

Sor Lor 005/2024

February 27, 2024

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

For the operating result of fourth Quarter ended December 31, 2023 compared with the same period of 2022. There is a profit on equity holders of the company at the amount of Baht 116.59 million compared to the same period of previous year that the company has loss on equity holders at Baht (7.25) million or increased by 1,708.14%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	October - December		
	2023	2022	Change (%)
Revenue from Sales	1,119.99	955.56	17.21%
Cost of sales	853.44	701.96	21.58%
Gross profit	266.55	253.60	5.11%
Gross profit margin	23.80%	26.54%	(10.32%)
Selling and administrative expenses	170.80	189.60	(9.92%)
Operating profit (Loss)	95.75	64.00	49.61%
Finance cost	9.28	11.12	(16.55%)
Gain (Loss) on exchange rate	(7.01)	(46.70)	84.99%
Other items (expenses)	4.77	15.55	(69.32%)
Unrealized gain (loss) on market price of raw material	(24.60)	(23.36)	5.31%
Tax income (expenses)	63.05	(1.09)	5,884.40%
Non-controlling interests of the subsidiaries (loss)	6.09	4.53	34.44%
Profit (Loss) on equity holders of the Company	116.59	(7.25)	1,708.14%

Pranda Group has revenue of Baht 1,119.99 million compared to the same period of previous year Baht at 955.56 million or increased by 17.21%.

The mainly factor come from sale from production business, which account for 72% of total revenue, increased by 17% compared with same period of previous year due to receive project order from domestic organization in fourth quarter 2023.

While revenue in Omni-channel business, which account for 28% of total revenue, increased by 17% compared with same period of previous year mainly due to distribution channel in India grow continuously throughout entire year. Regarding on Thailand market, sales compared with same period of previous year also increase.

In fourth quarter 2023, the company has gross profit of Baht 266.55 million lower than same period of previous year which was at 26.54% mainly come from sales in production business has high gold jewelry order resulted in low gross profit margin than same period of previous year. In addition, Omni-channel business has re-strategized for more competitive pricing. Therefore, Pranda Group has overall gross profit margin at 23.80%.

In fourth quarter 2023, Pranda Group has selling and administration expense decreased from same period of previous year which mostly come from control expense and no marketing activity expense in production business in fourth quarter 2023 resulted in overall selling and administration expense has at Baht 170.80 million decreased by 9.92% compared with same period of previous year.

As aforementioned earlier, Pranda Group has operating profit in fourth quarter 2023 at Baht 95.75 million compared with previous year which had profit at Baht 64 million.

Pranda Group has finance cost at Baht 9.28 million compared with same period of previous year which was at Baht 11.12 million or decreased by 16.55% due to repayment loan during fourth quarter in 2023 higher than same period of previous year resulted in finance cost lower than same period of previous year.

Pranda Group has loss on exchange rate at the amount of Baht 7.01 million compared to the same period of previous year which had loss on exchange rate at Baht 46.70 million mostly is account payable in US Dollar currency with high fluctuate and appreciated during fourth quarter 2022 more than 2023 compared with Baht currency resulted in loss on exchange rate in fourth quarter 2022 higher than 2023.

Other items has at Baht 4.77 million compared to the same period of previous year which had other items at Baht 15.55 million or decreased by 69.32% mainly came from received compensation income from supplier in fourth in 2022.

Pranda Group has tax expense Baht 63.05 million mainly came from recognized deferred tax income as accumulated loss expect to has benefit in future in fourth quarter 2023.

In summary, Pranda Group has made profit on equity holders of the company at Baht 116.59 million compared with the same period of previous year which had made loss Baht (7.25) million.

For the operating result of this year period ended December 31, 2023, there is a profit on equity holders of the company at the amount of Baht 63.53 million compared to the same period of previous year the company has profit on equity holders at Baht 135.01 million or decreased by 52.94%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	January - December		
	2023	2022	Change (%)
Revenue from Sales	3,411.49	3,610.39	(5.51%)
Cost of sales	2,661.98	2,690.13	(1.05%)
Gross profit	749.51	920.26	(18.55%)
Gross profit margin	21.97%	25.49%	(13.81%)
Selling and administrative expenses	651.41	636.00	2.42%
Operating profit (Loss)	98.10	284.26	(65.49%)
Finance cost	30.88	28.67	7.71%
Gain (Loss) on exchange rate	(14.50)	(86.11)	(83.16%)
Other items (expenses)	23.20	28.03	(17.23%)
Unrealized gain (loss) on market price of raw material	(35.56)	(3.47)	924.78%
Tax income (expenses)	41.83	(52.34)	(179.92%)
Non-controlling interests of the subsidiaries (Loss)	18.66	6.69	178.92%
Profit (Loss) on equity holders of the Company	63.53	135.01	(52.94%)

Pranda has revenue at Baht 3,411.49 million compared to the previous year at Baht 3,610.39 million or decreased by 5.51%.

The decreasing in revenue is mainly due to sale from production business which account for 72% 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 in the company main export market in Europe and America.

While revenue in Omni-channel business, which account for 28% of total revenue, increased by 6% compared with same period of previous year mainly as distribution channel in India grow continuously throughout entire year and start local production line to supply the growing demand in India market. Regarding on Thailand market, sales close to same period of previous year.

As a result of overall in 2023, the company has gross profit of Baht 749.51 million lower than same period of previous year which was at 25.49% mainly come from sales in production business has high gold jewelry order resulted in low gross profit margin at 13.04% decreased from same period of previous year which was at 18.01%. Therefore, Pranda Group has overall gross profit margin at 21.97%.

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 651.41 million increased by 2.42% compared with same period of previous year.

As aforementioned earlier, Pranda Group has operating profit in 2023 at Baht 98.10 million compared with previous year which had profit at Baht 284.26 million.

Pranda Group has finance cost at Baht 30.88 million compared with same period of previous year which was at Baht 28.67 million or increased by 7.71% due to increasing on interest rate during the year.

In 2023, Pranda Group has loss on exchange rate at the amount of Baht 14.50 million compared to the same period of previous year which had loss on exchange rate at Baht 86.11 million mostly is account payable in US Dollar currency with high fluctuate and appreciated during 2022 more than 2023 compared with Baht currency resulted in loss on exchange rate in 2022 higher than 2023.

Other items has at Baht 23.20 million compared to the same period of previous year which had other items at Baht 28.03 million or decreased by 17.23% mainly came from included compensation income from supplier in 2022.

In 2023, Pranda Group has unrealized loss on market price of raw material at Baht 35.56 million due to market price of raw material increased 15% at period ended. While same period of previous year market price of raw material increased 0.44% resulted in loss at Baht 3.47 million.

Pranda Group has tax expense Baht 41.83 million mainly came from recognized deferred tax income as accumulated loss expect to has benefit in future in fourth quarter 2023. While, current income tax payable is at Baht 13.33 million lower than previous year which was at Baht 21.58 million due to taxable profit in 2023 lower than previous year.

In summary, Pranda Group has made profit on equity holders of the company at Baht 63.53 million compared with the same period of previous year which had made profit Baht 135.01 million.

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

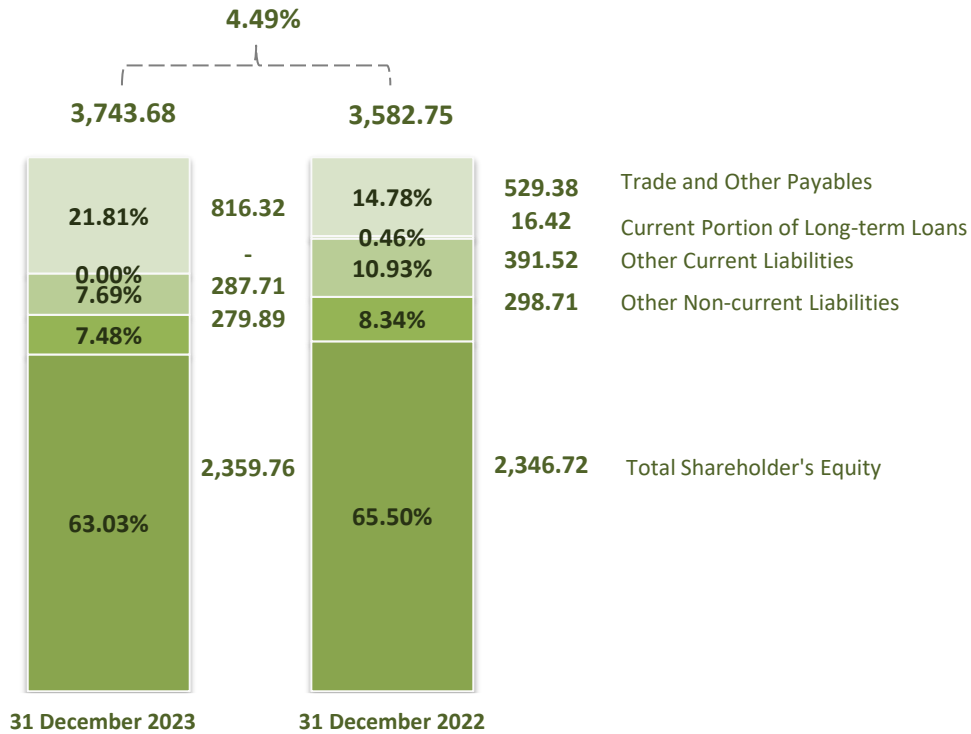
		Total Assets			
		4.49%			
		3,743.68		3,582.75	
Cash and cash equivalents	11.67%	436.92	6.77%	242.68	
Trade and other receivables	9.36%	350.47	10.82%	387.82	
Inventories	40.06%	1,499.54	42.70%	1,529.89	
Other current asset	1.38%	51.73	1.31%	47.03	
Investment Properties	15.79%	591.11	16.36%	586.28	
Property, plant and equipment	15.95%	597.21	17.43%	624.60	
Other non-current asset	5.79%	216.70	4.59%	164.45	
		31 December 2023		31 December 2022	

Unit : Million Baht

The group's total asset as of December 31, 2023 has at Baht 3,743.68 million increased by Baht 160.93 million or 4.49% as compared to December 31, 2022. The increasing of total assets mainly come increasing on cash and cash equivalents as received payment from trade and other receivables.

Total Liabilities and Shareholders' Equity

Unit : Million Baht



The group's total liabilities and shareholders' equity as of December 31, 2023 has at Baht 3,743.68 million increased by Baht 160.93 million or 4.49% as compared to December 31, 2022 mainly came from trade and other payables increased due to purchasing material used in production line in order to deliver order to customer in next quarter.

Cash flow statement for the period ended December 31, 2023, Pranda Group has cash and cash equivalents at Baht 194.24 million while same period of previous year had cash and cash equivalents at Baht (155.14) million as details follow:

	Unit: Million Baht	
	January – December	
	2023	2022
Cash Flow from Operating Activities	423.98	(45.31)
Cash Flow from Investing Activities	(47.98)	(44.00)
Cash Flow from Financing Activities	(167.07)	(146.44)
Increase in Translation Adjustment	(14.69)	80.61
Net Cash Flow	<u>194.24</u>	<u>(155.14)</u>

The Company's Cash Inflow from Operating Activities period ended December 31, 2023 is at Baht 423.98 million mainly due to Pranda Group has profit from operation after adjustment to reconcile of non-cash transaction Baht 227.38 million and cash increased as account payable and other payable increased Baht 244.54 million and cash used in inventory increased Baht 36.38 million and trade and other receivable increased Baht 20.50 million.

Net Cash Outflow used in Investing Activities period ended December 31, 2023 is at (47.98) 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, 2023 is at Baht (167.07) million mainly came from repayment short-term and long-term loans Baht 79.87 million and dividend payment Baht 59.89 million.

Please be informed accordingly.

Yours Sincerely

Chanat Sorakraikitikul
Managing Director – Finance & Risk Management

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