

AURORA

ของขวัญแห่งความสุขที่มีคุณค่า

AURORA DESIGN PUBLIC COMPANY LIMITED

**MANAGEMENT DISCUSSION
AND ANALYSIS (MD&A)
YE2023**

EXECUTIVE SUMMARY

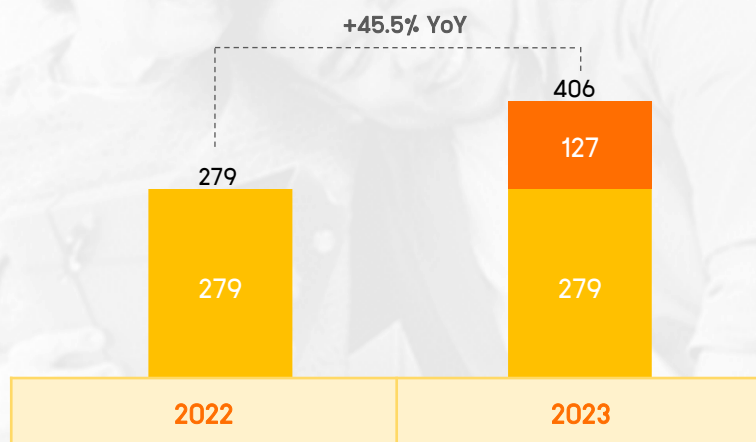
Operating Highlights	2022	2023	Change +/-
Unit: Million Baht			%YoY
Operating Revenue	29,580.6	29,877.8	+1.0%
Gross Profit	2,517.3	2,853.2	+13.3%
EBITDA	1,460.0	1,730.8	+18.5%
Net Profit (loss)	707.9	850.0	+20.1%
Gross Profit Margin (%)	8.5%	9.5%	+11.8%
EBITDA Margin (%)	4.9%	5.7%	+16.3%
Net Profit (Loss) Margin (%)	2.4%	2.8%	+16.7%

YoY YE2023 vs YE2022

- In Y2023, the Company generated operating revenue of Baht 29,877.8 million, slight increase from the previous year by Baht 297.2 million or 1.0%, remaining at the same level as the preceding year. This performance is consistent with the previous year. The main contributing factors to the revenue increase include the growth in sales of products under the Modern Gold category, as well as the rising interest earnings derived from the expanding gold financing receivables. Nevertheless, the company remains profitable through both selling and buy back transaction, ensuring a satisfactory level of profitability.
- Gross profit margin** was 9.5% in 2023, increase from the previous year, where the gross profit margin was at 8.5%. This demonstrating the attributed to the efficient cost management capabilities of the Company, contributed to the gross profit of Baht 2,853.2 million in the Y2023. This marked an increase of Baht 335.9 million or 13.3% compared to the previous year.
- Net profit** was Baht 850.0 million, increased by Baht 142.1 million or 20.1% compared to the previous year, mainly due to the increase in gross profit are the growth in sales of products under the Modern Gold category, as well as the expansion of income from interest from gold financing.

DETAILS OF THE NUMBER OF BRANCHES

Unit: Branches



SIGNIFICANT EVENTS IN 2023

Continuously seeking for growth opportunity through branch and business expansion



In the Y2023, the Company was dedicated to expanding its branches according to the planned strategy. The company recognized opportunities for growth through retail sales channels in various high-potential areas, both within the Bangkok metropolitan area and in different provinces. To augment the customer base, in Y2023, the Company operated a total of 406 branches, marking an increase of 127 branches from the previous year.

Collaborated with partners to drive business growth



Since Y2022 and continuing into Y2023, the Company has collaborated with numerous partners, including CJ MORE Group Limited, to develop business expansion models, particularly in the “Thong Ma Ngerm Pai” sector.

Furthermore, in Y2023, the Company introduced a new service in collaboration with Tone Bang-Kae, a renowned expert in sacred items. This service involves receiving and delivering sacred items for authenticity verification through the branches of Aurora, and then forwarding them to Tone Bang-Kae for genuine inspection, along with issuing a warranty certificate.

2023 Awards



In the Y2023, the Company received various awards, including:

- Deal of the Year Awards for the first initial public offering (IPO), winning in the fundraising category with an IPO value exceeding 3,000 million Baht, presented by the Stock Exchange of Thailand (SET) Awards 2023.
- Outstanding CEO, CFO, and IR Awards from the Investment Analysts Association, recognized at the IAA Awards for Listed Companies 2023.
- Winner of the Best Brand Performance on Social Media in the Gold & Jewelry category for the fourth consecutive year at the Thailand Social Awards 2023.

INDUSTRY INFORMATION



In December 2023, the gold price in Thailand exhibited fluctuations, fluctuating between 33,400 baht per 1 baht gold weight and 34,400 baht per 1 baht gold. Throughout this period, there was a marginal price variance of 1,000 baht or 2.91%, ultimately concluding with the closing price for one baht of gold settling at 33,650 baht by the end of December 2023.

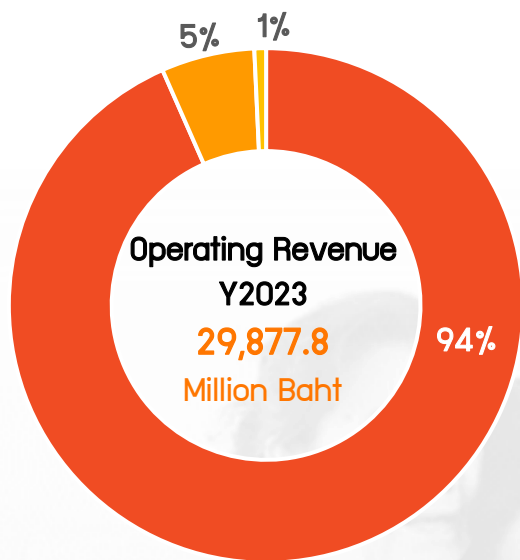
Projected trends in gold prices for 2024 suggest the potential for attaining new record highs in the first half. This is influenced, in part, by the Federal Reserve's interest rate cut. Another factor contributing to this outlook is the presence of geopolitical tensions, notably the Russia-Ukraine conflict. Although this conflict doesn't currently have a direct impact on gold prices, it introduces significant geopolitical risks. Consequently, there is a possibility that such factors could exert pressure on the global economic landscape, including the ongoing Israeli-Hamas conflict. Additionally, financial support from the U.S. budget for the wars in Ukraine and Israel may have implications for the overall U.S. budget.

*Note: Average selling gold price as of February 12, 2024
Source(s): Gold Traders Association, Money & Banking Online

OPERATING RESULTS IN Y2023

Overall operating results	2022	2023	Change +/-
Unit: Million Baht			%YoY
Operating Revenue	29,580.6	29,877.8	+1.0%
Cost of Goods Sold	27,063.3	27,024.6	-0.1%
Gross Profit	2,517.3	2,853.2	+13.3%
Other Income	23.1	47.3	+104.8%
Selling Expenses	1,228.0	1,358.4	+10.6%
Administrative Expenses	232.4	229.3	-1.3%
Financial Costs	218.8	262.6	+20.0%
Profit (Loss) Before Income Tax Expenses	896.8	1,062.1	+18.4%
Tax Expenses	188.9	212.1	+12.3%
Net Profit (Loss)	707.9	850.0	+20.1%

OPERATING REVENUE STRUCTURE



94% REVENUE FROM MODERN GOLD DISTRIBUTION

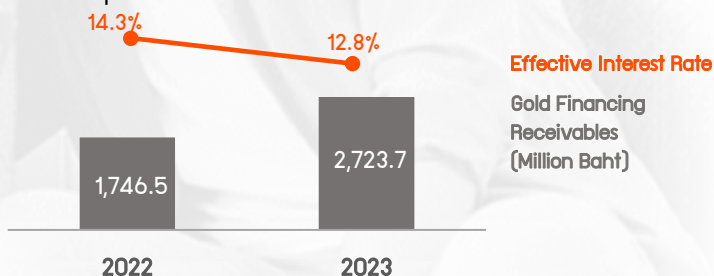
Gold jewelry products containing 96.5% pure gold such as necklaces, rings, bracelets, earrings, etc.

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 sales with right of redemption business in which customers can sell gold or gold/diamond jewelry with a right of redemption

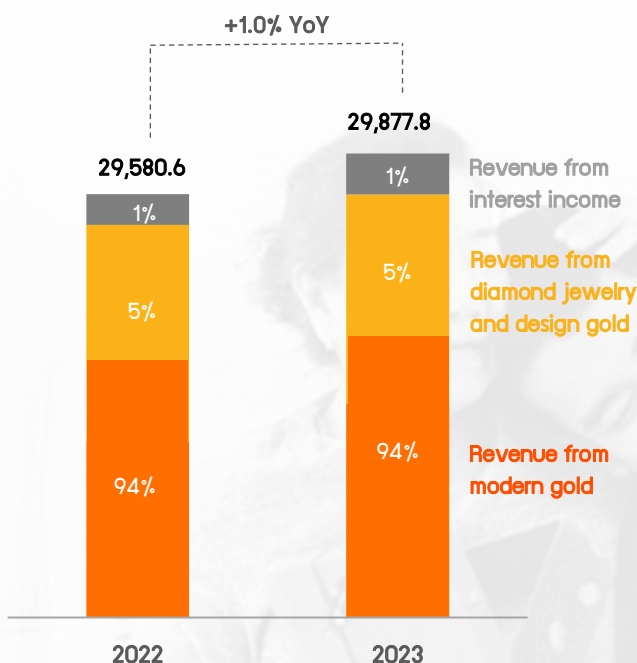


BUSINESS OVERVIEW BY CATEGORY

Revenue Structure	2022	2023	Change +/-
Unit: Million Baht			%YoY
Revenue from Modern Gold	27,781.6	28,058.7	+1.0%
Revenue from Diamond Jewelry and Design Gold	1,576.6	1,519.5	-3.6%
Total Revenue from Product Distribution	29,358.2	29,578.2	+0.7%
Revenue from Interest Income	222.4	299.6	+34.7%
Total Operating Revenue	29,580.6	29,877.8	+1.0%
Other Income	23.1	47.3	+104.8%
Total Revenue	29,603.7	29,925.1	+1.1%
Revenue Breakdown by Sales Channel	2022	2023	%YoY
Online Channel	2,395.8	1,618.4	-32.4%
Offline Channel	26,962.4	27,959.8	+3.7%
Total	29,358.2	29,578.2	+0.7%

1. Operating Revenue

Unit: Million Baht



YoY YE/23 vs YE/22

In Y2023, The Company recorded a total operational revenue of Baht 29,877.8 million, reflecting a growth of Baht 297.2 million or 1.0% compared to the previous year. Key factors driving this expansion encompass increased revenue from the sale of Modern Gold products, the growth in sales volume from existing branches, and the establishment of new branches. Furthermore, the company experienced a boost in the rising interest earnings derived from the expanding from gold financing receivables .

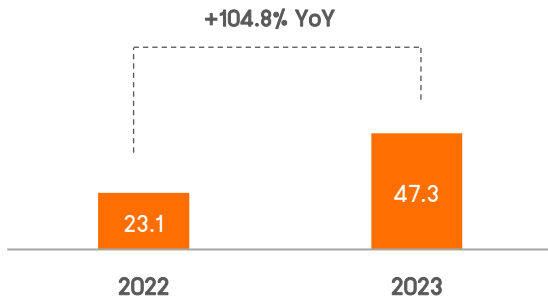
Note: *Revenue from Modern gold consists

1. Revenue from branch sales.

2. Revenue from the sales and delivery gold of bars to close a net buying position.

2. Other Income

Unit: Million Baht, %



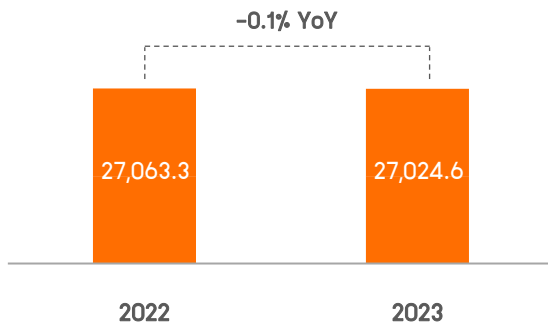
Note: Other income consists of store service revenue and B2B customers (such as spare parts and gold card issuance) and membership card revenue.

YoY YE/23 vs YE/22

In Y2023, the Company recorded other income totaling 47.3 million Baht, marking a significant rise from the 24.2 million Baht reported in 2022, reflecting a growth of 104.8%. This increase is attributed to higher revenue from membership card fees. Moreover, the company received financial backing from business partners to facilitate marketing initiatives.

3. Cost of Goods Sold

Unit: Million Baht, %

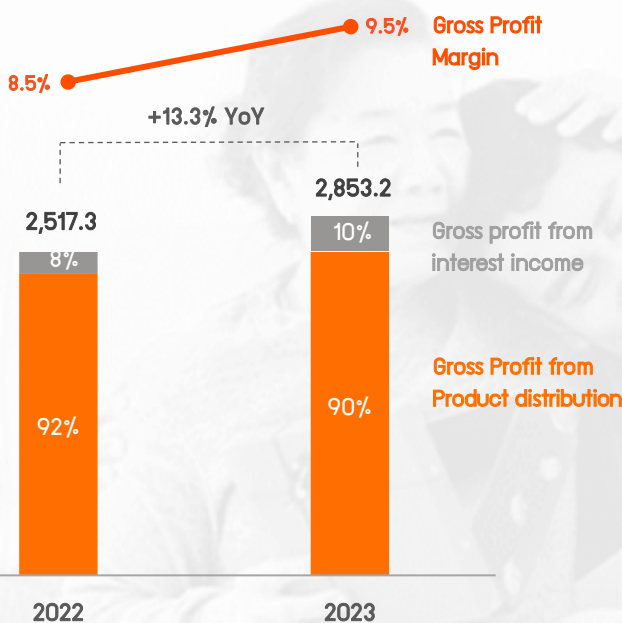


YoY YE/23 vs YE/22

In Y2023, the Company recorded the cost of goods sold of Bath 27,024.6 million, decreased by Bath 38.7 million or 0.1%. This decline is attributed to the efficient cost management capabilities of the Company.

4. Gross Profit & Gross Profit Margin

Unit: Million Baht, %



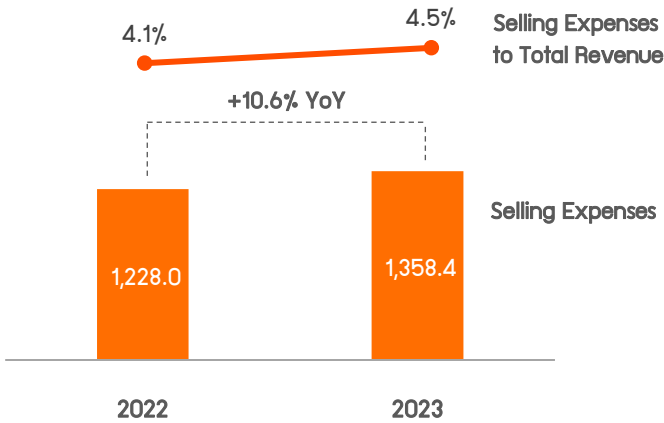
YoY YE/23 vs YE/22

Gross profit: In Y2023, the Company recorded gross profit of Baht 2,853.2 million, increased by Baht 335.9 million or 13.3% from 2022 due to:

- **Gross Profit from product distribution:** increased by Baht 258.7 million or 11.3%. Driven primarily by the increased sales of Modern Gold.
- **Gross Profit from interest income:** increased by Baht 77.2 million or 34.7% due to the increase from the growth of gold financing receivables.
- **Gross Profit Margin:** Gross profit margin was 9.5%, increased from 8.5% in 2022, demonstrating the attributed to the efficient cost management capabilities of the Company.

5. Selling Expenses

Unit: Million Baht, %



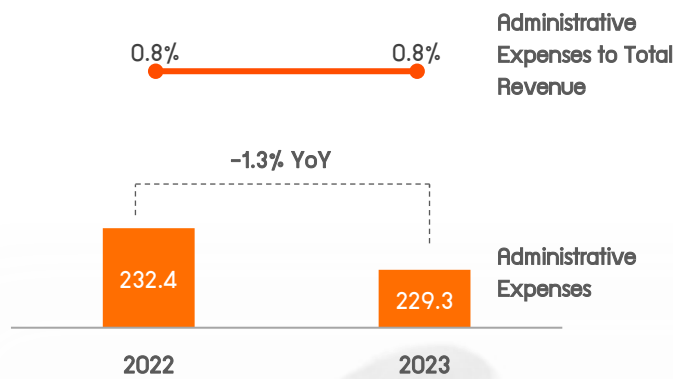
YoY YE/23 vs YE/22

Selling Expenses: In Y2023, the Company recorded selling expenses of Baht 1,358.4 million, increased by Baht 130.4 million or 10.6%. The primary factors contributing to the increased sales expenses were associated with the company's branch expansion.

Selling Expenses to Total Revenue: The percentage of selling and distribution expenses to total revenue was 4.5%, signaling a slight rise in comparison to Y2022.

6. Administrative Expenses

Unit: Million Baht, %



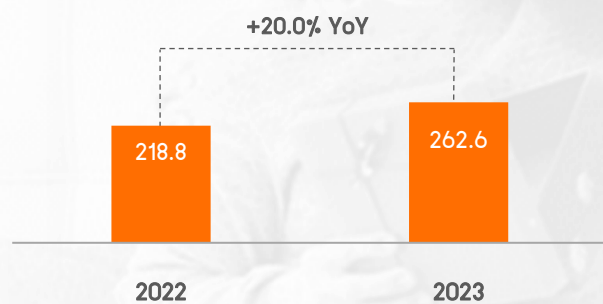
YoY YE/23 vs YE/22

Administrative expenses: In Y2023, the Company recorded the administrative expenses of Baht 229.3 million, decreased by Baht 3.1 million or 1.3% from 2022, due to the initial decrease in expenses related to the first-time registration for Initial Public Offering (IPO) in the stock market, which occurred only once, the Company was able to efficiently manage and reduce expenses.

Administrative expenses to total revenue: The percentage of administrative expenses to total revenue was 0.8%, remaining unchanged from Y2022.

7. Financial Expense

Unit: Million Baht, %

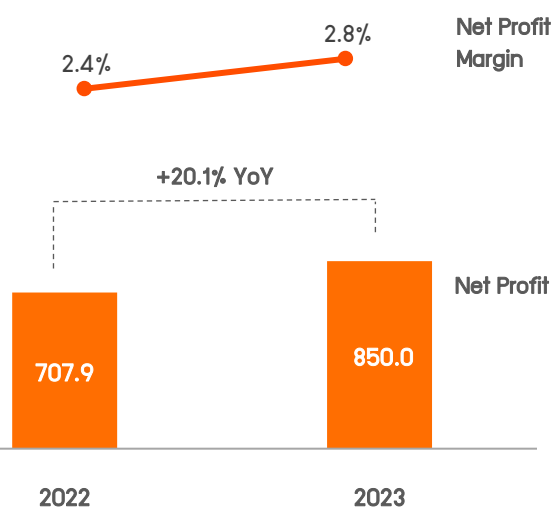


YoY YE/23 vs YE/22

In Y2023, the Company recorded financial expenses of Baht 262.6 million, increased by Baht 43.8 million or 20.0% from 2022 mainly due to the increased borrowings utilized to expand branches and extend the customer base for receivable from gold financing.

8. Net Profit & Net Profit Margin

Unit: Million Baht, %



YoY YE/23 vs YE/22

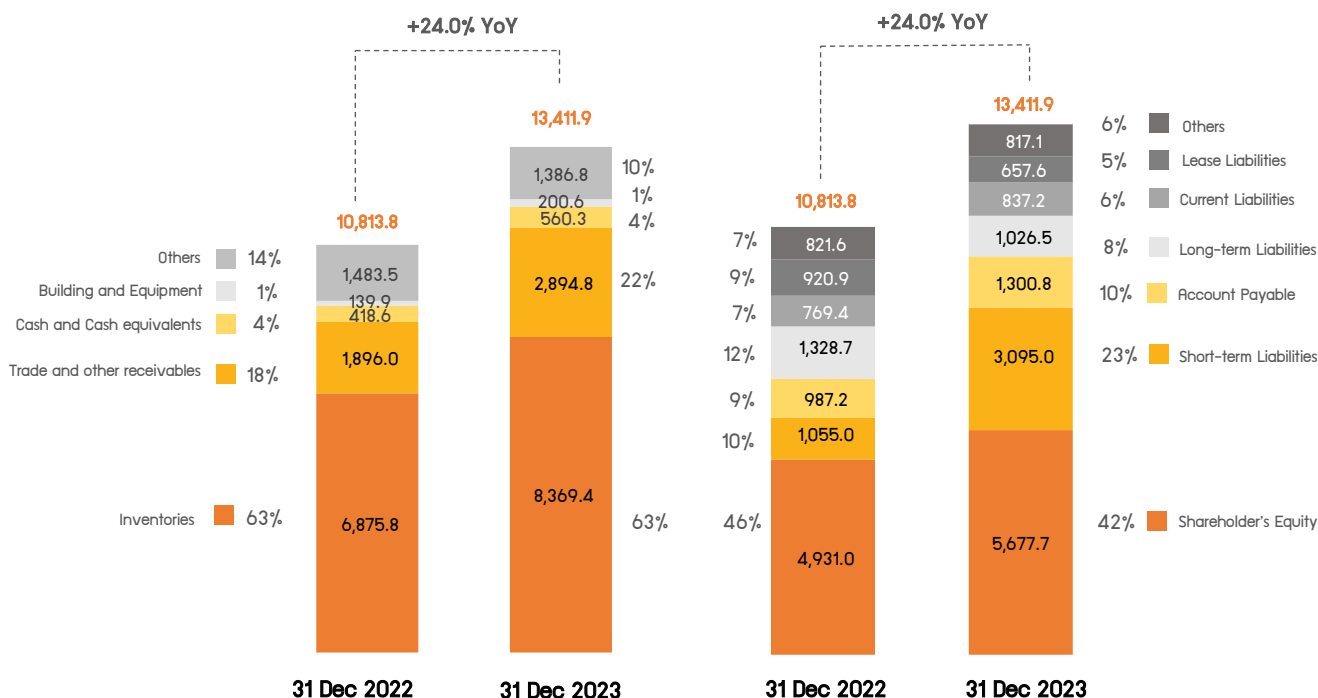
Net Profit: In Y2023, the Company recorded the net profit of Baht 850.0 million, increased by Baht 142.1 million or 20.1% mainly due to the increase in revenue from sales of Modern Gold, as well as the interest income from the growth of gold financing business.

Net Profit Margin: Net profit margin was 2.8%, increased from 2.4% in Y2022



STATEMENT OF FINANCIAL POSITION

Unit: Million Baht



Total Assets

As of 31 December 2023, the total assets of the Company was Baht 13,411.9 million, increased by Baht 2,598.1 million or 24.0% from 31 December 2022. The significant change are as follows:

- **Inventory:** increased by Baht 1,493.6 million corresponding to the increase of branches according to the business plan
- **Trade and other receivables:** increased by Baht 998.8 million, mainly influenced by the expansion of gold financing receivables.

Total Liabilities

As of 31 December 2023, the total liabilities of the Company was baht 7,734.2 million, increased by Baht 1,851.4 million or 31.5% from 31 December 2022. The significant change are as follows:

- **Short-term Liabilities:** increased by Baht 2,040.0 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:** increased by Baht 313.6 million, mainly from rising from the increased purchase of goods in line with the expansion of branches and from the payment of goods according to the credit term.

Total Shareholders' Equity

As of 31 December 2023, the total shareholders' equity of the Company was Baht 5,677.7 million, increased by Baht 746.7 million or 15.1% from 31 December 2022 as a result of the augmented earnings derived from the company's operations, totaling Baht 850.0 million, and the distribution of dividends for the year 2022 in May 2023. Furthermore, reserves were set aside in compliance with legal obligations, amounting to Baht 42.7 million.

KEY FINANCIAL RATIOS

Current Ratio

Unit: Times

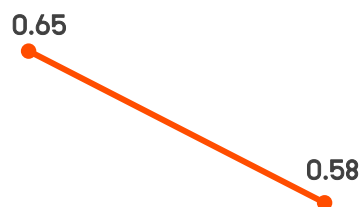


2022

2023

Quick Ratio

Unit: Times

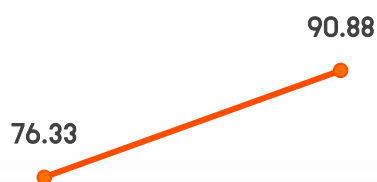


2022

2023

Cash Cycle

Unit: Days



2022

2023

D/E Ratio

Unit: Times



2022

2023

ROE

Unit: %



2022

2023

ROA

Unit: %



2022

2023