

Sor Lor 021/2020

May 14, 2021

Subject : Management's Discussion and Analysis for the first Quarter 2021

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 first Quarter period ended March 31, 2021 which compared to the same period of 2020.

For the operating result of first Quarter ended March 31, 2021 compared with the same period of 2020. There is a profit on equity holders of the company at the amount of Baht 50.87 million compared to the same period of previous year that the company has loss on equity holders at Baht 30.22 million or increased by 268.33%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	January - March		
	2021	2020	Change (%)
Sales revenue	505.87	599.33	(15.59%)
Cost of sales	368.24	457.61	(19.53%)
Gross profit	137.63	141.72	(2.89%)
Gross profit margin	27.21%	23.65%	3.56%
Selling and administrative expenses	154.58	198.90	(22.28%)
Operating profit (Loss)	(16.95)	(57.18)	70.36%
Finance cost	10.77	18.39	(41.44%)
Gain (Loss) on exchange rate	41.93	45.61	(8.07%)
Other items	44.40	7.75	472.90%
Tax income (expenses)	(10.50)	(17.78)	(40.94%)
Non-controlling interests of the subsidiaries (loss)	(2.76)	(9.77)	(71.75%)
Profit (Loss) on equity holders of the Company	50.87	(30.22)	268.33%

Pranda Group has revenue of Baht 505.87 million compared to the same period of previous year Baht at 599.33 million or decreased by 15.59% due to sale from production business decreased by 17% compared with same period of previous year which has proportion at 59% of total revenue. As key customer postpone order from first quarter 2021 to second quarter 2021 resulted in revenue not achieve target in this quarter and lower than same period of previous year.

While revenue in distribution business has proportion at 5% of total revenue which decreased by 41% compared with same period of previous year due to restructuring plan as restructuring of operations which do not generate profitability compared with sales from same period of previous year.

For revenue in retail business decreased by 8% which has proportion at 36% of total revenue. As a result of effect of the epidemic situation of the Corona virus 2019 (COVID-19) which has spread throughout the world. In first quarter 2021 in Thailand, it has effect of the epidemic situation on 2nd round which has high impact more than previous year and government in Vietnam also increased policy to prevent epidemic of COVID-19 which resulted in decreasing on sales accordingly.

As a result of overall in first quarter 2021 has gross profit Baht 137.63 million or 27.21% while the same period of previous year was at 23.65% mainly due to first quarter 2020 had gross profit margin in retail business lower than normal. As a result of effect on 1st round of the epidemic situation of COVID-19 during first quarter 2020, the retail business has higher promotional campaign compared together with effect on increasing on raw material price which resulted in high cost of goods sold.

In first quarter 2021, Pranda Group has selling and administration expense at Baht 154.58 million decreased by 22.28% due to the Group can control and manage on selling and administration expense in production and retail business. In addition, as a result of restructuring operations which do not generate profitability in distribution business.

Pranda Group has finance cost at Baht 10.77 million compared to the same period of previous year at Baht 18.39 million or decreased by 41.44% which mainly due to loan outstanding balance as at March 31, 2021 lower than the same period of previous year.

In first Quarter, Pranda Group has gain on exchange rate at the amount of Baht 41.93 million compared to the same period of previous year which had loss on exchange rate at Baht 45.61 million due to depreciation on Baht which mainly came from unrealized gain on exchange rate of working capital in subsidiary in foreign country.

Other items has at Baht 44.40 million compared to the same period of previous year at Baht 7.75 million or increased by 472.90% which mainly came from unrealized gain on market price of raw material which decreased as at ended of quarter.

Pranda Group has tax expense Baht 10.50 million while the same period of previous year had tax expense Baht 17.78 million as a result of first quarter 2020 Pranda Group has taxable profit higher than first quarter 2021.

In summary, Pranda Group has made profit on equity holders of the company at Baht 50.87 million compared with the same period of previous year which had made loss Baht 30.22 million.

For statement of financial position as at March 31, 2021, changes as compared to December 31, 2020 are as followed:

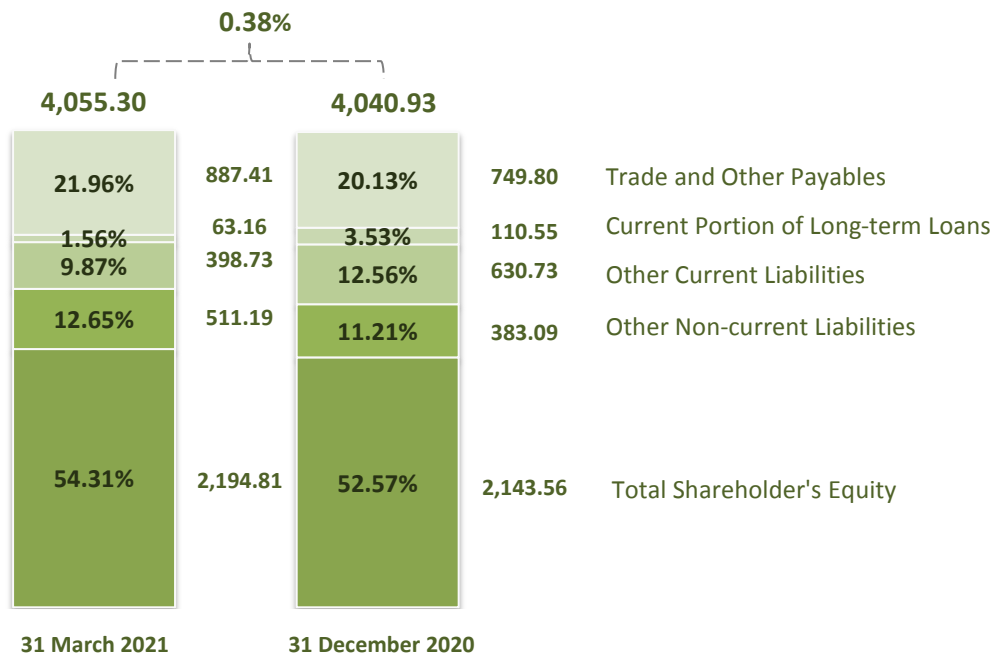
		Total Assets		Unit : Million Baht	
		0.38%			
		4,055.30	4,040.9		
Cash and cash equivalents	10.02%	404.73	10.97%	443.48	
Trade and other receivables	7.01%	283.22	9.68%	391.07	
Inventories	41.09%	1,660.59	37.91%	1,532.01	
Other current asset	2.73%	110.31	1.58%	63.68	
Investment Properties	14.52%	586.88	14.53%	586.97	
Property, plant and equipment	17.65%	713.22	17.87%	721.99	
Other non-current asset	7.33%	296.35	7.47%	301.73	
		31 March 2021	31 December 2020		

The group's total asset as of March 31, 2021 was at Baht 4,055.30 million which has increased by Baht 14.37 million or 0.38% as compared to December 31, 2020. The increasing of total assets mainly come from increasing on inventory. As a result of sourcing delay from suppliers as effect from COVID-19 situation in supplier's country which resulted in unable to produce and deliver some products on schedule in first quarter 2021. In addition, Inventories in retail business increased due to effect from COVID-19 crisis resulted in sales lower than projection.

In addition, a subsidiary bring cash to deposit as fixed deposit of Baht 35 million resulted in cash and cash equivalents decreased and other current asset increased.

Total Liabilities and Shareholders' Equity

Unit : Million Baht



The group's total liabilities and shareholders' equity as of March 31, 2021 has at Baht 4,055.30 million, increased by Baht 14.37 million or 0.38% as compared to December 31, 2020, mainly came from increasing on trade and other payables because the group purchase raw material for support order from customers in second quarter 2021.

For other non-current liabilities increased due to classification of loans from financial institutions and overall outstanding balance decreased due to repayment loans.

Cash flow statement for the period ended March 31, 2021, Pranda Group has cash and cash equivalents at Baht (38.75) million while same period of previous year had cash and cash equivalents at Baht (83.65) million as details as follow:

	Unit: Million Baht	
	January - March	
	2021	2020
Cash Flow from Operating Activities	86.05	(52.07)
Cash Flow from Investing Activities	(7.52)	(9.29)
Cash Flow from Financing Activities	(81.23)	25.80
Increase in Translation Adjustment	(36.05)	(48.09)
Net Cash Flow	<u>(38.75)</u>	<u>(83.65)</u>

The Company's Cash Inflow from Operating Activities period ended March 31, 2021 is at Baht 86.05 million, mainly due to Pranda Group has loss from operation after adjustment to reconcile of non-cash transaction Baht 27.03 million, received payment from trade and other receivables Baht 111.38 million and account payable and other payable increased by Baht 143.75 million as well as cash outflow used in inventory which increased by Baht 95.87 million.

Net Cash Outflow used in Investing Activities period ended March 31, 2021 is at 7.52 million generally due to purchasing fixed assets for operating working capital in Pranda Group.

Net Cash Outflow from Financing Activities period ended March 31, 2021 is at Baht 81.23 million. Mainly came from Pranda group repayment of bills of exchange Baht 50.00 million, paid for convertible debentures redemption Baht 35.00 million. Also, the company has repayment loan on schedule Baht 35.14 million and proceeds from ordinary shares issuance from exercised warrants Baht 47.87 million



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Translation adjustment for period ended March 31, 2021 at Baht 36.05 million mainly came from depreciation on Baht compared with Pound Sterling by 3.23% which resulted in unrealized gain on exchange rate from translation adjustment of subsidiary.

Please be informed accordingly.

Yours Sincerely

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