

Sor Lor 029/2024

November 13, 2024

Subject : Management's Discussion and Analysis for the Third Quarter and nine-month period of 2024
(Revised version)

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 Third Quarter ended September 30, 2024 which compared to the same period of 2023.

For the operating result of Third Quarter ended September 30, 2024 compared with the same period of 2023. There is a loss on equity holders of the company at the amount of Baht (91.45) million compared to the same period of previous year that the company had profit on equity holders at Baht 6.13 million or decreased by (1,591.84%). The Statement of Comprehensive Income in brief is presented as follows:

	Unit: Million Baht		
	July - September		
	2024	2023	Change (%)
Revenue from Sales	1,079.07	937.14	15.15%
Cost of sales	855.73	747.65	14.46%
Gross profit	223.34	189.49	17.86%
Gross profit margin	20.70%	20.22%	2.37%
Selling and administrative expenses	178.68	159.89	11.75%
Operating profit (Loss)	44.66	29.60	50.88%
Finance cost	10.24	7.91	29.46%
Gain (Loss) on exchange rate	(69.08)	(12.05)	(473.28%)
Other items (expenses)	15.79	9.64	63.80%
Gain (loss) on market price of raw material	(75.01)	1.40	(5,457.86%)
Tax income (expenses)	6.34	(10.00)	163.40%
Non-controlling interests of the subsidiaries (loss)	3.91	4.55	(14.07%)
Profit (Loss) on equity holders of the Company	(91.45)	6.13	(1,591.84%)

Pranda Group has revenue of Baht 1,079.07 million compared to the same period of previous year Baht at 937.14 million or increased by 15.15%.

The main factor come from sales from production business, which account for 78% of total revenue, increased by 19% compared with same period of previous year.

In this third quarter, revenue from production business includes sales of raw material - gold Baht 205.90 million. Excluding this revenue, sales would be reduced 10% and gross profit would be as follows:

	Consolidated financial statements 2024	Unit : million Baht Separate financial statements 2024
Sales of raw materials - gold	205.90	205.90
Net Sales	873.17	723.85
Gross profit margin	25.44%	16.94%

While revenue in Omni-channel business, which account for 22% of total revenue, increased by 3% 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 third quarter of 2024, Pranda Group has gross profit margin at Baht 223.34 million or higher gross profit margin than same period of previous year which was at 20.22%. 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 20.70%.

For the third quarter of 2024, 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. resulted in overall selling and administration expense has at Baht 178.68 million increased by 11.75% compared with same period of previous year.

As aforementioned earlier, Pranda Group has operating profit in the third quarter of 2024 at Baht 44.66 million compared with previous year which had profit at Baht 29.60 million.

Pranda Group has finance cost at Baht 10.24 million compared with same period of previous year which was at Baht 7.91 million or increased by 29.46% due to high interest rate compared with same period of 2023. Also as at the end of third 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 third quarter of 2024, Pranda Group has loss on exchange rate at the amount of Baht (69.08) million compared to the same period of previous year which had loss on exchange rate at Baht (12.05) million mostly loss on exchange rate from US Dollar currency with high fluctuation and depreciated during third quarter 2024 compared with Baht currency. The loss is divided into unrealized loss on exchange rate Baht (51.80) million and realized loss on exchange rate Baht (17.28) million.

Other items has at Baht 15.79 million compared to the same period of previous year which had other items at Baht 9.64 million or increased by 63.80% mainly came from reversal provision on financial assets (Doubtful debt) during third quarter 2024.

In third quarter of 2024, Pranda Group has loss on market price of raw material at Baht (75.01) million compared to same period of previous year which had profit Baht 1.40 million. The loss is divided into unrealized loss Baht (56.62) million and realized loss Baht (18.39) million.

Mainly due to market price of raw material increased 14% during third quarter 2024. While, market price of raw material decreased (2%) during third quarter 2023.

Pranda Group has income tax revenue Baht 6.34 million mainly due to deferred tax expense Baht 6.34 million, resulting from the company utilizing tax benefits from write-off investment of a subsidiary in France since second quarter 2024, resulting in accumulated tax losses. Therefore, there is no tax payable in third quarter 2024.

In summary, Pranda Group has made loss on equity holders of the company at Baht (91.45) million compared with the same period of previous year which had made profit Baht 6.13 million.

For the operating result of nine-month ended September 30, 2024 compared with the same period of 2023. There is a loss on equity holders of the company at the amount of Baht (78.86) million compared to the same period of previous year that the company had loss on equity holders at Baht (53.05) million or increased by 48.65%. The Statement of Comprehensive Income in brief is presented as follows:

	Unit: Million Baht		
	January - September		
	2024	2023	Change (%)
Revenue from Sales	3,023.55	2,291.50	31.95%
Cost of sales	2,397.82	1,804.19	32.90%
Gross profit	625.73	487.31	28.40%
Gross profit margin	20.70%	21.27%	(2.68%)
Selling and administrative expenses	504.59	480.60	4.99%
Operating profit (Loss)	121.14	6.71	1,705.37%
Finance cost	31.18	21.61	44.29%
Gain (Loss) on exchange rate	(31.50)	(7.50)	320.00%
Other items (expenses)	24.43	18.44	32.48%
Gain (loss) on market price of raw material	(137.21)	(15.30)	796.80%
Tax income (expenses)	(9.52)	(21.22)	(55.14%)
Non-controlling interests of the subsidiaries (loss)	15.02	12.57	19.49%
Profit (Loss) on equity holders of the Company	(78.86)	(53.05)	(48.65%)

Pranda Group has revenue of Baht 3,023.55 million compared to the same period of previous year Baht at 2,291.50 million or increased by 31.95%.

The main factor come from sales from production business, which account for 76% of total revenue, increased by 39% compared with same period of previous year due to received project order from domestic organization during year and increase orders from key customers in Europe and America.

Revenue from production business includes sales of raw material - gold Baht 582.57 million. Excluding this revenue, sales and gross profit would be as follows:

	Consolidated financial statements 2024	Separate financial statements 2024
	Unit : million Baht	
Sales of raw materials - gold	582.57	582.57
Net Sales	2,440.98	2,003.08
Gross profit margin	25.53%	16.34%

While revenue in Omni-channel business, which account for 24% of total revenue, increased by 13% 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 nine-month period of 2024, the company has gross profit of Baht 625.73 million lower than same period of previous year which was at 21.27% 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 20.70%. Excluding sales of gold raw material as aforementioned earlier, the company's gross profit margin would be 25.53%.

As aforementioned earlier, Pranda Group has operating profit in nine-month period of 2024 at Baht 121.14 million compared with previous year which had profit at Baht 6.71 million.

Pranda Group has finance cost at Baht 31.18 million compared with same period of previous year which was at Baht 21.61 million or increased by 44.29% due to high interest rate compared with same period of 2023. Also as at the end of third 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 nine-month period of 2024, Pranda Group has loss on exchange rate at the amount of Baht (31.50) million compared to the same period of previous year which had loss on exchange rate at Baht (7.50) million mostly loss on exchange rate in US Dollar currency with high fluctuation and depreciated during this quarter compared with Baht currency. The loss is divided into unrealized loss on exchange rate Baht (53.71) million and realized gain on exchange rate Baht 22.21 million.

Other items has at Baht 24.43 million compared to the same period of previous year which had other items at Baht 18.44 million or increased by 32.48% mainly came from reversal provision on financial assets (Doubtful debt).

For the nine-month period of 2024, Pranda Group has loss on market price of raw material at Baht (137.21) million compared to same period of previous year which had loss Baht (15.30) million. The loss is divided into unrealized loss Baht (102.90) million and realized loss Baht (34.31) million.

Mainly due to market price of raw material as of the end of the nine-month increased more than same period of previous year.

Pranda Group has tax expense Baht 9.52 million for the nine-month period of 2024, mainly due to deferred tax expense Baht 9.37 million. This is due to the company utilizing tax benefits from write-off investment of a subsidiary in France since second quarter 2024, resulting in accumulated tax losses. Therefore, there is less tax payable in third quarter 2024.

In summary, Pranda Group has made loss on equity holders of the company at Baht (78.86) million compared with the same period of previous year which had made loss Baht (53.05) million.

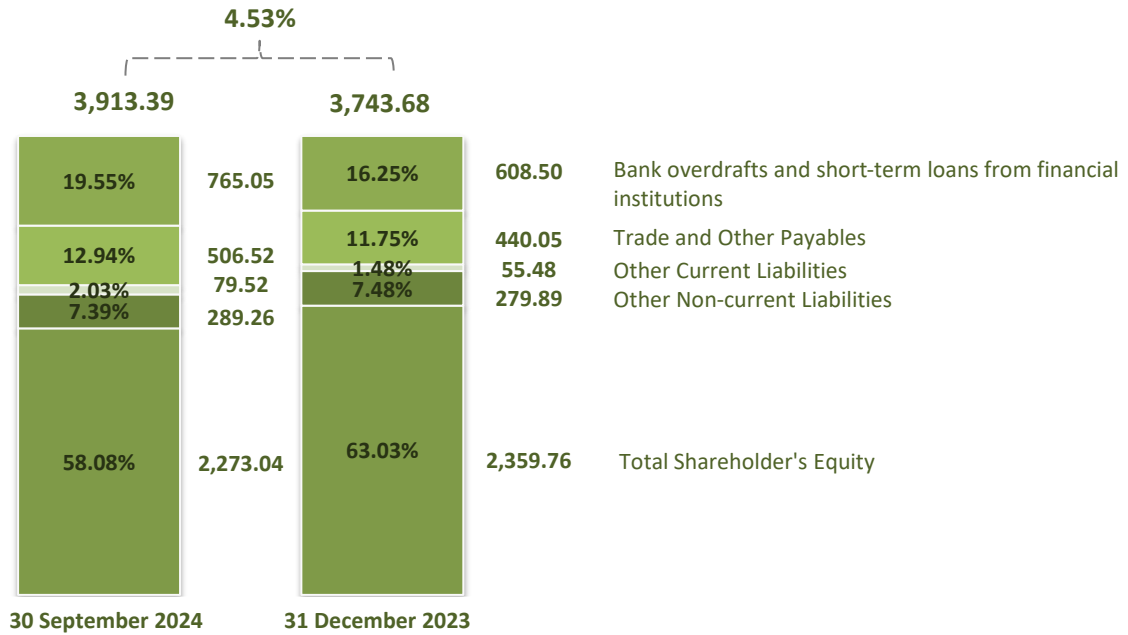
For statement of financial position as at September 30, 2024, changes as compared to December 31, 2023 as followed:

		Total Assets			
		4.53%			
		3,913.39			3,743.68
		Unit : Million Baht			
Cash and cash equivalents	6.33%	247.67	11.67%	436.92	
Trade and other receivables	11.49%	449.68	9.36%	350.47	
Inventories	45.67%	1,787.28	40.06%	1,499.54	
Other current asset	1.76%	68.88	1.38%	51.73	
Investment Properties	15.09%	590.45	15.79%	591.11	
Property, plant and equipment	14.40%	563.42	15.95%	597.21	
Other non-current asset	5.26%	206.01	5.79%	216.70	
		30 September 2024		31 December 2023	

The group's total asset as of September 30, 2024 has at Baht 3,913.39 million increased by Baht 169.71 million or 4.53% 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 September 30, 2024 has at Baht 3,913.39 million increased by Baht 169.71 million or 4.53% as compared to December 31, 2023 mainly came from short-term loans and 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 September 30, 2024, Pranda Group has cash and cash equivalents at Baht (189.25) million while same period of previous year had cash and cash equivalents at Baht (43.77) million as details follow:

	Unit: Million Baht	
	January – September	
	2024	2023
Cash Flow from Operating Activities	(104.25)	81.06
Cash Flow from Investing Activities	(22.92)	(27.77)
Cash Flow from Financing Activities	(107.64)	(106.91)
Increase in Translation Adjustment	45.56	9.85
Net Cash Flow	<u>(189.25)</u>	<u>(43.77)</u>

The Company's Cash Outflow used in Operating Activities period ended September 30, 2024 is at Baht (104.25) million mainly due to Pranda Group has profit from operation after adjustment to reconcile of non-cash transactions Baht 156.08 million and cash used in inventory increased Baht 275.15 million.

Net Cash Outflow used in Investing Activities period ended September 30, 2024 is at (22.92) million generally due to purchasing fixed assets for operating working capital in Pranda Group.

Net Cash Outflow used in Financing Activities period ended September 30, 2024 is at Baht (107.64) million mainly came from repayment short-term loans Baht 26.92 million and dividend payment Baht 59.28 million.

Please be informed accordingly.

Yours Sincerely

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