

No. OCMSET-6411-001

November 12, 2021

Subject: Management Discussion and Analysis for the second quarter of 2021

To: Director and Manager
The Stock Exchange of Thailand

Ocean Commerce Public Company Limited (OCEAN) would like to clarify operating results for the third quarter of 2021. The main reasons are as follows:

Overall operating performance of the Group

	Consolidated financial statements Q3'2021		Consolidated financial statements Q3'2020		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue	78.93	100.00	12.64	100.00	66.29	524.45
Cost	(55.15)	(69.87)	(11.80)	(93.35)	43.35	367.37
Gross profit	23.78	30.13	0.84	6.65	22.94	2,730.95
Distribution costs	(7.64)	(9.68)	(6.01)	(47.55)	1.63	27.12
Administrative expenses						
- Recurring administrative expenses	(12.32)	(15.61)	(10.29)	(81.41)	2.03	19.73
- Estimated loss from cost over income	(10.79)	(13.67)	(9.08)	(71.84)	1.71	18.83
Finance costs	(0.01)	(0.01)	(1.01)	(7.99)	(1.00)	(99.01)
Profit (loss) before income tax expense	(6.98)	(8.84)	(25.55)	(202.14)	18.57	72.68
Tax income (expenses)	(1.84)	(2.33)	3.13	24.76	4.97	158.79
Net profit (loss) for the period from financial statements	(8.82)	(11.17)	(22.42)	(177.37)	13.60	60.66
- Estimated loss from cost over income	10.79	13.67	9.08	71.84	1.71	18.83
Net profit (loss) after adjustments	1.97	2.50	(13.34)	(105.53)	15.31	114.77

Revenue

	Consolidated financial statements Q3'2021		Consolidated financial statements Q3'2020		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from main business						
Palm oil trading business	-	-	11.96	97.86	(11.96)	(100.00)
Consulting and property development business	73.78	93.48	0.02	-	73.76	100.00
Total revenue from main business	73.78	93.48	11.98	97.86	61.80	515.86
Other income	5.15	6.52	0.66	2.14	4.49	680.30
Total revenue	78.93	100.00	12.64	100.00	66.29	524.45

The Group has total revenue for the 3rd quarter of 2021 amounted Baht 78.93 million, an increase of Baht 66.29 million or 524.45% compared to the total revenues of Baht 12.64 million for the 3rd quarter of 2020. The details are as follows:

Palm oil trading business

The Group has no revenue from palm oil trading business for the 3rd quarter of 2021. It is due to the economic slowdown and the Covid-19 pandemic situation is still the main factor which effects to all over the world, resulting in an economic slowdown. Moreover, the price of palm oil is highly fluctuated. Therefore, the Company has slowed down trading of palm oil to reduce expenses and risks. That may arise from the palm oil trading business.

Consulting and property development business

Revenue from consulting and property development business the 3rd quarter of 2021 amounted Baht 73.78 million, an increase of the total amount compared to the revenues for the 3rd quarter of 2020. It is due to IKON77 is the first real estate development project and the construction project has completed and begin to transferred ownership and recognize revenue in the 4th quarter of 2020. As a result, revenue from consulting and property development business in the 3rd quarter of 2021 increased from the total amount of the 3rd quarter of 2020.

Gross profit and gross profit margin

	Consolidated financial statements Q3'2021		Consolidated financial statements Q3'2020		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Palm oil trading business						
Revenue	-	-	11.96	100.00	(11.96)	(100.00)
Cost	-	-	(11.80)	(98.66)	(11.80)	(100.00)
Gross Profit	-	-	0.16	1.34	(0.16)	(100.00)
Consulting and property development business						
Revenue	73.78	100.00	0.02	100.00	73.76	100.00
Cost	(55.15)	(74.75)	-	-	55.15	100.00
Gross Profit	18.63	25.25	0.02	100.00	18.61	100.00
Total Gross Profit	18.63	25.25	0.18	1.50	18.45	

The Group has gross profit for the 3rd quarter of 2021 amounted Baht 18.63 million, an increase of Baht 18.46 million compared to the gross profit of Baht 0.18 million for the 3rd quarter of 2020. The details are as follows:

Palm oil trading business

Gross profit of palm oil trading business will be at the rate not more than 5% because the cost of goods sold is include all related expenses in the selling price from the distributor such as freight charges, etc. For the 3rd quarter of 2021, the Group has no revenue from palm oil trading business. It is due to the economic slowdown and the Covid-19 pandemic situation is still the main factor which effects to all over the world, resulting in an economic slowdown. Moreover, the price of palm oil is highly fluctuated. Therefore, the Company has slowed down trading of palm oil to reduce expenses and risks. That may arise from the palm oil trading business.

Consulting and property development business

Gross profit from Consulting and property development business for the 3rd quarter of 2021 amounted Baht 18.63 million or 25.25%, an increase of Baht 18.45 million compared to gross profit of Baht 0.02 million for 3rd quarter of 2020. It is due to the IKON77 is the first real estate development project and the construction project has completed and begin to transferred ownership and recognize revenue in the 4th quarter of 2020. As a result, gross profit from consulting and property development business in the 3rd quarter of 2021 increased from the total amount of the 3rd quarter of 2020.

Other income

Other income for the 3rd quarter of 2021 amounted Baht 5.15 million, an increase of Baht 4.49 million compared to other income of Baht 0.66 million for 3rd quarter of 2020. Most of the other income for the 3rd quarter of 2021 is revenue from forfeiture of down payment amounted to Baht 4.56 million. Because the customer does not comply with the conditions specified in the Sale and Purchase Agreement for Condominium, such as late payment consecutive instalments, fails to make down payment on the due date, or not transfer the condominium unit's ownership within the appointed time, etc., resulting in the Group has entitled to exercise its right to terminate the agreement and forfeit down payment from the customer in accordance with the policies and procedures of the Group.

Distribution costs

The Group has the distribution costs for the 3rd quarter of 2021 amounted Baht 7.64 million, an increase of Baht 1.63 million or 27.12% compared to the distribution costs of Baht 6.01 million for the 3rd quarter of 2020. Most of the distribution costs for the 3rd quarter of 2021 is distribution costs of transfer to ownership of IKON77. In addition, the Group has sold the new real estate development project "IKON UDOMSUK", since the 4th quarter of 2020, resulting in higher distribution costs.

Administrative expenses

The Group has the administrative expenses for the 3rd quarter of 2021 amounted Baht 23.11 million, an increase of Baht 3.74 million or 19.31% compared to the administrative expenses for the 3rd quarter of 2020. The recurring administrative expenses increase of Baht 2.03 million due to the expansion of property development business. The non-recurring administrative expenses increase of Baht 1.71 million from estimated loss from cost over income. It is due to the increase in selling price of CPOA from the 2nd quarter of 2020.

Please be informed accordingly

Sincerely yours,



(Mr. Teera Chutivarapon)

CHIEF EXECUTIVE OFFICER