

AURORA

ของขวัญแห่งความสุขที่มีคุณค่า

AURORA DESIGN PUBLIC COMPANY LIMITED

**MANAGEMENT DISCUSSION
AND ANALYSIS (MD&A)**

Q3/2023

EXECUTIVE SUMMARY

Operating Highlights	Q3/22	Q2/23	Q3/23	Change		9M/22	9M/23	Change
				+/-	+/-			
Unit: Million Baht				%YoY	%QoQ			%YoY
Operating Revenue	6,978.9	7,616.3	6,708.3	-3.9%	-11.9%	21,380.2	21,799.5	+2.0%
Gross Profit	549.2	709.1	624.1	+13.6%	-12.0%	1,783.4	2,052.5	+15.1%
EBITDA	275.5	403.8	342.2	+24.2%	-15.3%	1,056.2	1,228.1	+16.3%
Net Profit (loss)	112.5	199.5	141.6	+25.8%	-29.0%	495.5	608.3	+22.8%
Gross Profit Margin (%)	7.9%	9.3%	9.3%	+1.4%	-0.0%	8.3%	9.4%	+1.1%
EBITDA Margin (%)	3.9%	5.3%	5.1%	+1.2%	-0.2%	4.9%	5.6%	+0.7%
Net Profit (Loss) Margin (%)	1.6%	2.6%	2.1%	+0.5%	-0.5%	2.3%	2.8%	+0.5%

In 9M/2023, the Company's net profit increased by Baht 112.8 million or 22.8% as a result of the increase in sales from Modern Gold products, high margin products, Same Store Sales Growth, and the additional 76 new branches compared to 9M/2022. In addition, the interest income from gold financing business have also increased. After raising fund from IPO in SET, the Company have continuously invested in branch expansion to expand customer base, as well as to ensure that the gold financing customer base continues to grow.

YoY Q3/23 vs Q3/22

- In Q3/2023, **the Company recorded operating revenue of Baht 6,708.3 million**, decreased by Baht 270.6 million or 3.9% from Q3/2022, mainly due to the decrease in consumer confidence and purchasing demand as a result of the political uncertainty from the formation of the new government. However, the Company continues to give high importance to marketing campaigns and promotions to boost sales and to maintain competitiveness during the off-peak season.
- Gross profit margin** was 9.3% in Q3/2023, increased from 7.9% in Q3/2022 mainly due to an increase in gross profit from sales as a result of the revenue growth of Modern Gold products and interest income from the growth of gold financing receivables.
- Net Profit** was Baht 141.6 million, increased by Baht 29.0 million or 25.8% from Q3/2022, mainly due to the increase in gross profit from Modern Gold products and the interest income from the growth of gold financing receivables.

QoQ Q3/23 vs Q2/23

- In Q3/2023, **the Company recorded operating revenue of Baht 6,708.3 million**, decreased by Baht 908.0 million or 11.9% from Q2/2023, mainly due to the off-peak season of the business.
- Gross Profit Margin** was 9.3% in Q3/2023, remaining unchanged from Q2/2023 from the Company's ability to manage costs efficiently, demonstrating the Company's ability to maintain profitability.
- Net profit** was Baht 141.6 million, decreased by Baht 57.9 million or 29.0% from Q2/2023, mainly due to the decrease in the sales corresponding to the Quarter 3 being an off-peak season of the business. As well as the increase in cost of reallocating internal resources to support business expansion to achieve the Company's target.

YoY 9M/23 vs 9M/22

- In 9M/2023, **the Company recorded operating revenue of Baht 21,799.5 million**, increased by Baht 419.3 million or 2.0% from 9M/2022, due to the increase in sales from all business units from Same Store Sales Growth and the opening of new branches. In addition, the interest income also increased from the growth of gold financing receivables.
- Gross Profit Margin** in 9M/2023 was 9.4%, increased from 8.3% in 9M/2022, mainly due to the increase in gross profit from the sales of Modern Gold products and high margin products including Diamond Jewelry and Design Gold. In addition, the increase in interest income from the growth of gold financing receivables also contributed to the higher gross profit margin.
- Net Profit** in 9M/2023 was Baht 608.3, increased by Baht 112.8 million or 22.8% from 9M/2022, mainly due to the increase in the gross profit from the sales of Modern Gold and high margin products including Diamond Jewelry and Design Gold, as well as the interest income from the growth of gold financing receivables.

SIGNIFICANT EVENTS IN 2023

Aurora Collaborates with ‘Tone Bang Khae’ for Amulets



Aurora launches a new business with Tone Bang Khae, a famous amulet expert, by using the Aurora store as a pick-up and drop-off point to check the authenticity of Amulets by Tone Bang Khae offering a guaranteed certificate and a guarantee buy-back price. The objective is to facilitate amulet collectors with special services near their homes. Customers can use this service at 40 Aurora stores in Bangkok and Metropolitan areas, while the Company expects to expand this service to all Aurora branches within this year.

Aurora Receives IAA Awards for Listed Companies 2022-2023



Aurora received the Outstanding CEO, Outstanding CFO, and Outstanding IR award in the consumer products (CONSUMP) category from the Investment Analyst Association in the IAA Award: Awards for Listed Companies 2022-2023 project, which is voted by the analysts and fund managers. The criteria and guidelines are determined by the association; which demonstrates that the Company has the knowledge and ability to manage the Company effectively, present relevant information in a direct and clear manner, has business ethics and corporate governance, as well as emphasizes and is cooperative with the IR community by providing consistently providing comprehensive and well-rounded information

BUSINESS DIRECTION

Focus on Expanding Branch Expansion According to Target

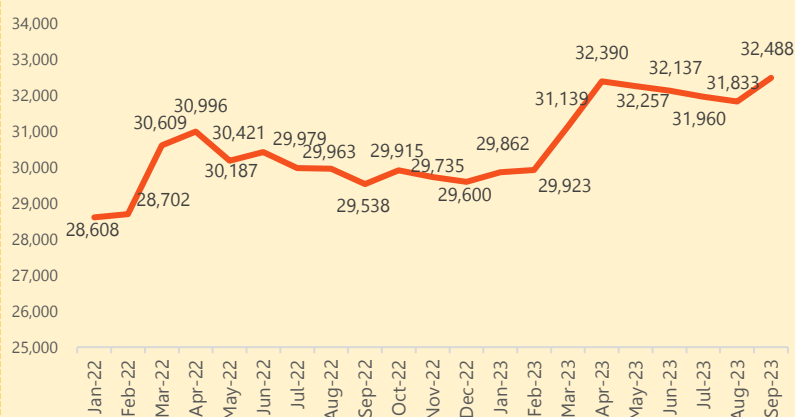


The Company has set the target for continuous branch expansion. The Company is in the process of expanding to reach 330 branches within 2023 and targets to expand to over 409 branches within 2024. In the first 9 months of 2023, the Company has already achieved the annual target of 70 branches for Thong Ma Ngerm Pai. In addition, as of 30 September 2023, the Company has a total of 342 branches.

Industry Information

Unit: Baht

Gold Price



Gold prices during September 2023 continues to increase slightly from FED’s maintaining interest rates in Q3/2023, where the monetary policy is likely to be accommodative before the interest rates re-adjustment again in the last two months of year-end. Moreover, other driving factors includes the Chinese economic slowdown due to the default in the real estate sector, and the oil prices increased due to Saudi Arabia and Russia stockpiling crude oil. As a result, the Thai gold price managed to remain above Baht 32,000.

Source(s): Gold Trader Association, Gold UK

OPERATING RESULT IN Q3/2023

Overall operating results	Q3/22	Q2/23	Q3/23	Change +/-		9M/22	9M/23	Change +/-
Unit: Million Baht				%YoY	%QoQ			%YoY
Operating Revenue	6,978.9	7,616.3	6,708.3	-3.9%	-11.9%	21,380.2	21,799.5	+2.0%
Cost of Goods Sold	6,429.7	6,907.2	6,084.2	-5.4%	-11.9%	19,596.7	19,747.0	+0.8%
Gross Profit	549.2	709.1	624.1	+13.6%	-12.0%	1,783.4	2,052.5	+15.1%
Other Income	9.0	7.2	9.9	+10.5%	+38.2%	20.3	31.6	+56.0%
Selling Expenses	312.5	343.0	329.8	+5.6%	-3.8%	877.1	974.6	+11.1%
Administrative Expenses	64.5	67.4	69.5	+7.7%	+3.2%	172.5	184.8	+7.1%
Financial Costs	50.2	61.2	69.1	+37.8%	+13.0%	148.2	183.5	+23.9%
Profit (Loss) Before Income Tax Expenses	141.1	249.1	176.5	+25.1%	-29.2%	631.6	758.7	+20.1%
Tax Expenses	28.5	49.6	34.9	+22.4%	-29.6%	136.1	150.3	+10.5%
Net Profit (Loss)	112.5	199.5	141.6	+25.8%	-29.0%	495.5	608.3	+22.8%

OPERATING REVENUE STRUCTURE

94% REVENUE FROM MODERN GOLD DISTRIBUTION

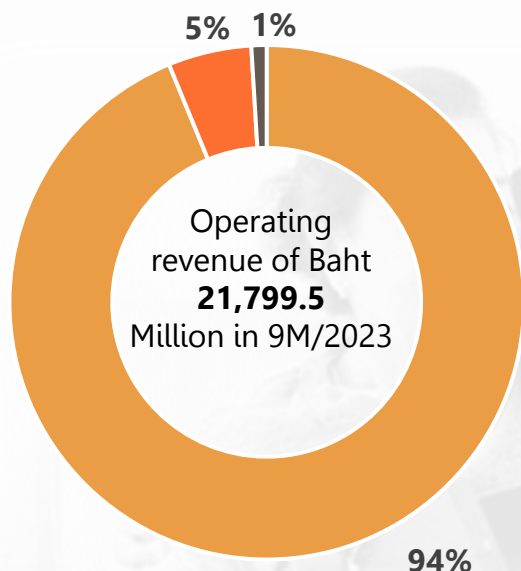
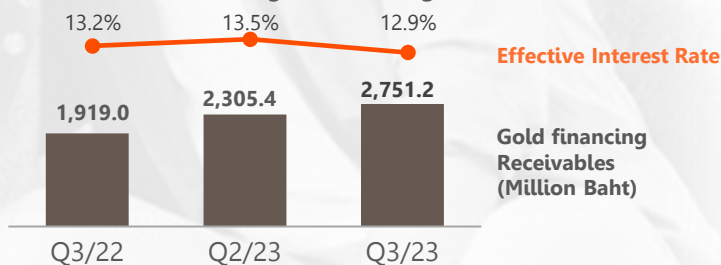
Gold jewelry products containing 96.5% pure gold such as necklaces, rings, bracelets, earrings, etc.

5% REVENUE FROM DIAMOND JEWELRY AND DESIGN GOLD DISTRIBUTION

- Diamond jewelry products such rings, earrings, bracelets, pendants with necklaces, etc.
- Gold jewelry products containing 40.0%-99.99% pure gold (Excluding Modern Gold products that contain 96.5% pure gold) with 4 groups of products: 1) Gold amulets 2) Belief products 3) Jewelry and 4) Gifts

1% REVENUE FROM INTEREST INCOME

Interest income from gold financing business



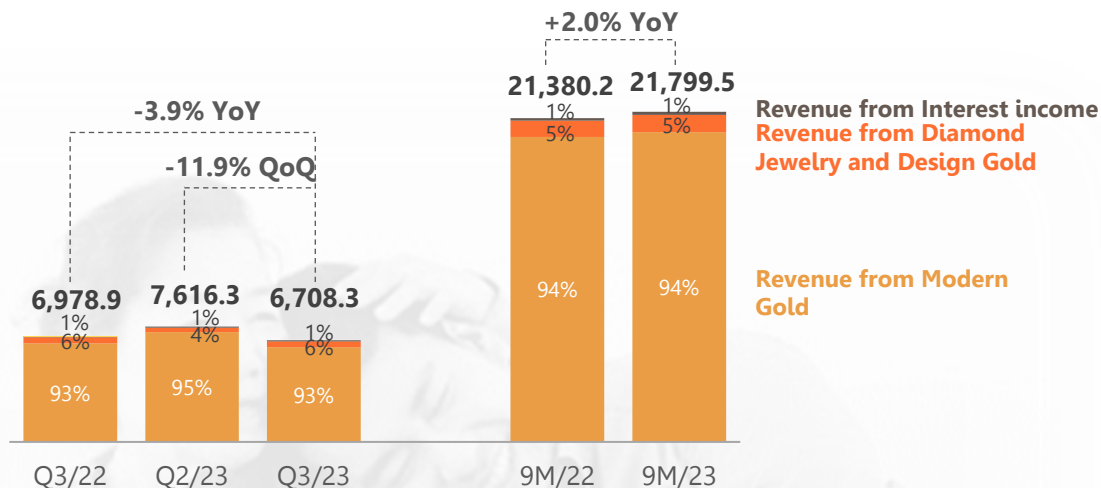
BUSINESS OVERVIEW BY CATEGORY

Revenue Structure	Q3/22	Q2/23	Q3/23	Change +/-		9M/22	9M/23	Change +/-
				%YoY	%QoQ			
Unit: Million Baht				%YoY	%QoQ			%YoY
Revenue from Modern Gold	6,500.4	7,242.2	6,257.4	-3.7%	-13.6%	20,122.1	20,447.4	+1.6%
Revenue from Design Gold and Diamond Jewelry	417.4	303.8	372.7	-10.7%	+22.7%	1,095.7	1,143.3	+4.3%
Total Revenue from Product Distribution	6,917.8	7,546.0	6,630.2	-4.2%	-12.1%	21,217.9	21,590.7	+1.8%
Revenue from Interest Income	61.1	70.3	78.1	+28.0%	+11.2%	162.3	208.8	+28.6%
Total Operating Revenue	6,978.9	7,616.3	6,708.3	-3.9%	-11.9%	21,380.2	21,799.5	+2.0%
Other Revenue	9.0	7.2	9.9	+10.5%	+38.2%	20.3	31.6	+56.0%
Total Revenue	6,987.9	7,623.5	6,718.2	-3.9%	-11.9%	21,400.4	21,831.1	+2.0%

Detail of branches at the end of period	Q3/22	Q2/23	Q3/23	%YoY	%QoQ
Number of branches	266	319	342	+28.6%	+7.2%

1. Operating Revenue

Unit: Million Baht, %



Note: *Revenue from Modern Gold consists of 1.Revenue from branch sales 2.Revenue from the sales and delivery of gold bars to close a net buying position

YoY Q3/23 vs Q3/22

In Q3/2023, the Company recorded operating revenue of Baht 6,708.3 million, decreased by Baht 270.6 million or 3.9% from Q3/2022, mainly due to the decrease in revenue from sales of Modern Gold products corresponding to the decrease in consumer confidence and purchasing demand as a result of the political uncertainty from the formation of the new government. However, revenue from the sales of high-margin products including Diamond Jewelry and Design Gold have increased, as well as the interest income from the growth of gold financing receivables

QoQ Q3/23 vs Q2/23

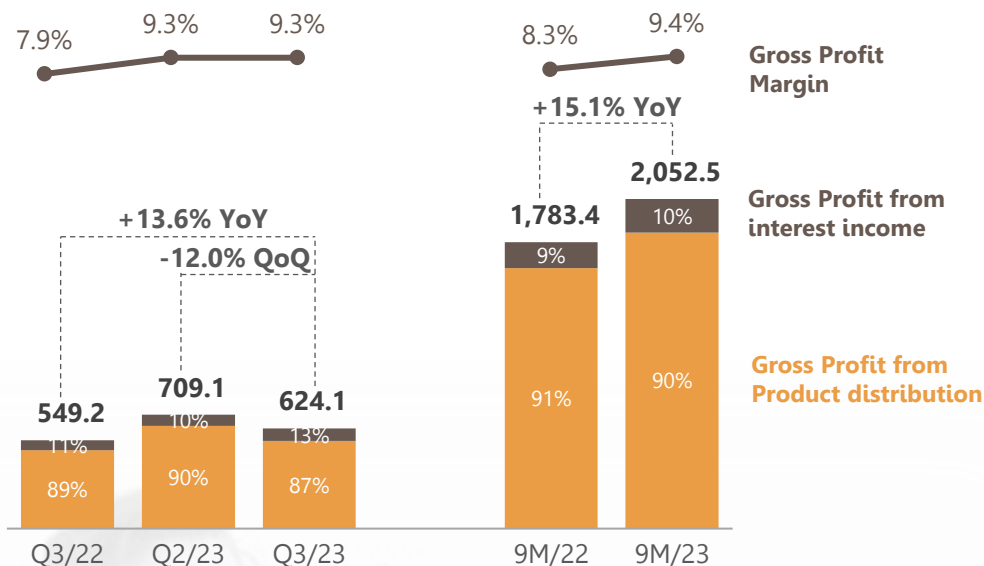
In Q3/2023, the Company recorded operating revenue of Baht 6,708.3 million, decreased by Baht 908.0 million or 11.9% from Q2/2023, mainly due to the decrease in revenue from sales of Modern Gold products as a result of the lower purchasing demand from the off-peak season of the business. However, revenue from sales of high-margin products including Diamond Jewelry, and Design Gold have increased, as well as the interest income from the growth of gold financing receivables

YoY 9M/23 vs 9M/22

In 9M/2023, the Company recorded operating revenue of Baht 21,799.5 million, increased by Baht 419.3 million or 2.0% from 9M/2022, mainly due to the increase in sales of Modern Gold products and high margin products including Diamond Jewelry, and Design Gold, as a result of the increase in Same Store Sales Growth and the opening of new branches. In 9M/2023, the Company have a total of 342 branches, an increase of 76 branches from 9M/2022. In addition, the interest income also increased from the growth in gold financing receivables.

2. Gross Profit & Gross Profit Margin

Unit: Million Baht, %



YoY Q3/23 vs Q3/22

In Q3/2023, the Company recorded a gross profit of Baht 624.1 million, increased by Baht 74.9 million or 13.6% and the gross profit margin of 9.3% increased from 7.9% in Q3/2022, mainly due to the increase in gross profit from the sales of products by Baht 57.8 million or 11.9% as a result of the increase in sales of Modern Gold, corresponding to the FED's accommodative monetary policy. Together with the Company's ability to manage costs efficiently and the increase in interest income from the growth in gold financing receivables.

QoQ Q3/23 vs Q2/23

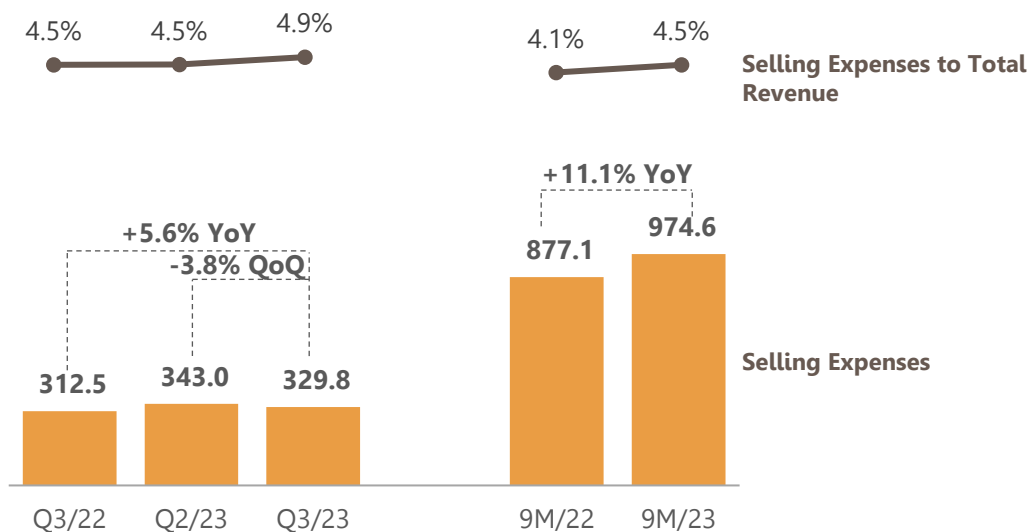
In Q3/2023, the Company recorded a gross profit of Baht 624.1 million, decreased by Baht 85.0 million or 12.0% and the gross profit margin was 9.3%, unchanged from Q2/2023. This was mainly due to quarter 3 being the off-peak season of the business, resulting in the decrease in gross profit. However, the gross profit from the interest income have increased from the growth of gold financing receivables. As a result, despite the lower gross profit generated from sales, with the Company's ability to manage costs efficiently, the Company has demonstrated the ability to maintain profitability.

YoY 9M/23 vs 9M/22

In 9M/2023, the Company recorded a gross profit of Baht 2,052.5 million, increased by Baht 269.0 million or 15.1% and the gross profit margin was 9.4% increased from 8.3% in 9M/2022, mainly due to the increase in gross profit from the sales of products from both Modern Gold and high margin products including Diamond Jewelry, and Design Gold, driving the overall gross profit margin. In addition, gross profit from interest income also increased from the growth of gold financing receivables.

3. Selling Expenses

Unit: Million Baht, %



YoY Q3/23 vs Q3/22

In Q3/2023, the Company recorded selling expenses of Baht 329.8 million, increased by Baht 17.4 million or 5.6% which accounted for 4.9% of total revenue, slightly increased from 4.5% in Q3/2022. This was mainly due to the increase in expenses corresponding to the branch expansion such as expenses to open new branches, etc., resulting in the selling expenses to total revenue to remain at similar levels to Q3/2022.

QoQ Q3/23 vs Q2/23

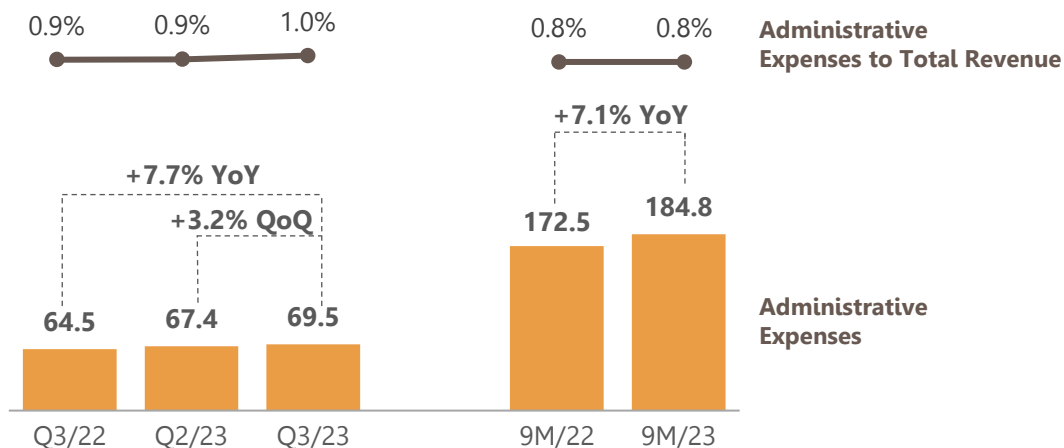
In Q3/2023, the Company recorded selling expenses of Baht 329.8 million, decreased by Baht 13.1 million or 3.8% which accounted for 4.9% of total revenue, slightly increased from 4.5% in Q2/2023. This was mainly due to the decrease in the marketing expense. In addition, the Company gives high importance to continuous cost management, resulting in the selling expenses to total revenue to remain at similar levels to Q2/2023.

YoY 9M/23 vs 9M/22

In 9M/2023, the Company recorded selling expenses of Baht 974.6 million, increased by Baht 97.5 million or 11.1% which accounted for 4.5% of total revenue, slightly increased from 4.1% in 9M/2022. This was mainly due to the increase in expenses corresponding to the branch expansions such as expenses to open new branches, etc., as well as the increase in promotional expenses corresponding to the increase in sales. However, the Company continues to manage costs efficiently, resulting in the selling expenses to total revenue to remain at similar levels to 9M/2022.

4. Administrative Expenses

Unit: Million Baht, %



YoY Q3/23 vs Q3/22

In Q3/2023, the Company recorded administrative expenses of Baht 69.5 million, increased by Baht 5.0 million or 7.7% which accounted for 1.0% of total revenue, slightly increased from 0.9% in Q3/2022. This was due to the cost of reallocating internal resources to support business expansion to achieve the Company’s target such as staff, equipment, operating systems, and building renovation. However, the Company continues to manage costs efficiently, resulting in the administrative expenses to total revenue to remain relatively stable from Q3/2022.

QoQ Q3/23 vs Q2/23

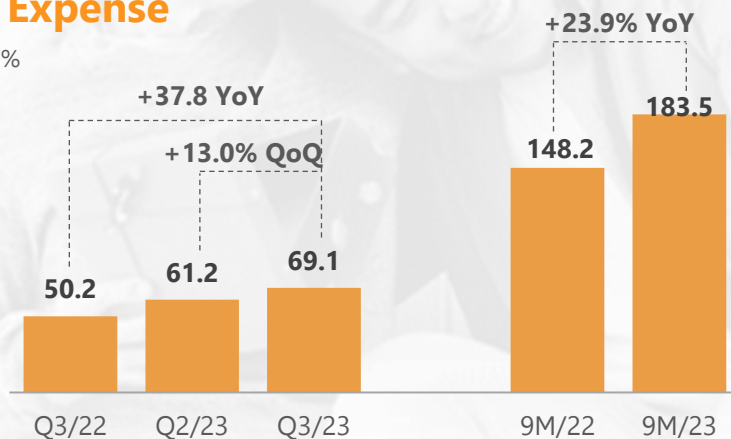
In Q3/2023, the Company recorded administrative expenses of Baht 69.5 million, increased by Baht 2.1 million or 3.2% which accounted for 1.0% of total revenue, slightly increased from 0.9% in Q2/2023. This was due to the cost of reallocating internal resources to support business expansion to achieve the Company’s target such as staff, equipment, operating systems, and building renovation. However, the Company continues to manage costs efficiently, resulting in the administrative expenses to total revenue to remain relatively stable from Q2/2023.

YoY 9M/23 vs 9M/22

In 9M/2023, the Company recorded administrative expenses of Baht 184.8 million, increased by Baht 12.3 million or 7.1% which accounted for 0.8% of total revenue, unchanged compared to 9M/2022. This was due to the cost of reallocating internal resources to support business expansion to achieve the Company’s target such as staff, equipment, operating systems, and building renovation. However, the Company continues to manage costs efficiently, as well as the increase in sales, resulting in the administrative expenses to total revenue to remain relatively stable from 9M/2022.

5. Financial Expense

Unit: Million Baht, %



Remark: *Financing costs consist of interest on loans from financial institutions, interest paid for the right to use the property and the Thai Financial Reporting Standard No. 16 Leases (IFRS 16)

YoY Q3/23 vs Q3/22

In Q3/2023, the Company recorded financial expenses of Baht 69.1 million, increased by Baht 19.0 million or 37.8% from Q3/2022, mainly due to the increase in loan to support the branch expansions and to expand the gold financing customer base.

QoQ Q3/23 vs Q2/23

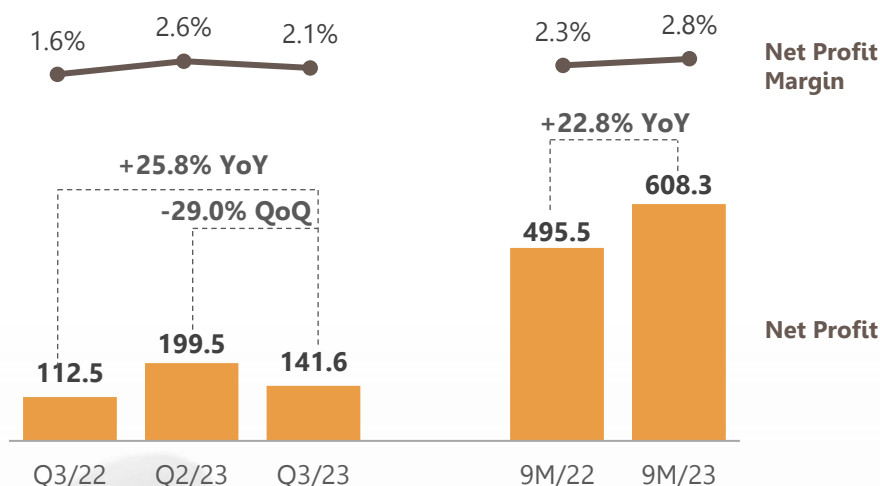
In Q3/2023, the Company recorded financial expenses of Baht 69.1 million, increased by Baht 7.9 million or 13.0% from Q2/2023, mainly due to the increase in loan to support the branch expansions and to expand the gold financing customer base.

YoY 9M/23 vs 9M/22

In 9M/2023, the Company recorded financial expenses of Baht 183.5 million, increased by Baht 35.4 million or 23.9% from 9M/2022, mainly due to the increase in loan to support the branch expansions and to expand the gold financing customer base.

6. Net Profit & Net Profit Margin

Unit: Million Baht, %



YoY Q3/23 vs Q3/22

In Q3/2023, the Company recorded net profit of Baht 141.6 million, increased by Baht 29.0 million or 25.8% and the net profit margin was 2.1%, increased from 1.6% in Q3/2022, mainly due to the increase in revenue from sales of Modern Gold, as well as the interest income from the growth of gold financing business.

QoQ Q3/23 vs Q2/23

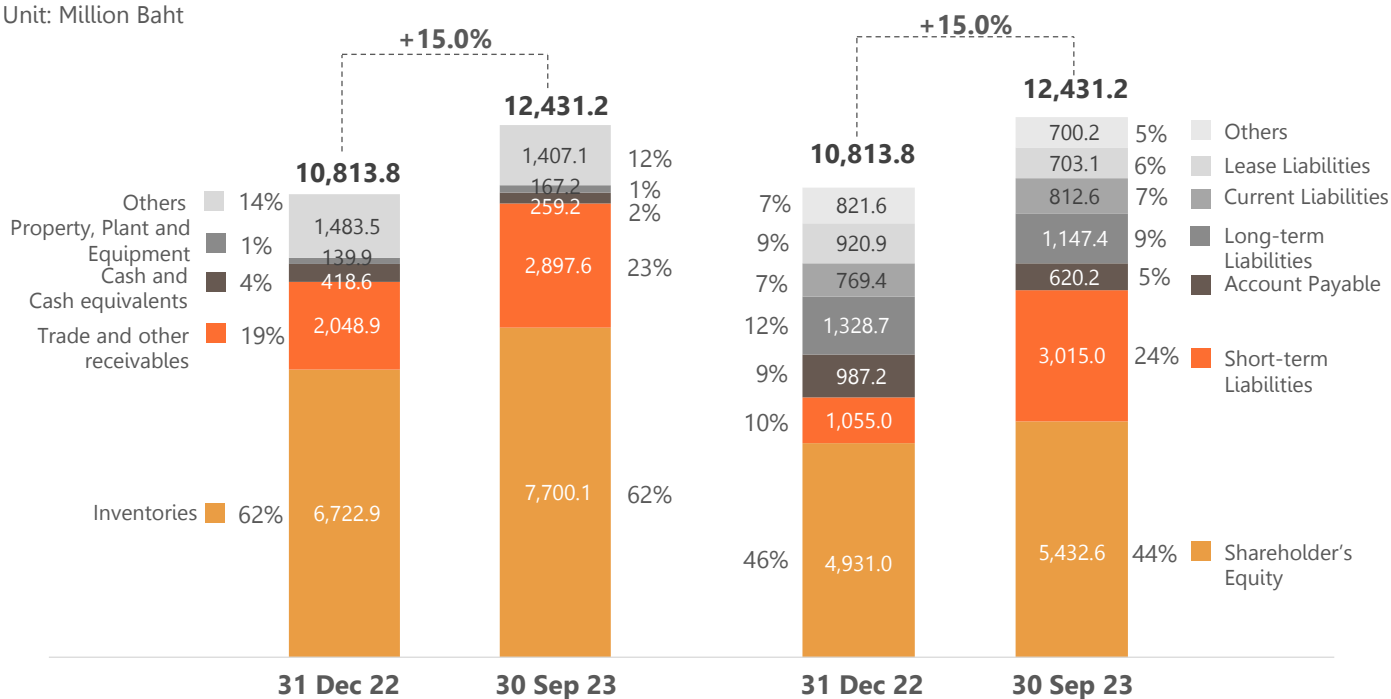
In Q3/2023, the Company recorded net profit of Baht 141.6 million, decreased by Baht 57.9 million or 29.0% and the net profit margin was 2.1%, decreased from 2.6% in Q2/2023. This was mainly due to the decrease in gross profit from sales of Modern Gold products corresponding to the lower purchasing demand from the off-peak season of the business. However, the gross profit margin from the sales of high margin products including Diamond Jewelry, and Design Gold has increased, as well as the interest income from the gold financing receivables.

YoY 9M/23 vs 9M/22

In 9M/2023, the Company recorded net profit of Baht 608.3 million, increased by Baht 112.8 million or 22.8% and the net profit margin was 2.8%, increased from 2.3% in 9M/2022, due to an increase in gross profit from sales in all business units including Modern Gold products and high margin products from Diamond Jewelry, and Design Gold; as well as the increase in interest income from the growth of gold financing receivables.

STATEMENT OF FINANCIAL POSITION

Unit: Million Baht



Total Assets

As of 30 September 2023, the total assets of the Company was Baht 12,431.2 million, increased by Baht 1,617.4 million or 15.0% from 31 December 2022. The significant changes are as follows:

- **Inventory:** increased by Baht 977.2 million corresponding to the increase of branches according to the business plan
- **Trade and other receivables:** increased by Baht 848.7 million, due to an increase in gold financing receivables of Baht 851.8 million resulting from the expansion of Thong Ma Ngern pai business

Total Liabilities

As of 30 September 2023, the total liabilities of the Company was Baht 12,431.2 million, increased by Baht 1,617.5 million or 15.0% from 31 December 2022. The significant changes are as follows:

- **Short-term Liabilities:** increased by Baht 1,960.0 million from the increase in loans from financial institutions to invest in the inventories corresponding to branch expansion and the increase in gold financing receivables.
- **Trade and other receivables:** decreased by Baht 367.0 million, mainly from the payment of goods according to the maturity date of the credit term

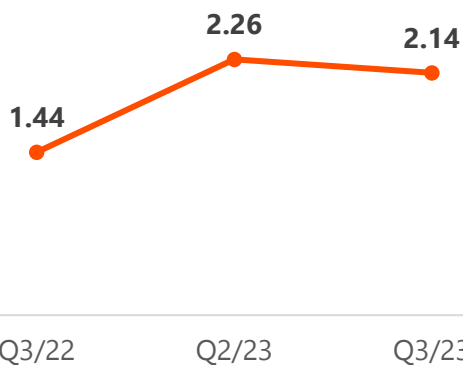
Total Shareholder's Equity

As of 30 September 2023, the total shareholders' equity of the Company was Baht 5,432.6 million, increased by Baht 501.6 million or 10.0% from 31 December 2022 due to the increase of operating profit by Baht 608.3 million and the dividends payment during May 2023

KEY FINANCIAL RATIOS

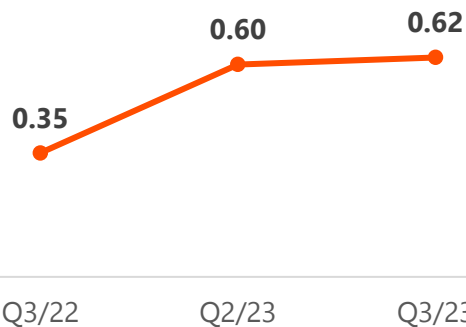
Current Ratio

Unit: Times



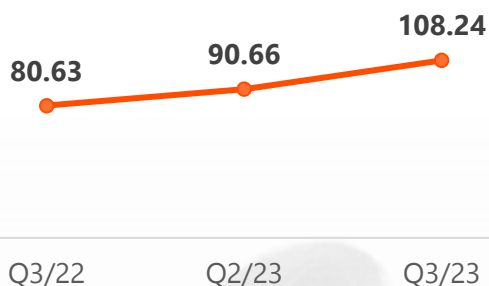
Quick Ratio

Unit: Times



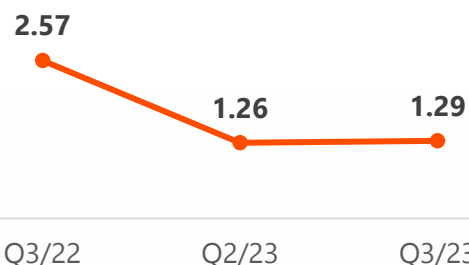
Cash Cycle

Unit: Days



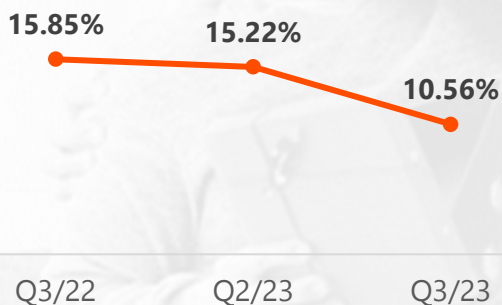
D/E Ratio

Unit: Times



ROE

Unit: %



ROA

Unit: %

