

Sor Lor 025/2024

August 13, 2024

Subject : Management's Discussion and Analysis for the second Quarter and six-month period of 2024

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 ended June 30, 2024 which compared to the same period of 2023.

For the operating result of second Quarter ended June 30, 2024 compared with the same period of 2023. There is a profit on equity holders of the company at the amount of Baht 51.19 million compared to the same period of previous year that the company has loss on equity holders at Baht (33.60) million or increased by 252.35%. The Statement of Comprehensive Income in brief is presented as follows:

	Unit: Million Baht		
	April - June		
	2024	2023	Change (%)
Revenue from Sales	831.39	662.05	25.58%
Cost of sales	603.02	526.25	14.59%
Gross profit	228.37	135.80	68.17%
Gross profit margin	27.47%	20.51%	33.93%
Selling and administrative expenses	161.66	157.66	2.54%
Operating profit (Loss)	66.71	(21.86)	405.17%
Finance cost	9.84	6.85	43.65%
Gain (Loss) on exchange rate	24.46	2.25	987.11%
Other items (expenses)	1.25	(1.75)	171.43%
Unrealized gain (loss) on market price of raw material	(26.83)	9.21	(391.31%)
Tax income (expenses)	1.02	(10.81)	109.44%
Non-controlling interests of the subsidiaries (loss)	5.58	3.79	47.23%
Profit (Loss) on equity holders of the Company	51.19	(33.60)	252.35%

Pranda Group has revenue of Baht 831.39 million compared to the same period of previous year Baht at 662.05 million or increased by 25.58%.

The main factor come from sales from production business, which account for 71% of total revenue, increased by 28% compared with same period of previous year due to increase orders from key customers in Europe and America.

While revenue in Omni-channel business, which account for 29% of total revenue, increased by 21% compared with same period of previous year mainly due to distribution channel in India have continued to grow. Regarding Thailand market, sales have increased, partly due to increasing in retail price resulting from an increase in gold price.

For the second quarter of 2024, Pranda Group has gross profit margin at Baht 228.37 million or higher gross profit margin than same period of previous year which was at 20.51%. The primary reason come from increased sales from production business during quarter, leading to improved production efficiency. As a result, Pranda Group has overall gross profit margin at 27.47%.

As aforementioned earlier, Pranda Group has operating profit in the second quarter of 2024 at Baht 66.71 million compared with previous year which had loss at Baht (21.86) million.

Pranda Group has finance cost at Baht 9.84 million compared with same period of previous year which was at Baht 6.85 million or increased by 43.65% due to high interest rate compared with same period of 2023. Also as at the end of second quarter of 2024, Pranda Group has more short-term loan for purchasing raw material from financial institutions compared with same period of previous year.

In second quarter of 2024, Pranda Group has gain on exchange rate at the amount of Baht 24.46 million compared to the same period of previous year which had gain on exchange rate at Baht 2.25 million mostly accounts receivable in US Dollar currency with high fluctuation and appreciated during second quarter 2024 more than 2023 compared with Baht currency.

In second quarter of 2024, Pranda Group has unrealized loss on market price of raw material at Baht (26.83) million compared to same period of previous year which had profit Baht 9.21 million due to market price of raw material increased as at period ended. While, market price of raw material decreased as at end of the second quarter in 2023.

Pranda Group has income tax revenue Baht 1.02 million mainly due to deferred tax expense Baht 1.12 million. This is due to utilization write-off investment of a subsidiary in France in second quarter 2024, resulting in lower income tax expense in this quarter despite a higher net profit compared with second quarter in 2023 that Pranda Group incurred current tax expense Baht (12.42) million.

In summary, Pranda Group has made profit on equity holders of the company at Baht 51.19 million compared with the same period of previous year which had made loss Baht (33.60) million.

For the operating result of six-month ended June 30, 2024 compared with the same period of 2023. There is a profit on equity holders of the company at the amount of Baht 12.59 million compared to the same period of previous year that the company had loss on equity holders at Baht (59.18) million or increased by 121.27%. The Statement of Comprehensive Income in brief is presented as follows:

	Unit: Million Baht		
	January - June		Change
	2024	2023	(%)
Revenue from Sales	1,944.48	1,354.36	43.57%
Cost of sales	1,542.09	1,056.54	45.96%
Gross profit	402.39	297.82	35.11%
Gross profit margin	20.69%	21.99%	(5.91%)
Selling and administrative expenses	325.91	320.72	1.62%
Operating profit (Loss)	76.48	(22.90)	433.97%
Finance cost	20.94	13.69	52.96%
Gain (Loss) on exchange rate	37.58	4.55	725.93%
Other items (expenses)	8.64	8.80	(1.82%)
Unrealized gain (loss) on market price of raw material	(62.20)	(16.71)	(272.23%)
Tax income (expenses)	(15.86)	(11.22)	(41.35%)
Non-controlling interests of the subsidiaries (loss)	11.11	8.02	38.53%
Profit (Loss) on equity holders of the Company	12.59	(59.18)	121.27%

Pranda Group has revenue of Baht 1,944.48 million compared to the same period of previous year Baht at 1,354.36 million or increased by 43.57%.

The main factor come from sales from production business, which account for 74% of total revenue, increased by 55% compared with same period of previous year due to receive project order from domestic organization during year and increase orders from key customers in Europe and America.

Revenue from production business include sales of raw material - gold Baht 376.67 million. Excluding this revenue, sales and gross profit would be as follows:

	Unit : million Baht	
	Consolidated financial statements 2024	Separate financial statements 2024
Sales of raw materials - gold	376.67	376.67
Net Sales	1,567.81	1,279.23
Gross profit margin	25.57%	16.01%

While revenue in Omni-channel business, which account for 26% of total revenue, increased by 19% compared with same period of previous year mainly due to distribution channel in India have continued to grow. Regarding Thailand market, sales have increased, partly due to increment in retail price resulting from an increase in gold price.

For the six-month period of 2024, the company has gross profit of Baht 402.39 million lower than same period of previous year which was at 21.99% mainly come from sales in production business has high gold jewelry order resulted in low gross profit margin than same period of previous year. Therefore, Pranda Group has overall gross profit margin at 20.69%. Excluding sales of gold raw material as aforementioned earlier, the company's gross profit margin would be 25.57%.

As aforementioned earlier, Pranda Group has operating profit in six-month period of 2024 at Baht 76.48 million compared with previous year which had loss at Baht (22.90) million.

Pranda Group has finance cost at Baht 20.94 million compared with same period of previous year which was at Baht 13.69 million or increased by 52.96% due to high interest rate compared with same period of 2023. Also as at the end of second quarter of 2024, Pranda Group has more short-term loan for purchasing raw material from financial institutions compared with same period of previous year.

For the six-month period of 2024, Pranda Group has gain on exchange rate at the amount of Baht 37.58 million compared to the same period of previous year which had gain on exchange rate at Baht 4.55 million mostly is account receivable in US Dollar currency with high fluctuation and appreciated during this quarter compared with Baht currency.

For the six-month period of 2024, Pranda Group has unrealized loss on market price of raw material at Baht (62.20) million compared to same period of previous year which had loss Baht (16.71) million due to market price of raw material as of the end of the first six-month increased more than same period of previous year.

Pranda Group has tax expense Baht (15.86) million for the six-month period of 2024, mainly due to deferred tax expense Baht 15.70 million. This is due to utilization of accumulated tax losses for the second quarter of 2024, resulting in lower income tax expense in this quarter despite a higher net profit compared with second quarter of 2023 that Pranda Group incurred current tax expense Baht (13.21) million.

In summary, Pranda Group has made profit on equity holders of the company at Baht 12.59 million compared with the same period of previous year which had made loss Baht (59.18) million.

For statement of financial position as at June 30, 2024, changes as compared to December 31, 2023 as followed:

	Total Assets			
	0.26%		Unit : Million Baht	
	3,753.44	3,743.68		
	30 June 2024	31 December 2023		
Cash and cash equivalents	6.09%	228.48	11.67%	436.92
Trade and other receivables	9.54%	358.15	9.36%	350.47
Inventories	46.17%	1,732.81	40.06%	1,499.54
Other current asset	1.56%	58.66	1.38%	51.73
Investment Properties	15.74%	590.67	15.79%	591.11
Property, plant and equipment	15.73%	590.24	15.95%	597.21
Other non-current asset	5.18%	194.44	5.79%	216.70

The group's total asset as of June 30, 2024 has at Baht 3,753.44 million increased by Baht 9.76 million or 0.26% as compared to December 31, 2023. The increment of total assets mainly came from increasing on work in process inventory in production which is being produced to deliver to customers in the next quarter. Together with cash and cash equivalents decreased due to improving cash management policy.

Total Liabilities and Shareholders' Equity

Unit : Million Baht



The group's total liabilities and shareholders' equity as of June 30, 2024 has at Baht 3,753.44 million increased by Baht 9.76 million or 0.26% as compared to December 31, 2023 mainly came from trade and other payables increased due to purchasing material used in production line in order to deliver to customers in next quarter.

Cash flow statement for the period ended June 30, 2024, Pranda Group has cash and cash equivalents at Baht (208.44) million while same period of previous year had cash and cash equivalents at Baht (35.24) million as details follow:

	Unit: Million Baht	
	January – June	
	2024	2023
Cash Flow from Operating Activities	(42.97)	(14.69)
Cash Flow from Investing Activities	(15.80)	(13.01)
Cash Flow from Financing Activities	(109.31)	(8.47)
Increase in Translation Adjustment	(40.36)	0.93
Net Cash Flow	<u>(208.44)</u>	<u>(35.24)</u>

The Company's Cash Outflow used in Operating Activities period ended June 30, 2024 is at Baht (42.97) million mainly due to Pranda Group has profit from operation after adjustment to reconcile of non-cash transactions Baht 212.95 million and cash used in inventory increased Baht 222.95 million.

Net Cash Outflow used in Investing Activities period ended June 30, 2024 is at (15.80) million generally due to purchasing fixed assets for operating working capital in Pranda Group.

Net Cash Outflow used in Financing Activities period ended June 30, 2024 is at Baht (109.31) million mainly came from repayment short-term and long-term loans Baht 35.47 million and dividend payment Baht 59.28 million.

Please be informed accordingly.

Yours Sincerely

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