8 | +6.2% | -10.8% |
| Administrative Expenses | 50.9 | 84.3 | 47.9 | -5.8% | -43.2% |
| Financial Costs | 46.6 | 70.9 | 53.3 | +14.3% | -24.8% |
| Profit (Loss) Before Income Tax Expenses | 300.5 | 265.0 | 333.1 | +10.8% | +25.7% |
| Tax Expenses | 60.8 | 52.9 | 65.8 | +8.3% | +24.4% |
| Net Profit (Loss) for the Company | 239.7 | 212.1 | 267.3 | +11.5% | +26.0% |

OPERATING REVENUE STRUCTURE

93% REVENUE FROM MODERN GOLD DISTRIBUTION

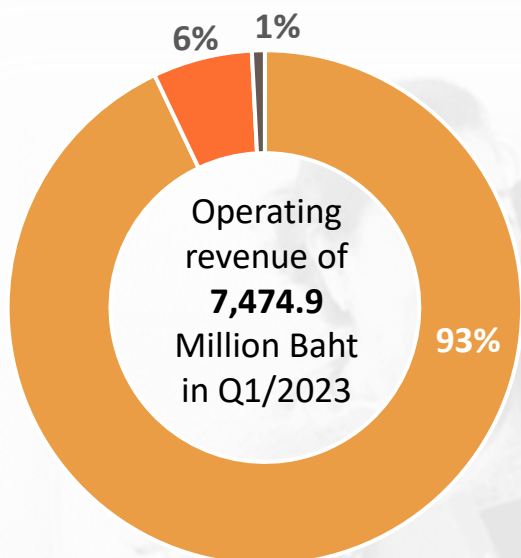
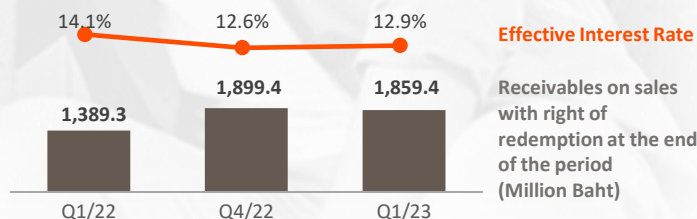
Gold jewelry products containing 96.5% pure gold such as necklaces, rings, bracelets, earrings, etc.

6% 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



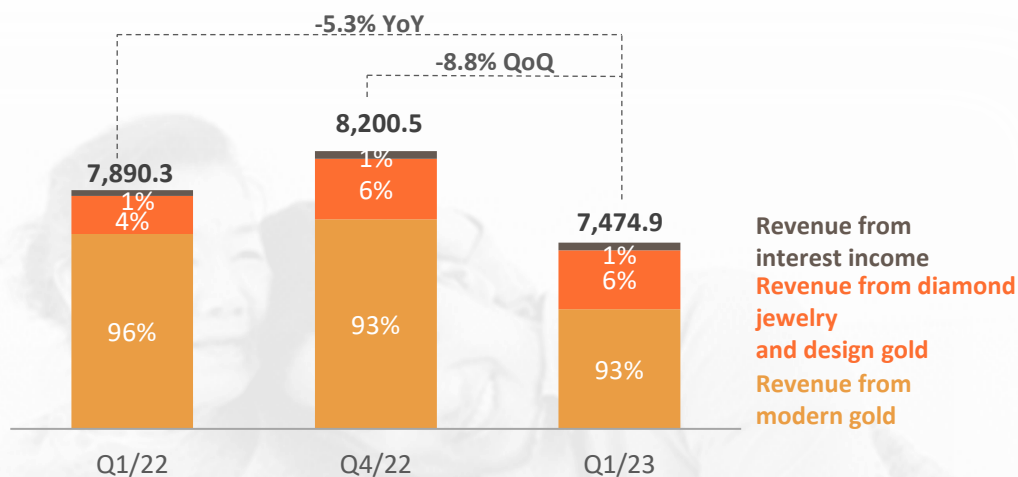
BUSINESS OVERVIEW BY CATEGORY

| Revenue Structure | Q1/22 | Q4/22 | Q1/23 | Change +/- | |
|--|----------------|----------------|----------------|--------------|--------------|
| Unit: Million Baht | | | | %YoY | %QoQ |
| Revenue from Modern Gold | 7,543.0 | 7,659.4 | 6,947.8 | -7.9% | -9.3% |
| Revenue from Design Gold and Diamond Jewelry | 301.4 | 480.9 | 466.8 | +54.9% | -2.9% |
| Total Revenue from Product Distribution | 7,844.4 | 8,140.3 | 7,414.5 | -5.5% | -8.9% |
| Revenue from Interest Income | 45.9 | 60.1 | 60.3 | +31.4% | +0.4% |
| Total Operating Revenue | 7,890.3 | 8,200.5 | 7,474.9 | -5.3% | -8.8% |
| Other Revenue | 5.0 | 2.8 | 14.5 | +192.2% | +416.8% |
| Total Revenue | 7,895.3 | 8,203.3 | 7,489.4 | -5.1% | -8.7% |

| Detail of branches at the end of period | Q1/65 | Q4/65 | Q1/66 | %YoY | %QoQ |
|---|-------|-------|-------|--------|--------|
| Number of branches | 255 | 279 | 290 | +13.7% | +3.94% |

1. Operating Revenue

Unit: Million Baht



Note: *Revenue from modern Gold consist of 1.Revenue from branch sales 2. Revenue from the settlement in trading orders of gold bar

YoY Q1/23 vs Q1/22

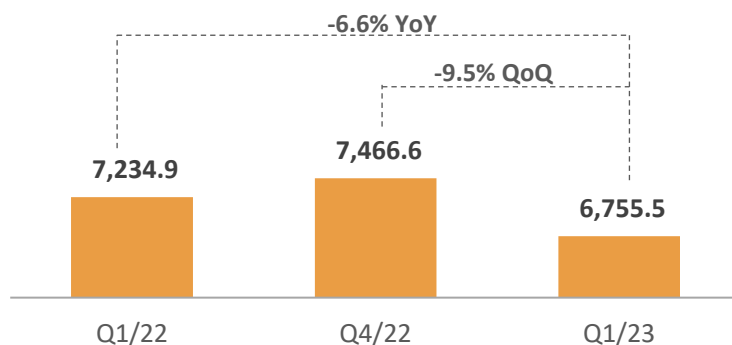
In Q1/2023, the Company recorded operating revenue of Baht 7,474.9 million, which decreased by Baht 415.4 million or 5.3%, mainly from the decrease in revenue from the sales and delivery of gold to close a net buying position. However, the revenue of sales from Modern Gold products, Diamond Jewelry and Design Gold have increased due to sales growth from new branches openings and the increase in the customers' purchasing power from domestic consumption stimulus. In addition, the interest income also increased from the growth in receivables on sales with right of redemption

QoQ Q1/23 vs Q4/22

In Q1/2023, the Company recorded operating revenue of Baht 7,474.9 million, which decreased by Baht 725.6 million or 8.8% as the 4th quarter of every year occupies the festive season, driving the sales of the Company's storefronts to increase significantly. While the interest income also increased from the growth in receivables on sales with right of redemption.

2. Cost of Goods Sold

Unit: Million Baht, %



YoY Q1/23 vs Q1/22

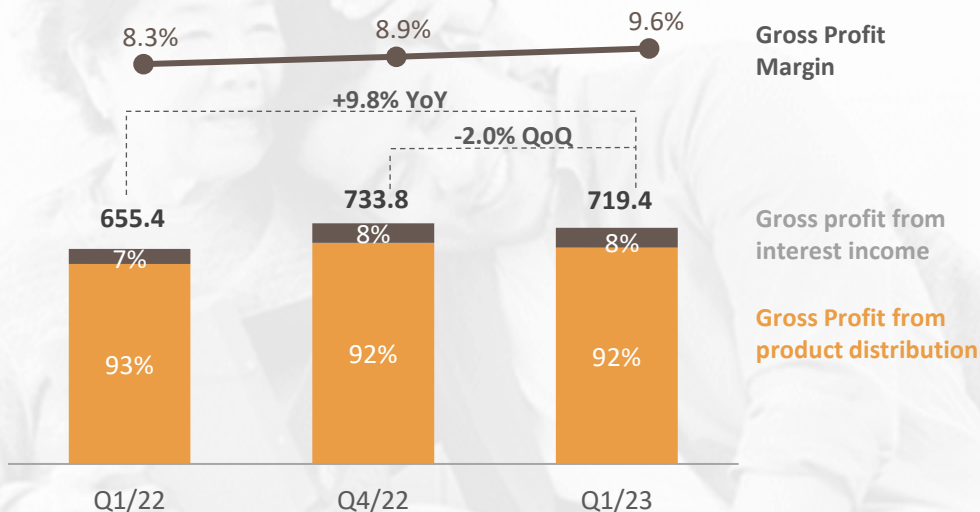
In Q1/2023, the Company recorded the cost of goods sold of Bath 6,755.5 million, decreased by Bath 479.4 million or 6.6% from Q1/2022, corresponding to the decrease in sales volume.

QoQ Q1/23 vs Q4/22

In Q1/2023, the Company recorded the cost of goods sold of Bath 6,755.5 million, decreased by Bath 711.1 million or 9.5% from Q4/2022, corresponding to the decrease in sales volume.

3. Gross Profit & Gross Profit Margin

Unit: Million Baht, %



YoY Q1/23 vs Q1/22

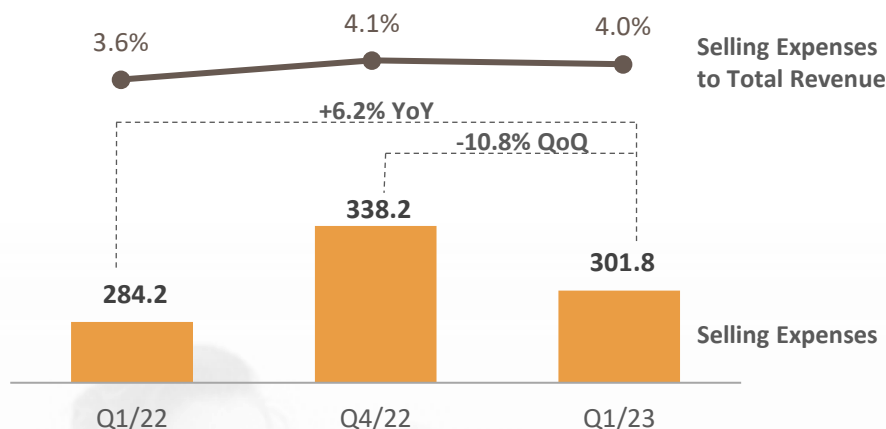
In Q1/2023, the Company recorded gross profit of Baht 719.4 million, increased by Baht 64.0 million or 9.8% and the gross profit margin was 9.6%, increased from 8.3% compared to Q1/2022. This was mainly due to the increase in gross profit from the sales of products by Baht 49.6 million or 8.1% from the increase in sales proportion of high margin products which includes Diamond Jewelry and Design Gold, to drive overall gross profit. At the same time, gross profit from interest income also increased Baht 14.4 million or 31.4% from the growth in receivables on sales with right of redemption

QoQ Q1/23 vs Q4/22

In Q1/2023, the Company recorded gross profit of Baht 719.4 million, decreased by Baht 14.5 million or 2.0% and the gross profit margin was 9.6%, increased from 8.9% compared to Q4/2022. This was mainly due to the decrease in gross profit from the sales of products by Baht 14.7 million or 2.2% as the 4th quarter of every year occupies the festive season driving the sales of the Company's storefronts to increase significantly. However, the interest income of the Company have increased by Bath 0.2 million or 0.4% from the growth in receivables on sales with right of redemption. Although the Company's gross profit from sales decreased, the Company was able to manage the cost of sales effectively and increase the proportion of high-margin products, resulting in the increase in the Company's gross profit margin.

4. Selling Expenses

Unit: Million Baht, %



YoY Q1/23 vs Q1/22

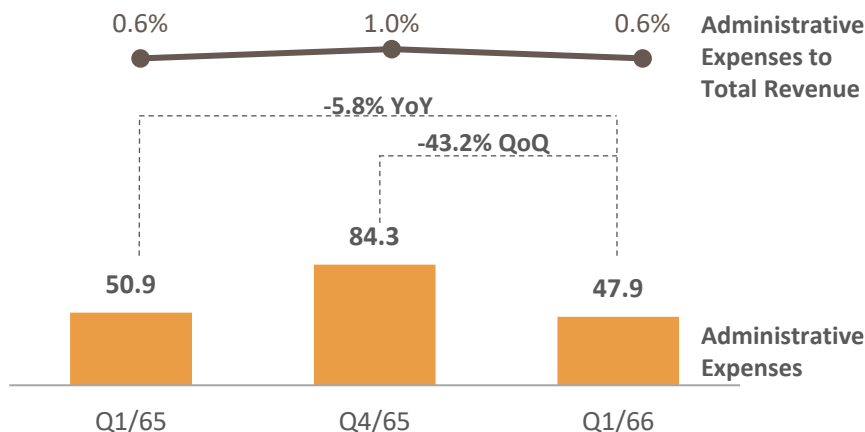
In Q1/2023, the Company recorded selling expenses of Baht 301.8 million, increased by Baht 17.6 million or 6.2% which accounted for 4.0% of total revenue, increased from 3.6% compared to Q1/2022. This was mainly due to the increase in expenses corresponding to the branch expansions such as the increase in rent from new branches and the branch staff expenses, etc.

QoQ Q1/23 vs Q4/22

In Q1/2023, the Company recorded selling expenses of Baht 301.8 million, decreased by Baht 36.4 million or 10.8% which accounted for 4.0% of total revenue, slightly improved from 4.1% compared to Q4/2022, as a result of the Company's ability to manage selling expenses more efficiently.

5. Administrative Expenses

Unit: Million Baht, %



YoY Q1/23 vs Q1/22

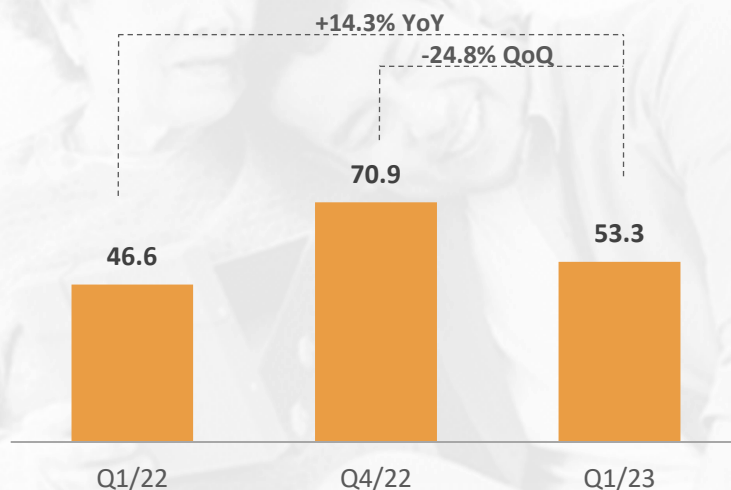
In Q1/2023, the Company recorded administrative expenses of Baht 47.9 million, decreased by Baht 3.0 million or 5.8% which accounted for 0.6% of total revenue or the same level as Q1/2022.

QoQ Q1/23 vs Q4/22

In Q1/2023, the Company recorded administrative expenses of Baht 47.9 million, decreased by Baht 36.4 million or 43.2% which accounted for 0.6% of total revenue, slightly improved from 1.0% compared to Q4/2022. This was due to the decrease in expenses related to IPO on the Stock Exchange of Thailand, which was a one-time expense. In addition, the Company also displayed the ability to manage expenses efficiently.

6. Financial Expense

Unit: Million Baht, %



YoY Q1/23 vs Q1/22

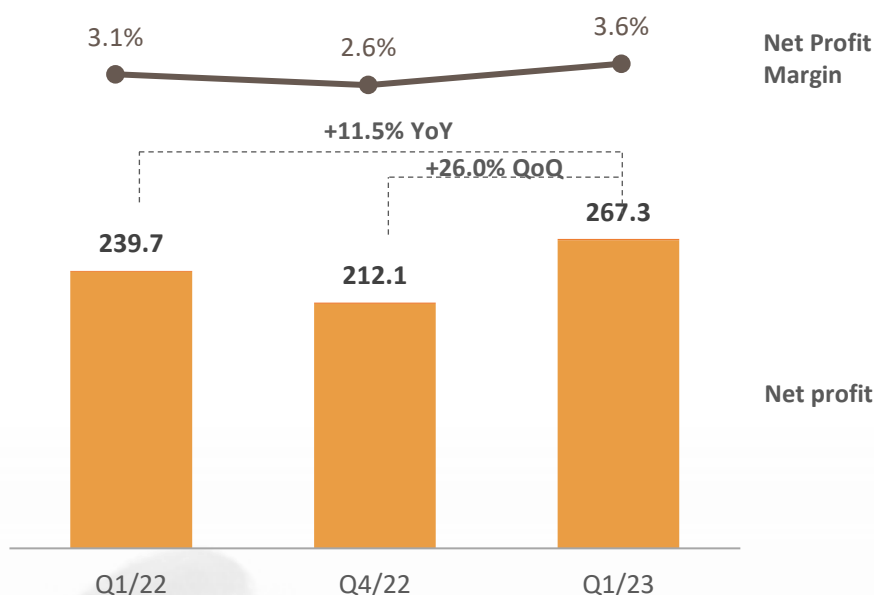
In Q1/2023, the Company recorded financial expenses of Baht 53.3 million, increased by Baht 6.6 million or 14.3% from Q1/2022, mainly due to the increase in loan interest rates corresponding to the policy interest rate.

QoQ Q1/23 vs Q4/22

In Q1/2023, the Company recorded financial expenses of Baht 53.3 million, decreased by Baht 17.6 million or 24.8% from Q4/2022, as in Q4/2022, the Company had a fee for debt restructuring from person and related party's loans to be loans from financial institutions, which was a one-time expense.

7. Net Profit & Net Profit Margin

Unit: Million Baht, %



YoY Q1/23 vs Q1/22

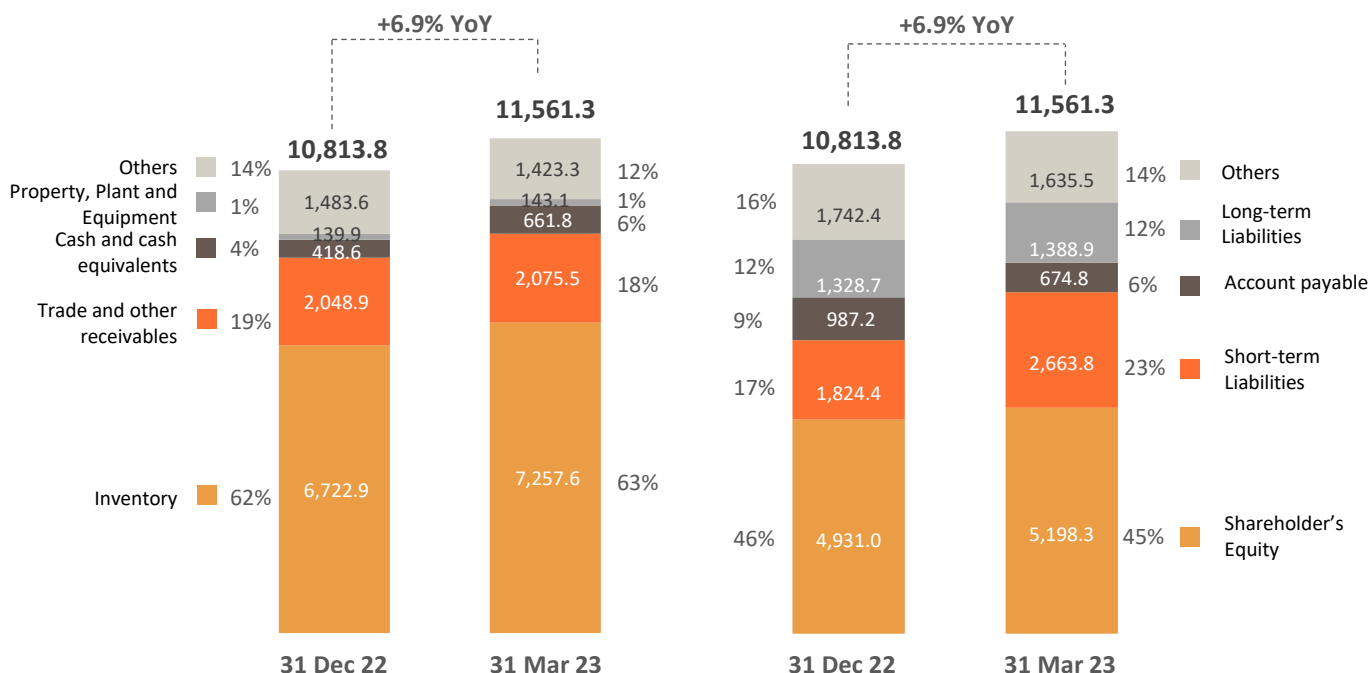
In Q1/2023, the Company recorded the net profit of Baht 267.3 million, increased by Baht 27.5 million or 11.5% and the net profit margin was 3.6%, increased from 3.1% compared to Q1/2022, mainly due to the increase in sales proportion of high margin products which includes Diamond Jewelry and Design Gold. In addition, the Company have also benefitted from the increase in interest income.

QoQ Q1/23 vs Q4/22

In Q1/2023, the Company recorded the net profit of Baht 267.3 million, increased by Baht 55.2 million or 26.0% and the net profit margin was 3.6%, increased from 2.6% compared to Q4/2022, mainly due to the increase in sales proportion of high margin products which includes Diamond Jewelry and Design Gold. In addition, the Company's selling and administrative expenses have decreased from the absent of expenses related to IPO on the Stock Exchange of Thailand, which was a one-time expense in Q4/2022.

STATEMENT OF FINANCIAL POSITION

Unit: Million Baht



Total Assets

As of 31 March 2023, the total assets of the Company was Baht 11,561.3 million, increased by Baht 747.5 million or 6.9% from 31 December 2022. The significant change are as follows:

- **Inventory:** increased by Baht 534.7 million due to an expansion of branches.
- **Cash & cash equivalents:** increased by Baht 243.2 million in order to reserve for buying gold and branch expansion.

Total Liabilities

As of 31 March 2023, the total liabilities of the Company was Baht 6,363.0 million, increased by Baht 480.2 million or 8.2% from 31 December 2022. The significant change are as follows:

- **Short-term Liabilities:** increased by Baht 839.4 million from the increase in loans from financial institutions for purchasing products corresponding to the branch expansion and the payment to account payables.
- **Trade and other receivables:** decreased by Baht 312.4 million, mainly from the payment of goods in credit terms.
- **Long-term liabilities:** increased by Baht 60.2 million from the increase in loans from financial institutions to support business expansion.

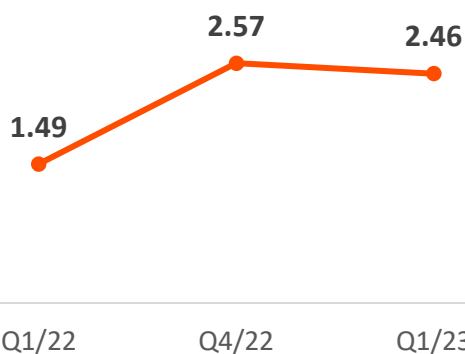
Total Shareholders' Equity

As of 31 March 2023, the total shareholders' equity of the Company was Baht 5,198.3 million, increased by Baht 267.3 million or 5.4% from 31 December 2022 due to the increase in profits during Q1/2023.

KEY FINANCIAL RATIOS

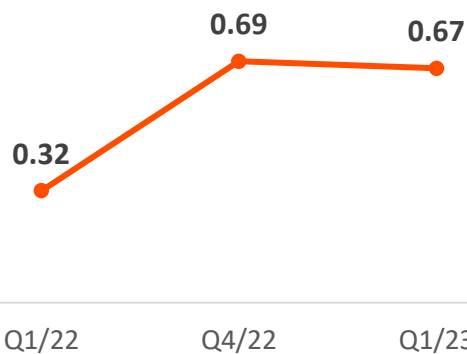
Current Ratio

Unit: Times



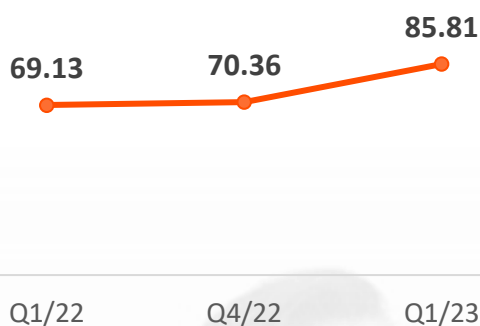
Quick Ratio

Unit: Times



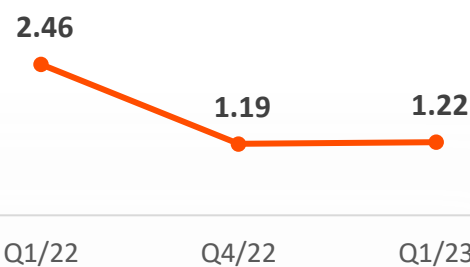
Cash Cycle

Unit: Days



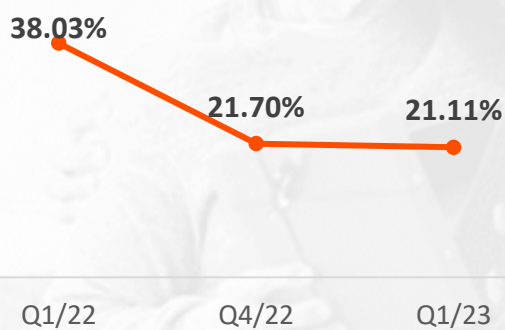
D/E Ratio

Unit: Times



ROE

Unit: %



ROA

Unit: %

