

Sor Lor 021/2023

August 9, 2023

Subject : Management's Discussion and Analysis for the second 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 second Quarter period ended June 30, 2023 which compared to the same period of 2022.

For the operating result of second Quarter ended June 30, 2023 compared with the same period of 2022. There is a loss on equity holders of the company at the amount of Baht (33.60) million compared to the same period of previous year that the company has profit on equity holders at Baht 73.03 million or decreased by 146.01%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	April - June		
	2023	2022	Change (%)
Revenue from Sales	662.05	877.57	(24.56%)
Cost of sales	526.52	671.70	(21.61%)
Gross profit	135.53	205.87	(34.17%)
Gross profit margin	20.47%	23.46%	(12.75%)
Selling and administrative expenses	157.66	147.77	6.69%
Operating profit (Loss)	(22.13)	58.10	(138.09%)
Finance cost	6.85	7.10	(3.52%)
Gain (Loss) on exchange rate	2.24	15.03	(85.10%)
Other items (expenses)	(1.74)	7.22	(124.10%)
Unrealized gain (loss) on market price of raw material	9.48	14.42	(34.26%)
Tax income (expenses)	(10.81)	(13.66)	20.86%
Non-controlling interests of the subsidiaries (loss)	3.79	0.98	286.73%
Profit (Loss) on equity holders of the Company	(33.60)	73.03	(146.01%)

Pranda Group has revenue of Baht 662.05 million compared to the same period of previous year Baht at 877.57 million or decreased by 24.56%.

The mainly factor come from sale from production business, which account for 70% of total revenue, decreased by 31% compared with same period of previous year due to order from key market decelerate as concern on economic recession in the company main export market in Europe and America.

While revenue in Omni-channel business, which account for 30% of total revenue, decreased by 2% 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 second quarter 2023, the company has gross profit of Baht 135.53 million lower than same period of previous year which was at 23.46% mainly come from sales from separate financial statement in production business has high gold jewelry order resulted in low gross profit margin at 9.26% decreased from same period of previous year which was at 17.15%. Therefore, Pranda Group has overall gross profit margin at 20.47%.

In first quarter 2023, Pranda Group has selling and administration expense increased from same period of previous year which mostly come from marketing activity 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 157.66 million increased by 6.69% compared with same period of previous year.

As aforementioned earlier, Pranda Group has operating loss in second quarter 2023 at Baht (22.13) million compared with previous year which had profit at Baht 58.10 million.

In second quarter, Pranda Group has gain on exchange rate at the amount of Baht 2.24 million compared to the same period of previous year which had gain on exchange rate at Baht 15.03 million mostly due to gain on exchange rate of US Dollar which high fluctuate and depreciated in this quarter compared with Baht currency.

Other expenses has at Baht (1.74) million compared to the same period of previous year which had other items at Baht 7.22 million or decreased by 124.10% mainly came from included impairment loss on financial assets Baht 9.62 million.

In second quarter, Pranda Group has unrealized gain on market price of raw material at Baht 9.48 million compared with same period of previous year had gain at Baht 14.42 million as a result of market price of raw material decreased as at ended of second quarter in portion lower 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.

Pranda Group has tax expense Baht 10.81 million which is half-year corporate income tax expense due to the gain on exchange rate resulted to overall Pranda Group has tax profit to be paid. While the same period of previous year in second quarter in 2022, Pranda Group reversed deferred tax asset which ever recorded in order to use tax benefit.

In summary, Pranda Group has made loss on equity holders of the company at Baht (33.60) million compared with the same period of previous year which had made profit Baht 73.03 million.

For the operating result of six-month period ended June 30, 2023 compared with the same period of 2022. There is a loss on equity holders of the company at the amount of Baht (59.18) million compared to the same period of previous year that the company has profit on equity holders at Baht 68.20 million or decreased by 186.77%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	January - June		
	2023	2022	Change (%)
Revenue from Sales	1,354.36	1,622.20	(16.51%)
Cost of sales	1,058.02	1,229.37	(13.94%)
Gross profit	296.34	392.83	(24.56%)
Gross profit margin	21.88%	24.22%	(9.66%)
Selling and administrative expenses	320.72	295.94	8.37%
Operating profit (Loss)	(24.38)	96.89	125.16%
Finance cost	13.69	13.76	(0.51%)
Gain (Loss) on exchange rate	4.55	(13.32)	(134.16%)
Other items (expenses)	8.80	12.13	(27.45%)
Unrealized gain (loss) on market price of raw material	(15.22)	(0.55)	2667.27%
Tax income (expenses)	(11.22)	(11.89)	(5.63%)
Non-controlling interests of the subsidiaries (Loss)	8.02	1.30	(516.92%)
Profit (Loss) on equity holders of the Company	(59.18)	68.20	186.77%

Pranda has revenue at Baht 1,354.36 million compared to the previous year at Baht 1,622.20 million or decreased by 16.51%.

The decreasing in revenue is mainly due to sale from production business which account for 69% of total revenue, decreased by 22% compared with same period of previous year due to order from key market decelerate as concern on economic recession in the company main export market in Europe and America.

While revenue in Omni-channel business, which account for 31% 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 recover and start local production line to supply the growing demand in India market.

As a result of overall in six-month in 2023, the company has gross profit of Baht 296.34 million or 21.88% lower than same period of previous year mainly come from sales from separate financial statement in production business has high gold jewelry order resulted in low gross profit margin at 10.50% decreased from same period of previous year which was at 16.65%. Therefore, Pranda Group has overall gross profit margin at 21.88%.

In six-month in 2023, Pranda Group has selling and administration expense increased from same period of previous year which mostly come from marketing activity 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 320.72 million increased by 8.37% compared with same period of previous year.

As aforementioned earlier, Pranda Group has operating loss in six-month in 2023 at Baht (24.38) million compared with previous year which had profit at Baht 96.89 million.

In six-month, Pranda Group has gain on exchange rate at the amount of Baht 4.55 million compared to the same period of previous year which had loss on exchange rate at Baht (13.32) million due to gain on exchange rate of US Dollar which high fluctuate and appreciated in this quarter compared with Baht currency.

In six-month, Pranda Group has unrealized loss on market price of raw material at Baht (15.22) million compared with same period of previous year had loss at Baht (0.55) million as a result of market price of raw material increased in six-month period higher than same period of previous year.

In summary, Pranda Group has made loss on equity holders of the company at Baht (59.18) million compared with the same period of previous year which had made profit Baht 68.20 million.

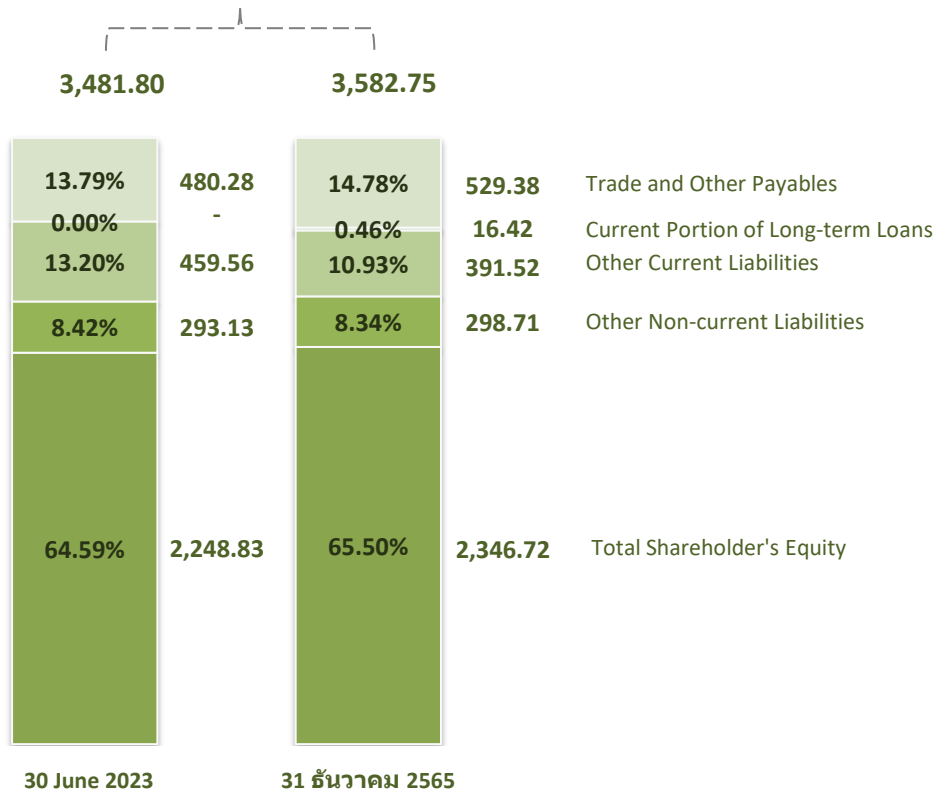
For statement of financial position as at June 30, 2023, changes as compared to December 31, 2022 as followed:

	Total Assets (2.82%)		Unit : Million Baht	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Cash and cash equivalents	5.96%	207.45	6.77%	242.68
Trade and other receivables	8.89%	309.67	10.82%	387.82
Inventories	44.51%	1,549.82	42.70%	1,529.89
Other current asset	1.55%	53.90	1.31%	47.03
Investment Properties	17.02%	592.69	16.36%	586.28
Property, plant and equipment	17.04%	593.40	17.43%	624.60
Other non-current asset	5.02%	174.87	4.59%	164.45
		3,481.80		3,582.7

The group's total asset as of June 30, 2023 has at Baht 3,481.80 million decreased by Baht 100.95 million or (2.82%) as compared to December 31, 2022. The decreasing of total assets mainly come from received payment from trade and other receivables. While, property, plant and equipment decreased from depreciation in the period.

Total Liabilities and Shareholders' Equity
(2.82%)

Unit : Million Baht



The group's total liabilities and shareholders' equity as of June 30, 2023 has at Baht 3,481.80 million decreased by Baht 110.95 million or (2.82%) 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 June 30, 2023, Pranda Group has cash and cash equivalents at Baht (35.24) million while same period of previous year had cash and cash equivalents at Baht (83.25) million as details follow:

	Unit: Million Baht	
	January – June	
	2023	2022
Cash Flow from Operating Activities	(14.69)	33.92
Cash Flow from Investing Activities	(13.01)	(12.83)
Cash Flow from Financing Activities	(8.47)	(110.87)
Increase in Translation Adjustment	0.93	6.53
Net Cash Flow	<u>(35.24)</u>	<u>(83.25)</u>

The Company's Cash Outflow used in Operating Activities period ended June 30, 2023 is at Baht (14.69) million mainly due to Pranda Group has profit from operation after adjustment to reconcile of non-cash transaction Baht 17.99 million and trade and other receivable decreased by Baht 90.18 million and account payable and other payable decreased by Baht 64.69 million.

Net Cash Outflow used in Investing Activities period ended June 30, 2023 is at (13.01) million generally due to purchasing fixed assets for operating working capital in Pranda Group.

Net Cash Inflow from Financing Activities period ended June 30, 2023 is at Baht (8.47) million mainly came from increasing on bank overdrafts and short-term loans used in working capital Baht 83.73 million, repayment long-term loans Baht 18.62 million and dividend payment Baht 59.89 million.

Please be informed accordingly.

Yours Sincerely

Chanat Sorakraikitikul
Chairman of Finance & Risk Management Committee

Corporate Secretary Office
Tel. 02-769-9999 Ext. 431, 403, 436

Page 8/8