

Sor Lor 031/2021

November 12, 2021

Subject : Management's Discussion and Analysis for the third 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 third Quarter period ended September 30, 2021 which compared to the same period of 2020.

For the operating result of third Quarter ended September 30, 2021 compared with the same period of 2020. There is a profit on equity holders of the company at the amount of Baht 85.37 million compared to the same period of previous year that the company has profit on equity holders at Baht 55.86 million or increased by 52.83%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	July - September		
	2021	2020	Change (%)
Sales revenue	834.95	619.73	34.73%
Cost of sales	606.81	457.39	32.67%
Gross profit	228.14	162.34	40.53%
Gross profit margin	27.32%	26.20%	1.12%
Selling and administrative expenses	138.27	156.52	(11.66%)
Operating profit (Loss)	89.87	5.82	1,444.16%
Finance cost	8.73	10.78	(19.02%)
Gain (Loss) on exchange rate	46.14	65.83	(29.91%)
Other items	(6.68)	10.28	(164.98%)
Tax income (expenses)	(34.90)	(16.59)	110.37%
Non-controlling interests of the subsidiaries (loss)	0.33	(1.30)	(125.38%)
Profit (Loss) on equity holders of the Company	85.37	55.86	52.83%

Pranda Group has revenue of Baht 834.95 million compared to the same period of previous year Baht at 619.73 million or increased by 34.73%.

The increase in revenue is mainly due to sale from production business, which account for 84% of total revenue, increased by 96% compared with same period of previous year as key oversea customers recover and resume to order.

While revenue in distribution business, which account for 4% of total revenue, increased by 59% compared with same period of previous year due to India recover after releasing on lockdown situation resulted in increasing on sales in third quarter 2021 compared with same period of previous year.

Revenue from retail business, which contributes 12% of total revenue decreased by 58%. As third quarter 2021, retail business in Thailand has been greatly affected by the 3rd round of COVID-19 epidemic situation more than previous year and has lockdown situation in Bangkok and several other provinces then temporarily closed department stores during 12 July – 31 August resulted in decreasing on revenue in third quarter. The retail business in Vietnam also face similar challenges due to increased government policy to prevent epidemic of COVID-19 including temporarily closed department stores in Ho Chi Minh City during 31 May – 30 September 2021. The decreasing in third quarter 2021 also came from discontinued joints venture in Indonesia.

As a result of overall in third quarter 2021 the company has gross profit of Baht 228.15 million or 27.32% higher than same period of previous year which was at 26.20% and higher than second quarter 2021 which was at 14.76% due to low gross profit margin from production unit in second quarter 2021 as the company had work in process items per higher order than normal that already finished and realized as revenue in third quarter 2021.

In third quarter 2021, Pranda Group has selling and administration expense at Baht 138.27 million decreased by 11.66% due to low expense on retail business which has been impacted from government policy to prevent epidemic situation in third quarter to temporarily closed shop in Thailand during 12 July - 31 August 2021 and in Vietnam during 31 May – 30 September as well as decreasing expense on distribution business in USA.

Pranda Group has finance cost at Baht 8.73 million compared to the same period of previous year at Baht 10.78 million or decreased by 19.02% which mainly due to loan outstanding balance as at September 30, 2021 lower than the same period of previous year.

In third Quarter, Pranda Group has gain on exchange rate at the amount of Baht 46.14 million compared to the same period of previous year which had gain on exchange rate at Baht 65.83 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 (6.68) million compared to the same period of previous year at Baht 10.28 million or decreased by 164.98% mainly came from third quarter in 2021 Pranda Group realized loss from discontinued joints venture in Indonesia. While, third quarter in 2020 Pranda Group had revenue from claims insurance.

Pranda Group has tax expense Baht 34.90 million while the same period of previous year had tax expense Baht 16.59 million as a result of third quarter 2021 Pranda Group has taxable profit higher than third quarter 2020.

In summary, Pranda Group has made profit on equity holders of the company at Baht 85.37 million compared with the same period of previous year which had made profit Baht 55.86 million.

For the operating result of nine-month period ended September 30, 2021 compared with the same period of 2020. There is a profit on equity holders of the company at the amount of Baht 79.40 million compared to the same period of previous year that the company has loss on equity holders at Baht 97.44 million or increased by 181.49%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	January - September		Change (%)
	2021	2020	
Sales revenue	1,883.38	1,686.71	11.66%
Cost of sales	1,437.50	1,334.95	7.68%
Gross profit	445.88	351.76	26.76%
Gross profit margin	23.67%	20.85%	2.82%
Selling and administrative expenses	432.81	471.11	(8.13%)
Operating profit (Loss)	13.07	(119.35)	110.95%
Finance cost	28.21	41.90	(32.67%)
Gain (Loss) on exchange rate	115.91	57.97	99.95%
Other items (expenses)	27.01	10.69	152.67%
Tax income (expenses)	(53.96)	(18.23)	196.00%
Non-controlling interests of the subsidiaries (Loss)	(5.58)	(13.39)	58.33%
Profit (Loss) on equity holders of the Company	79.40	(97.43)	181.49%

Pranda has revenue at Baht 1,883.38 million compared to the previous year at Baht 1,686.71 million or increased by 11.66%.

Key factors mainly came from sales in production business, which contributes 75% of total revenue increased by 42% compared with the previous year as key overseas customers recover and resume to order.

Meanwhile, revenue in distribution business which has proportion 4% of total revenue decreased by 11% compared with the previous year due to restructuring plan of loss marking operations.

For revenue in retail business, which contributes 21% of total revenue, decreased by 34% as effect from COVID-19 epidemic situation. In addition, in first quarter 2021, retail business in Thailand has been affected by the 2nd round and greatly affected by the 3rd round of COVID-19 epidemic situation more than previous year as well as Vietnam increased government policy to prevent epidemic of COVID-19.

As a result of overall in nine-month 2021 has gross profit Baht 445.88 million or 23.67% higher than previous year which had gross profit margin at 20.85%.

Selling and administrative expenses of the Group has at Baht 432.81 million decreased by 8.13% compared with same period of previous year due to restructuring of operations which do not generate profitability in distribution business as well as reducing selling and administration expense in retail business as effect of the epidemic situation on 3rd round in second quarter continued to 3rd quarter 2021.

Pranda Group has finance cost at Baht 28.21 million compared to the same period of previous year at Baht 41.90 million or decreased by 32.67% which mainly due to loan outstanding balance as at September 30, 2021 lower than the same period of previous year.

In nine-month 2021, the Group has gain on exchange rate at the amount of Baht 115.91 million while compared to the same period of previous year which had gain on exchange rate at Baht 57.97 million mainly came from depreciation on Baht during the quarter which mainly due to unrealized gain on exchange rate of working capital in subsidiary in foreign country.

Other items of the Group at Baht 27.01 million compared to the previous year which had other items at Baht 10.69 million or increased by 152.67% mainly came from unrealized gain on market price of raw material which decreased as at ended of quarter compared with same period of previous year.

The Group has tax expense Baht 53.96 million while third quarter in 2020 had tax expense Baht 18.23 million as a result of third quarter 2021, the Group has high taxable profit higher than third quarter in 2020.

In summary, Pranda Group has made profit on equity holders of the company at Baht 79.40 million while same period of previous year made loss on equity holders of the company at Baht 97.43 million.

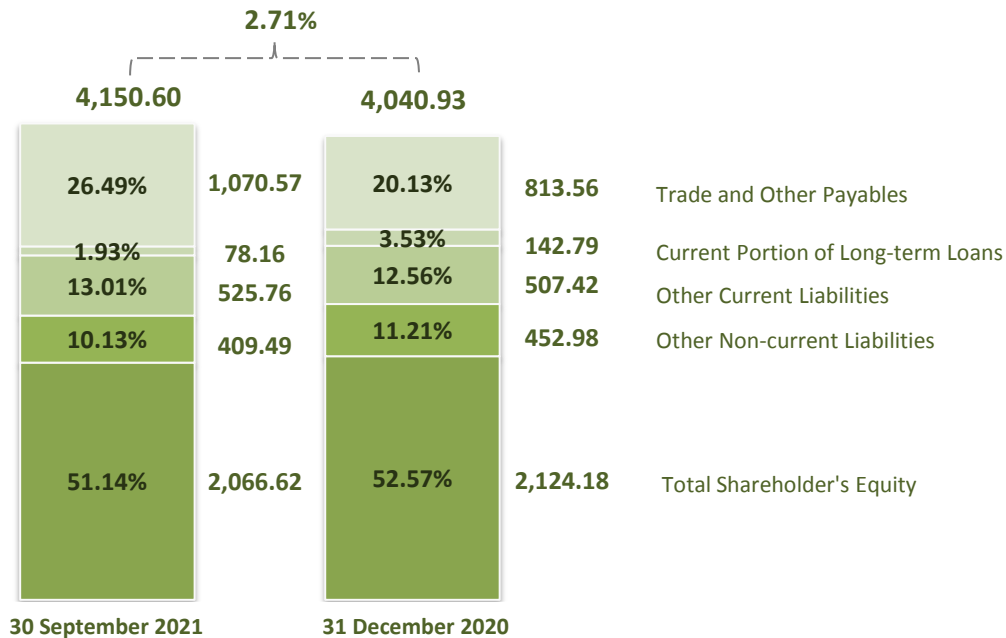
For statement of financial position as at September 30, 2021, changes as compared to December 31, 2020 are as followed:

		Total Assets			
		2.71%			
		(-----)			
		4,150.60		4,040.93	
Cash and cash equivalents	8.95%	361.85		10.97%	443.48
Trade and other receivables	12.30%	496.93		9.68%	391.07
Inventories	43.23%	1,746.77		37.91%	1,532.01
Other current asset	1.46%	59.03		1.58%	63.68
Investment Properties	14.52%	586.71		14.53%	586.97
Property, plant and equipment	16.22%	655.31		17.87%	721.99
Other non-current asset	6.04%	244.00		7.47%	301.73
		30 September 2021		31 December 2020	

The group's total asset as of September 30, 2021 was at Baht 4,150.60 million which increased by Baht 109.67 million or 2.71% as compared to December 31, 2020. The increasing of total assets mainly come from increasing on inventory particularly the work in process inventory that are due for delivery in fourth quarter.

Total Liabilities and Shareholders' Equity

Unit : Million Baht



The group's total liabilities and shareholders' equity as of September 30, 2021 has at Baht 4,150.60 million increased by Baht 109.67 million or 2.71% 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 that will deliver in fourth quarter 2021.

Cash flow statement for the period ended September 30, 2021, Pranda Group has cash and cash equivalents at Baht (81.62) million while same period of previous year had cash and cash equivalents at Baht (37.13) million as details as follow:

	Unit: Million Baht	
	January - September	January - September
	2021	2020
Cash Flow from Operating Activities	122.43	174.38
Cash Flow from Investing Activities	(23.29)	(18.12)
Cash Flow from Financing Activities	(63.42)	(123.86)
Increase in Translation Adjustment	(117.34)	(69.53)
Net Cash Flow	<u>(81.62)</u>	<u>(37.13)</u>

The Company's Cash Inflow from Operating Activities period ended September 30, 2021 is at Baht 122.43 million, mainly due to Pranda Group has profit from operation after adjustment to reconcile of non-cash transaction Baht 231.16 million and account payable and other payable increased by Baht 201.76 million as well as cash outflow used in inventory increased by Baht 215.44 million and trade and other receivables increased by Baht 98.11 million.

Net Cash Outflow used in Investing Activities period ended September 30, 2021 is at 23.29 million generally due to purchasing fixed assets for operating working capital in Pranda Group.

Net Cash Outflow from Financing Activities period ended September 30, 2021 is at Baht 63.42 million mainly came from Pranda group repayment of bills of exchange Baht 50.00 million, paid for convertible debentures redemption Baht 35.00 million, repayment loan on schedule Baht 48.66 million and payment dividend Baht 53.90 million. Also, the company has receipt short term loans from financial institution Baht 101.30 million and proceeds from ordinary shares issuance from exercised warrants Baht 47.87 million.



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Translation adjustment for the period ended September 30, 2021 at Baht 117.34 million mainly came from depreciation on Baht compared with US dollars, Pound Sterling and Euro by 7.52%, 12.25% and 6.40% respectively which resulted in unrealized gain on exchange rate from translation adjustment of subsidiary.

Please be informed accordingly.

Yours Sincerely

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