

GLOCON-SET.005/2022

March 1, 2022

Subject: Management Discussion and Analysis for the year 2021
To: President
The Stock Exchange of Thailand

Management Discussion and Analysis
Total Operating Results for the year 2021

For the year ended December 31, 2021

Consolidated Statement of Profit or Loss of Global Consumer Public Company Limited's Group.

Unit: Million Baht

	Year 2021	Year 2020	Change	% YoY
Revenue from sales of goods and services	668.44	585.26	83.18	14%
Revenue from sales of food and beverage	1,193.83	931.39	262.44	28%
Total	1,862.27	1,516.65	345.62	23%
Gross Profit	301.34	292.71	8.63	3%
Expense from sales and operation	(415.00)	(354.12)	60.88	17%
Other expenses	(132.75)	(0.22)	132.53	60241%
Profit (loss) for the periods	(166.63)	(57.62)	109.01	189%
Profit (loss) of Company's shareholders for the periods	(152.43)	(58.71)	93.72	160%

Earnings in 2021 excluding earnings from the A&W restaurant business, the Company's earnings are profitable with approximately THB 60 million. However, when combined with the operating results of the A&W restaurant business which operated at a loss of approximately THB 70 million and the Company's also decided to terminate the A&W restaurant business which has a substantial loss lasting for a long time, which is increasing in loss when the restaurants have been affected by the Covid-19 outbreak. Thus, the Company set aside assets and related expenses related to the cessation of operations in this business of approximately THB 90 million, and the management considered closing the remaining two of Kitchen Plus restaurants that the Company managed by itself. As a result, the Company has to set reserve assets in the Company that operates Kitchen Plus restaurant for approximately THB 68 million. Thereby, the Company set aside assets related to restaurant business such as fixed assets, goodwill, other intangible assets such as trademarks and also related expenses of THB 160 million. In the year 2021, when merging all operation results in the year 2021, the Company has a loss of THB 166.63 million. This loss was recognized only once when the business has ceased. The Company expects that in the future, there will be no reserve for a loss in this restaurant segment and the financial statement will show the operating results of other businesses.

If calculated without a loss from A&W's operating results of THB 70 million, it would be seen that other businesses of the Company have a total profit of about THB 60 million. In addition, the Company foresaw

that the Company group's business expansion tended to focus on production in the food industry which the Company has more expertise in this industry and extend the support to be able to effectively manage the resources that are shared within the group.

In 2020, the Company had a loss of THB 57.62 million, including a loss from the reserve for relocating frozen food factory and set aside for the closure of the Kitchen Plus restaurants which are not profitable in the amount of THB 25.37 million. Consequently, the Company has a loss from operations of THB 32.25 million.

Revenue and Profit

Revenue from sales for the year 2021 was THB 1,862.27 million, increased by THB 345.62 million or 23 % when compared to the same period last year. The Company had a gross profit for the year 2021, equaled to THB 301.34 million, increased by THB 8.63 million or 3% when compared to the same period last year. Loss in 2021 was THB 166.63 million, increased by THB 109.01 million or 189%, resulting from extraordinary items from loss reserve for restaurant closures causing the increase of loss for the year.

Packaging Business

Unit: Million Baht

	Year 2021	Year 2020	Change	% YoY
Revenue from sales and packaging management	651.16	569.13	82.03	14%
EBITDA	42.99	62.15	(19.16)	-31%
EBITDA Margin	6.60%	10.92%	-4.32%	-40%

Packaging Business: Total revenue for the year 2021 from sales was THB 651.16 million, increased by THB 82.03 million or 14% when compared to the same period last year with EBITDA in the year 2021 at THB 41.99 million, decreased by 31% from the same period last year which mainly due to the increase of raw material costs that continued to rise during the second half of the year.

Food Business

Unit: Million Baht

	Year 2021	Year 2020	Change	% YoY
Revenue from sales of processed food	642.12	459.79	182.33	40%
Revenue from sales of dried fruit	465.25	353.31	111.94	32%
Revenue from sales of food and beverage	86.46	118.29	(31.83)	-27%
EBITDA	(21.13)	(6.99)	(14.14)	-202%
EBITDA Margin	-1.77%	-0.75%	-1.02%	-136%

Processed Food Business: Total revenue for the year 2021 from sales was THB 642.12 million, increased by THB 182.33 million or 40% when compared to the same period last year, as a result of the growth of frozen ready-to-eat food products for the original menus and new menus that sent to major convenience stores, the increase in demand of frozen shrimp and the export of freshwater fish with higher added value. Consequently, sales in the year 2021 have increased considerably.

Dried Fruit Business: Total revenue from sales was THB 465.25 million, increased by 32% when compared to the same period last year due to results which are the increase of sales of products to the Americas and Europe by trying to find raw materials to produce according to customer demands, deliver in a timely manner and maintaining product quality. Therefore, customers turn to buy more products from the Company because the Company can deliver products to meet the needs of customers and the sales in 2021 have increased.

Restaurant Business: Total revenue from sales was THB 86.46 million, decreased by 27% from last year because restaurants are affected by COVID-19 covering a period of more than 2 years, which directly affects the restaurant business due to the closure of the department store and the change of consumer's behavior.

EBITDA in the year 2021 was a loss of THB (21.13) million, increased by 202% when compared to the previous year. The main factor is a loss in the restaurant business.

Other businesses

Unit: Million Baht

	Year 2021	Year 2020	Change	% YoY
Revenue from other businesses	17.28	16.13	1.15	7%
EBITDA	(8.65)	3.54	(12.19)	-344%
EBITDA Margin	-50.06%	21.95%	-72.00%	-328%

Other businesses: Total revenue in 2021 was THB 17.28 million, increased by THB 1.15 million or 7% when compared to the previous year. This is due to the launch of new products as plant base frozen food in late September 2021 and the expansion of the market into large convenience stores. However, it is still in an early stage, the income cannot cover fixed expenses.

Financial Statement

	Unit: Million Baht			
	December 31, 2021	December 31, 2020	Change	%
Assets				
Current assets				
Cash and cash equivalents	41.26	99.83	(58.57)	-59%
Trade and other current receivables	316.65	231.06	85.59	37%
Inventories	361.82	245.41	116.41	47%
Other current assets ¹	120.71	64.73	55.98	86%
Non-current assets				
Property, plant and equipment	550.15	435.19	114.96	26%
Right-of-use assets	74.81	128.24	(53.43)	-42%
Other intangible assets	5.33	118.35	(113.02)	-95%
Goodwill	77.47	103.49	(26.02)	-25%
Other non-current assets ²	36.55	69.29	(32.74)	-47%
Current liabilities				
Bank overdrafts and short-term borrowings from financial institutions	138.19	108.46	29.73	27%
Trade and other current payables	314.42	177.83	136.59	77%
Current portion of lease liabilities with payment due within one year	22.28	20.72	1.56	8%
Other current liabilities ³	69.28	69.10	0.18	0%
Non-current liabilities				
Lease liabilities	33.88	52.90	(19.02)	-36%
Other non-current liabilities ⁴	120.68	62.82	57.86	92%

¹ Consist of pledged bank deposits, VAT refundable, other current assets, and assets held for sale for discontinued operations.

² Consist of investment property, deposit for the purchase of assets, deferred tax assets, and other non-current assets.

³ Consist of defined benefit obligation with payment due within one year, cash dividends payable, income tax payable, other current assets, and assets held for sale for discontinued operations.

⁴ Consist of defined benefit obligation, deferred tax liabilities, and other non-current assets.

Comparative Financial Statement Analysis

Working Capital for Business Operations

Since the business of the Company's group in both the packaging business and the food business are growing especially in the production and distribution of frozen processed foods and dried fruit, increased

by more than 30% when compared to the year 2020. Therefore, in the relevant working capital, there were more changes such as trade accounts receivable, inventories, and trade accounts payable as shown in the statement of financial position.

Investment for Business Expansion

As can be seen, the Company's food business has grown high. Therefore, the Company's group planned to invest in the additional business expansion in many productions such as:

1. The Company planned to expand the size of the frozen food processing factory. There is a plan to relocate the factory by purchasing land and buildings to replace the original lease. The new factory is expected to support three times of the production capacity from the original, resulting the increase of land, building and equipment including loans from banks.
2. The Company purchased investment in dried fruit business increased from 51% to 100% in December 2021 because the Company saw the potential for growth in this business because the product is meet the demand for international markets especially in America and Europe. The Company is one of the few manufacturers and exporters in the country that has been certified to be able to export to these countries that are very strict on imports.
3. The Company invested in the business of production and distribution of pork balls, sausages and dipping sauces under the brand "Luk Chin Thip" with a deposit of THB 56 million in December 2021 and expected to pay the rest by February 2022. The Company saw the potential in sales of the product itself and bringing it further with the existing business to meet the needs of customers.

Cessation of Business

For the year 2021, the Company's group has a loss of THB 166.63 baht as a result of the decision to stop operating the restaurant business and has aside assets related to this business. Due to the COVID-19 situation that covers a period of more than 2 years, which directly affects the restaurant business because of the closure of the department store and the change of consumer's behavior. For this reason, the Company has been operating at a loss which the management considers that the Company cannot continue to suffer a loss anymore. Therefore, the management decided to propose to the Board of Directors for approval to stop operating the restaurant in the A&W section and the management considered to close the remaining two of Kitchen Plus restaurants that the Company managed by itself in January 2022. Thereby, the Company set aside assets related to restaurant business such as fixed assets, goodwill, other intangible assets such as trademarks, etc., resulting in a decrease in these accounts shown in the financial statements.

Please be informed accordingly,

Yours sincerely,

(Mr. Nopporn Phatthararuchi)
Chief Executive Officer