

AURORA

ของขวัญแห่งความสุขที่มีคุณค่า

AURORA DESIGN PUBLIC Company LIMITED

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

Q2/2023

SIGNIFICANT EVENTS IN 2023

Aurora Receives the Best Brand Performance on Social Media Award



Aurora received the Winner Award for the Best Brand Performance on Social Media in the Gold & Jewelry category, marking its 4th consecutive year of achievement under the name of the 11th THAILAND SOCIAL AWARDS. This event recognizes the most influential individuals on social media in Thailand. Aurora is the first gold store in Thailand that strives, develops, and enhances online gold sales through E-commerce channels on Aurora's website and all online platforms.

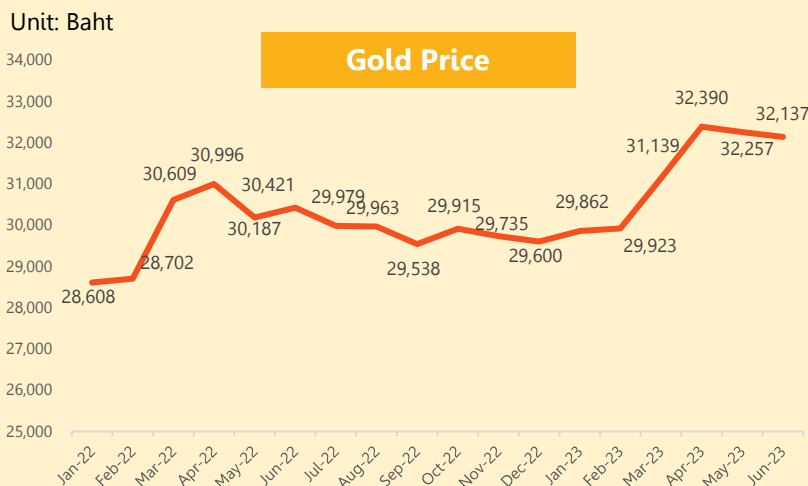
BUSINESS DIRECTION

Focus on Expanding Branch Expansion According to Target



The Company has set target for continuous branch expansion. The Company currently has 319 branches generating total sales of approximately Baht 30,000 million per year. The Company is in the process to expand to 400 branches within 2024 by focusing on expanding branches to reach more local communities in order to reach all customer segments. On June 23, 2023, Aurora Gold Store celebrated the opening of a new branch at ICONSIAM.

Industry Information



Gold prices during June 2023 continues to fall slightly from FED's increase in interest rates this year, where the monetary policy is likely to tighten further. As a result, gold prices continues to be under pressure and Thai Baht continues to depreciate. However, Thai gold price still managed to remain above Baht 32,000. This was driven at the beginning of the month by the demand for safe-haven assets after the FED signaled a pause on interest rate raise.

Source(s): Gold Trader Association

OPERATING RESULT IN Q2/2023

Overall operating results	Q2/22	Q1/23	Q2/23	Change +/-		1H/22	1H/23	Change +/-
Unit: Million Baht				%YoY	%QoQ			%YoY
Operating Revenue	6,511.0	7,474.9	7,616.3	+17.0%	+1.9%	14,401.3	15,091.2	+4.8%
Cost of Goods Sold	5,932.0	6,755.5	6,907.2	+16.4%	+2.2%	13,167.0	13,662.8	+3.8%
Gross Profit	578.9	719.4	709.1	+22.5%	-1.4%	1,234.3	1,428.4	+15.7%
Other Income	6.3	14.5	7.2	+14.0%	-50.3%	11.3	21.7	+92.5%
Selling Expenses	280.4	301.8	343.0	+22.3%	+13.7%	564.6	644.8	+14.2%
Administrative Expenses	57.1	47.9	67.4	+18.1%	+40.7%	107.9	115.3	+6.8%
Financial Costs	51.4	53.3	61.2	+19.0%	+14.9%	98.0	114.4	+16.8%
Profit (Loss) Before Income Tax Expenses	190.0	333.1	249.1	+31.1%	-25.2%	490.5	582.2	+18.7%
Tax Expenses	46.8	65.8	49.6	+6.1%	-24.6%	107.5	115.4	+7.3%
Net Profit (Loss)	143.2	267.3	199.5	+39.3%	-25.4%	383.0	466.8	+21.9%

OPERATING REVENUE STRUCTURE

95% REVENUE FROM MODERN GOLD DISTRIBUTION

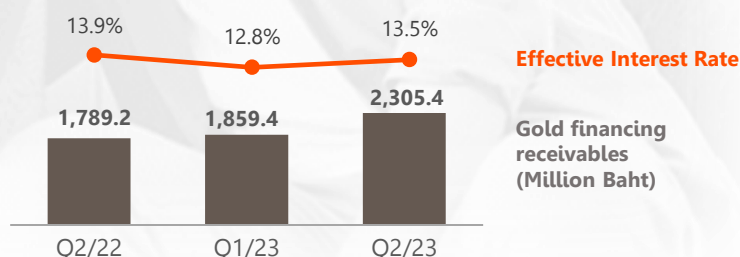
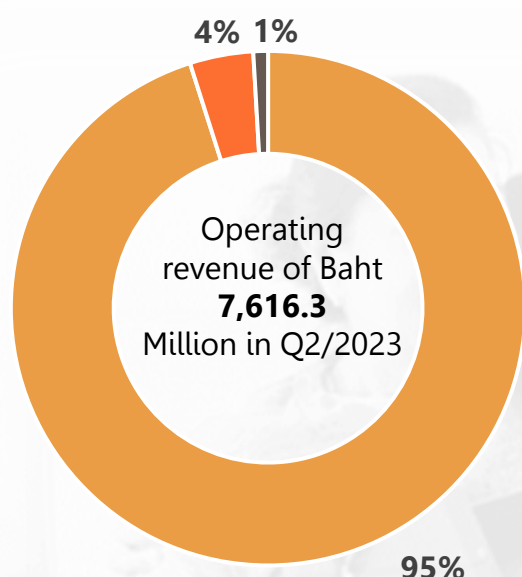
Gold jewelry products containing 96.5% pure gold such as necklaces, rings, bracelets, earrings, etc.

4% 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 gold financing business



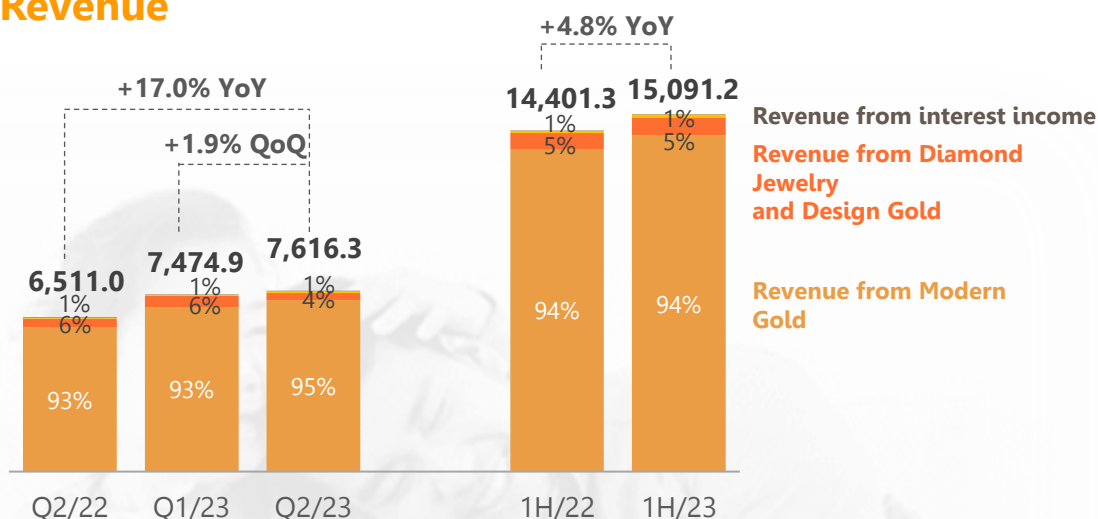
BUSINESS OVERVIEW BY CATEGORY

Revenue Structure	Q2/22	Q1/23	Q2/23	Change +/-		1H/22	1H/23	Change +/-
				%YoY	%QoQ			
Unit: Million Baht				%YoY	%QoQ			%YoY
Revenue from Modern Gold	6,078.7	6,947.8	7,242.2	+19.1%	+4.2%	13,621.7	14,190.0	+4.2%
Revenue from Design Gold and Diamond Jewelry	376.9	466.8	303.8	-19.4%	-34.9%	678.3	770.6	+13.6%
Total Revenue from Product Distribution	6,455.7	7,414.5	7,546.0	+16.9%	+1.8%	14,300.0	14,960.6	+4.6%
Revenue from Interest Income	55.3	60.3	70.3	+27.0%	+16.4%	101.2	130.6	+29.0%
Total Operating Revenue	6,511.0	7,474.9	7,616.3	+17.0%	+1.9%	14,401.3	15,091.2	+4.8%
Other Revenue	6.3	14.5	7.2	+14.0%	-50.3%	11.3	21.7	+92.5%
Total Revenue	6,517.3	7,489.4	7,623.5	+17.0%	+1.8%	14,412.5	15,112.9	+4.9%

Detail of branches at the end of period	Q2/22	Q1/23	Q2/23	%YoY	%QoQ
Number of branches	265	290	319	+20.4%	+10.0%

1. Operating Revenue

Unit: Million Baht, %



Note: *Revenue from Modern Gold consists of 1. Revenue from branch sales 2. Revenue from the sales and delivery of gold bar to close a net buying position

YoY Q2/23 vs Q2/22

In Q2/2023, the Company recorded operating revenue of Baht 7,616.3 million, increased by Baht 1,105.3 million or 17.0% from Q2/2022, mainly due to the increase in revenue from sales of Modern Gold products as a result of Same Store Sales Growth and the opening of new branches. In Q2/2023, there were 319 branches, an increase of 54 branches from Q2/2022, and interest income increased from the growth in gold financing receivables.

QoQ Q2/23 vs Q1/23

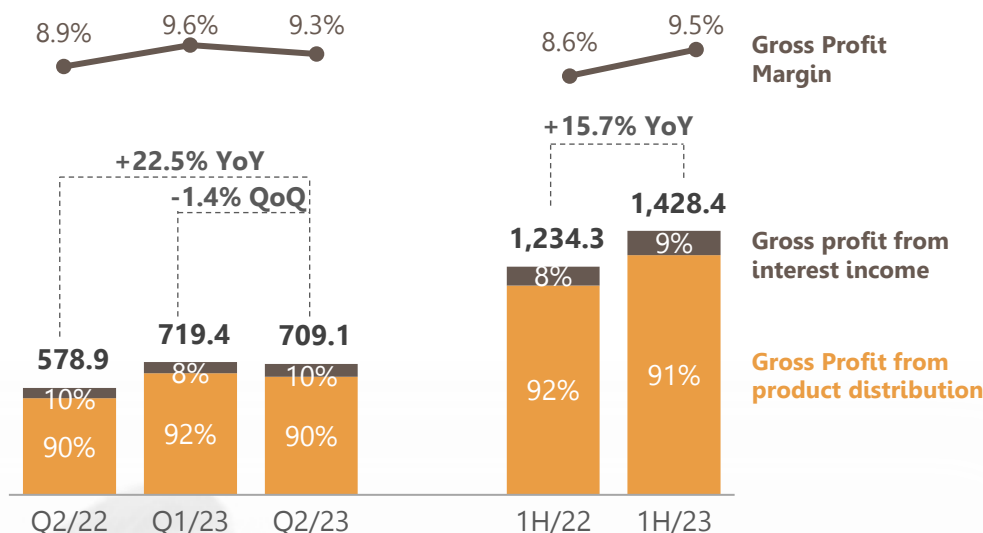
In Q2/2023, the Company recorded operating revenue of Baht 7,616.3 million, increased by Baht 141.4 million or 1.9% from Q1/2023, mainly due to the increase in revenue from sales of Modern Gold products as a result of mid-year promotions to enhance sales, and interest income also increased from the growth in gold financing receivables.

YoY 1H/23 vs 1H/22

In 1H/2023, the Company recorded operating revenue of Baht 15,091.2 million, increased by Baht 689.9 million or 4.8% from 1H/2022, due to the revenue from sales of Modern Gold products and High margin products from Diamond Jewelry, and Design Gold as a result of the increase in Same Store Sales Growth and the opening of new branches. In 1H/2023, there were 319 branches, an increase of 54 branches from 1H/2022, and interest income also increased from the growth in gold financing receivables.

2. Gross Profit & Gross Profit Margin

Unit: Million Baht, %



YoY Q2/23 vs Q2/22

In Q2/2023, the Company recorded a gross profit of Baht 709.1 million, increased by Baht 130.2 million or 22.5% and the gross profit margin of 9.3%, increased from 8.9% in Q2/2022. This was mainly due to the increase in gross profit from the sales of products by Baht 115.2 million or 22.0% as a result of the increase in revenue of Modern Gold and the increase in gross profit from interest income by Baht 15.0 million or 27.0% from the growth of gold financing receivables.

QoQ Q2/23 vs Q1/23

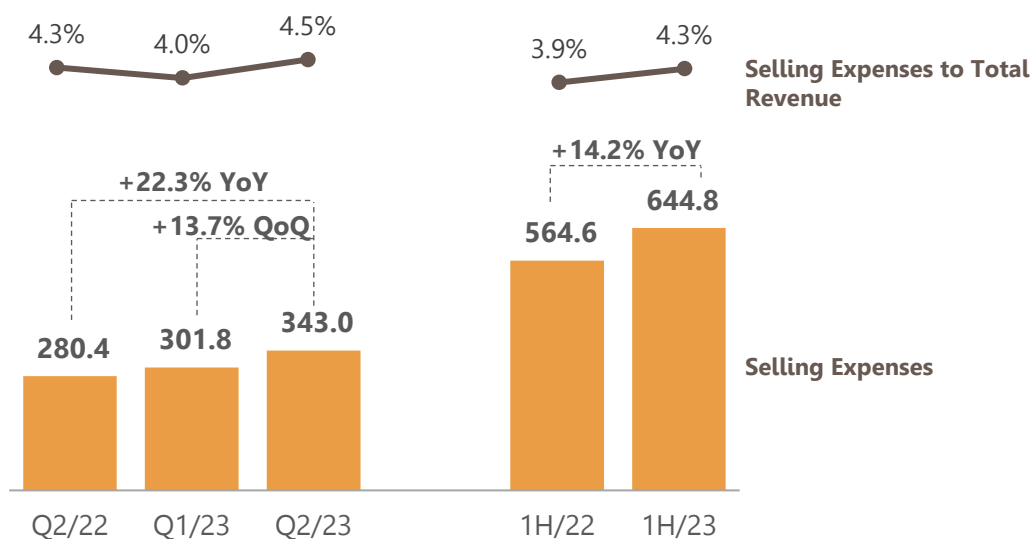
In Q2/2023, the Company recorded gross profit of Baht 709.1 million, slightly decreased by Baht 10.3 million or 1.4% and the gross profit margin was 9.3%, slightly decreased from 9.6% compared to Q1/2023. This was mainly due to during Q1/2023, the Company's sales was still supported by the New Year festival resulting in a significant growth in sales. At the same time, gross profit from interest income also increased from the growth of gold financing receivables. Although the gross profit from sales has decreased, due to the Company's ability to management costs efficiently, the Company has demonstrated the ability to maintain profitability.

YoY 1H/23 vs 1H/22

In 1H/2023, the Company recorded a gross profit of Baht 1,428.4 million, increased by Baht 194.1 million or 15.7% and the gross profit margin was 9.5%, increased from 8.6% in 1H/2022, due to the increase in gross profit from the sales of products from both Modern Gold and high-margin products from Diamond Jewelry and Design Gold, driving the overall gross profit margin. In addition, gross profit from interest income increased from the growth of gold financing receivables.

3. Selling Expenses

Unit: Million Baht, %



YoY Q2/23 vs Q2/22

In Q2/2023, the Company recorded selling expenses of Baht 343.0 million, increased by Baht 62.6 million or 22.3% which accounted for 4.5% of total revenue, slightly increased from 4.3% in Q2/2022. This was mainly due to the increase in expenses corresponding to the branch expansions such as expenses to open new branches, etc., as well as promotional expenses which increased corresponding with sales. However, the Company continues to manage costs efficiently, as well as the ability to generate higher revenue, resulting in the selling expenses to total revenue to remain relatively stable from Q2/2022.

QoQ Q2/23 vs Q1/23

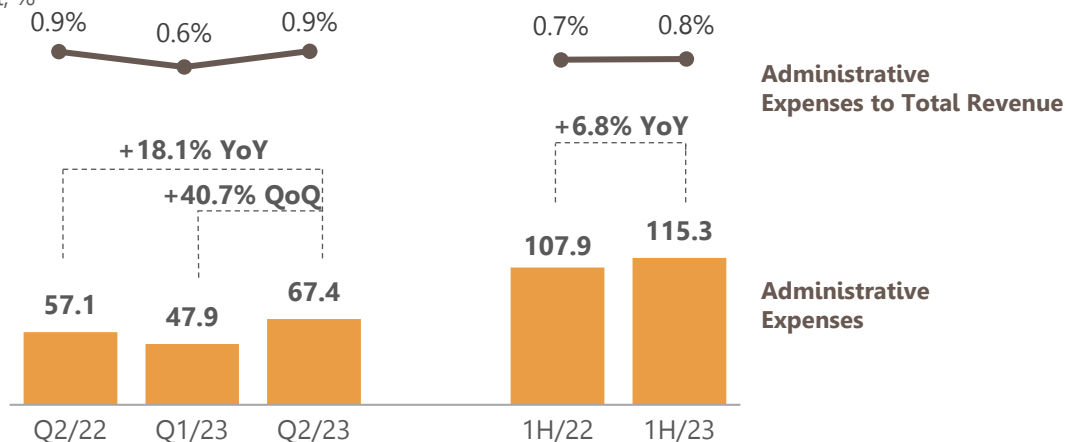
In Q2/2023, the Company recorded selling expenses of Baht 343.0 million, increased by Baht 41.2 million or 13.7% which accounted for 4.5% of total revenue, slightly increased from 4.0% in Q1/2023 mainly due to marketing expenses from mid-year promotions to boost sales during the off-peak season (High-season), which helps to capture new customer base and maintain relationships with existing customers.

YoY 1H/23 vs 1H/22

In 1H/2023, the Company recorded selling expenses of Baht 644.8 million, increased by Baht 80.2 million or 14.2% which accounted for 4.3% of total revenue, slightly increased from 3.9% in 1H/2022. This was mainly due to the increase in expenses corresponding to the branch expansions such as expenses to open new branches, etc. as well as, the increase in promotional expenses corresponding to the increase in sales.

4. Administrative Expenses

Unit: Million Baht, %



YoY Q2/23 vs Q2/22

In Q2/2023, the Company recorded administrative expenses of Baht 67.4 million, increased by Baht 10.3 million or 18.1% which accounted for 0.9% of total revenue, unchanged compared to Q2/2022. This was due to the reallocation of internal resources to support business expansion plans such as staff, equipment, operating systems, and building renovation. However, the Company continues to manage costs efficiently, as well as the ability to generate higher revenue, resulting in the administrative expenses to total revenue to remain relatively stable from Q2/2022.

QoQ Q2/23 vs Q1/23

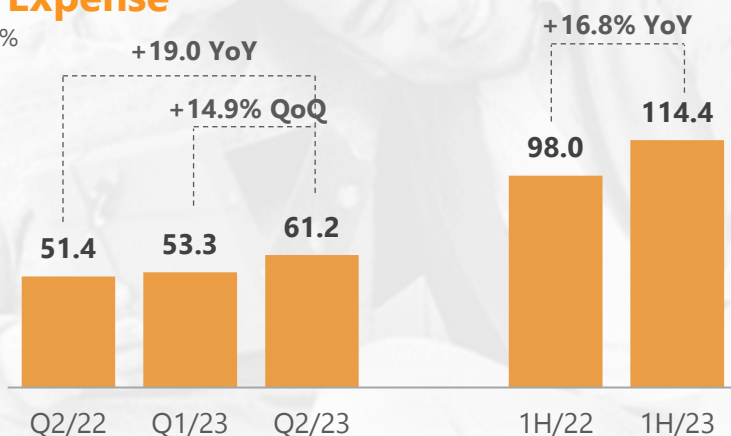
In Q2/2023, the Company recorded administrative expenses of Baht 67.4 million, increased by Baht 19.5 million or 40.7% which accounted for 0.9% of total revenue, improved from 0.6% in Q1/2023. This was due to the reallocation of internal resources to support business expansion plans such as staff, equipment, operating systems, and building renovation.

YoY 1H/23 vs 1H/22

In 1H/2023, the Company recorded administrative expenses of Baht 115.3 million, increased by Baht 7.4 million or 6.8% which accounted for 0.8% of total revenue, slightly improved from 0.7% in 1H/2022. This was due to the reallocation of internal resources to support business expansion plans such as staff, equipment, operating systems, and building renovation. However, the Company continues to manage costs efficiently, as well as the ability to generate higher revenue, resulting in the administrative expenses to total revenue to remain relatively stable from 1H/2022.

5. Financial Expense

Unit: Million Baht, %



Remark: *Financing costs consist of interest on loans from financial institutions, interest paid for the right of use the asset under Thai Financial Reporting Standards No. 16 Leases (TFRS 16)

YoY Q2/23 vs Q2/22

In Q2/2023, the Company recorded financial expenses of Baht 61.2 million, increased by Baht 9.8 million or 19.0% from Q2/2022, mainly due to increased in loans to support the branch expansions and to expand gold financing customer base, and the recognition of interest on the right-of-use assets.

QoQ Q2/23 vs Q1/23

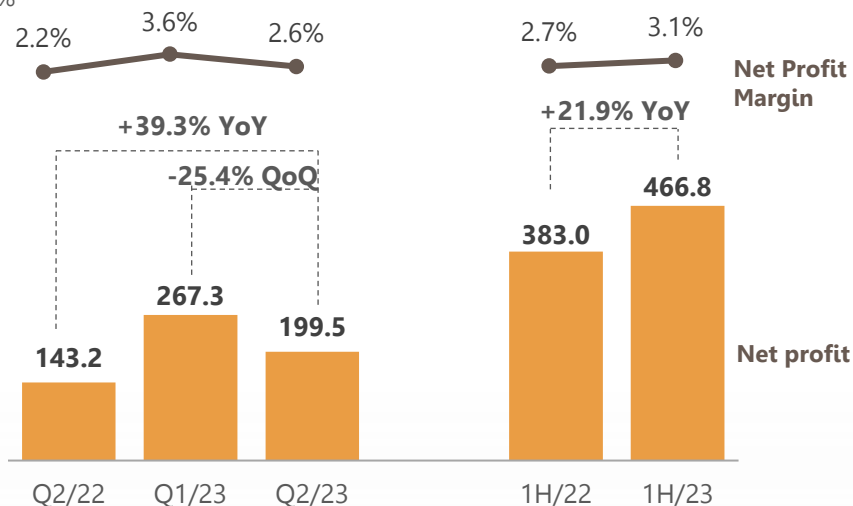
In Q2/2023, the Company recorded financial expenses of Baht 61.2 million, increased by Baht 7.9 million or 14.9% from Q1/2023, mainly due to increased in loans to support the branch expansions and to expand gold financing customer base, and the recognition of interest on the right-of-use assets.

YoY 1H/23 vs 1H/22

In 1H/2023, the Company recorded financial expenses of Baht 114.4 million, increased by Baht 16.4 million or 16.8% from 1H/2022, mainly due to increased in loans to support the branch expansions and to expand gold financing customer base, and the recognition of interest on the right-of-use assets.

6. Net Profit & Net Profit Margin

Unit: Million Baht, %



YoY Q2/23 vs Q2/22

In Q2/2023, the Company recorded net profit of Baht 199.5 million, increased by Baht 56.3 million or 39.3% and the net profit margin was 2.6%, increased from 2.2% in Q2/2022, mainly due to the increase in revenue from sales of Modern Gold products as well as the interest income growth from the gold financing business.

QoQ Q2/23 vs Q1/23

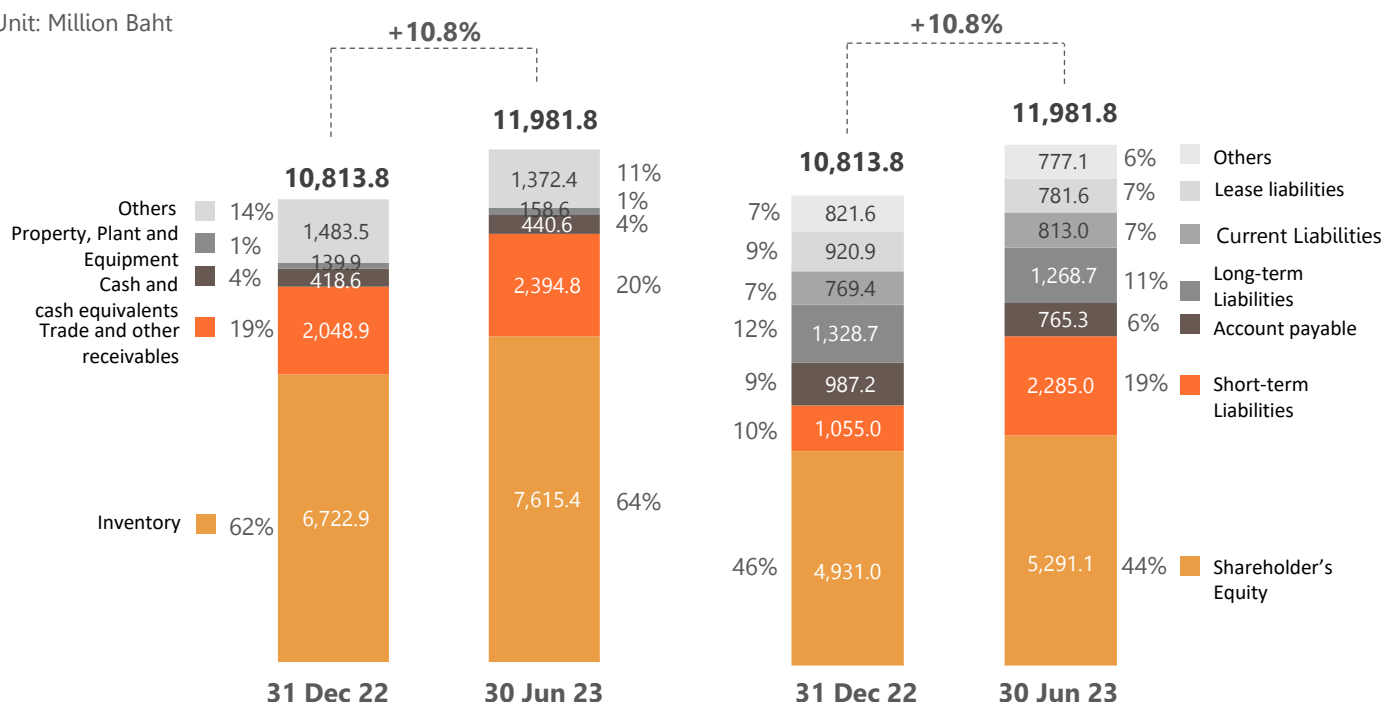
In Q2/2023, the Company recorded net profit of Baht 199.5 million, increased by Baht 67.8 million or 25.4% and the net profit margin was 2.6%, decreased from 3.6% in Q1/2023. This was mainly due to a decrease in gross profit from sales. As during Q1/2023, the Company's sales was still supported by the New Year festival resulting in sales growth as well as the increase in expenses including marketing expenses to host mid-year promotions to boost sales and to maintain competitiveness during the off-peak season (High-season). In addition, expenses increased from internal resources management to support business expansion according to target.

YoY 1H/23 vs 1H/22

In 1H/2023, the Company recorded net profit of Baht 466.8 million, increased by Baht 83.8 million or 21.9% and the net profit margin was 3.1%, increased from 2.7% in 1H/2022, due to an increase in sales in all business unit and the growth of the gold financing receivables.

STATEMENT OF FINANCIAL POSITION

Unit: Million Baht



Total Assets

As of 30 June 2023, the total assets of the Company was Baht 11,981.8 million, increased by Baht 1,168.0 million or 10.8% from 31 December 2022. The significant changes are as follows:

- **Inventory:** increased by Baht 892.5 million corresponding to the increase in number of branches according to the business plan.
- **Trade and other receivables:** increased by Baht 345.9 million, due to an increase in gold financing receivables of Baht 406.0 million from the expansion of Thong Ma Ngern Pai business.

Total Liabilities

As of 30 June 2023, the total liabilities of the Company was Baht 6,690.7 million, increased by Baht 807.9 million or 13.7% from 31 December 2022. The significant change are as follows:

- **Short-term Liabilities:** increased by Baht 1,230.0 million from the increase in loans from financial institutions to invest in inventories corresponding to branch expansion and the increase in gold financing receivables.
- **Trade and other receivables:** decreased by Baht 221.9 million, mainly from the payment of goods according to the maturity date of the credit term

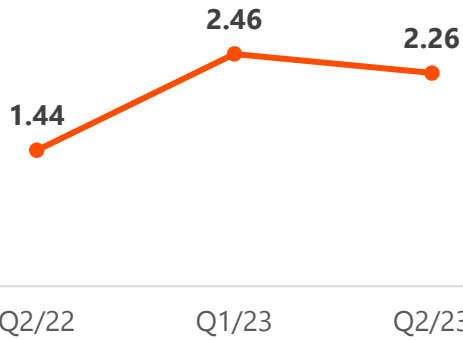
Total Shareholders' Equity

As of 30 June 2023, the total shareholders' equity of the Company was Baht 5,291.1 million, increased by Baht 360.1 million or 7.3% from 31 December 2022 due to the increase in the Company's operating profit by Baht 466.8 million and the payment of dividends during May 2023.

KEY FINANCIAL RATIOS

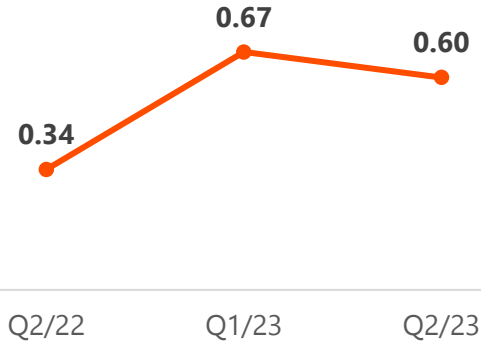
Current Ratio

Unit: Times



Quick Ratio

Unit: Times



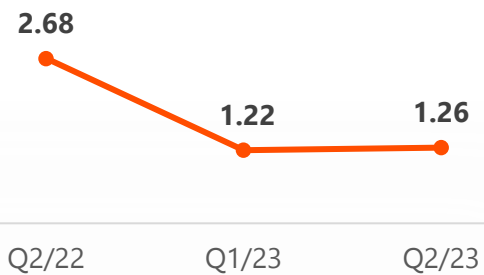
Cash Cycle

Unit: Days



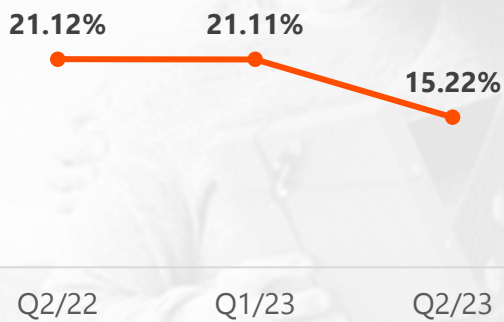
D/E Ratio

Unit: Times



ROE

Unit: %



ROA

Unit: %

