

May 11, 2022

Subject : Interim Management Discussion and Analysis of Q1/2022
Attention : President of The Stock Exchange of Thailand

We attach herewith the financial statements of Global Connections Public Co., Ltd. (GC) for the three-month period ended 31 March 2022 which had been reviewed by the Independent Auditor and would like to clarify more details on the Interim Management Discussion and Analysis as follows :

FINANCIAL SUMMARY

	31.12.20	31.12.21	31.03.22
FINANCIAL POSITION (MILLION BAHT)			
Current Assets	1,192	1,558	1,886
Total Assets	1,453	1,808	2,133
Current Liabilities	918	1,244	1,509
Total Liabilities	932	1,258	1,521
Shareholder's Equity	522	550	612
OPERATING RESULT (MILLION BAHT)			
Sales Revenue	3,597	4,989	1,555
Gross Profit	306	378	113
Operating Profit	176	244	80
Profit for the period	136	189	62
Other comprehensive income	0	(1)	0
Total comprehensive income for the period	136	188	62
FINANCIAL RATIOS			
Return on Assets (%)	10.31	11.60	12.62
Return on Equity (%)	27.22	35.30	42.80
Net Profit Margin (%)	3.78	3.79	4.00
Current Ratio (Times)	1.30	1.25	1.25
Debt to Equity Ratio (Times)	1.79	2.29	2.48
*Book Value per Share (Baht)	1.19	1.25	1.39
*Net Profit per Share (Baht)	0.31	0.43	0.14

*Remark : Calculated by adjusting the number of ordinary shares to reflect the effect of the change in par value and issuing stock dividends. According to the resolution of the shareholders' meeting on April 1, 2022, Totaling 440 million shares has occurred since the beginning of the first reported period.

Interim Management Discussion and Analysis

Analysis of Overall Performance

The distribution business of the plastic resins, plastic, and petrochemical related products needs relatively high working capital. The key success factors of this business depend on the inventory management, the logistic systems that meet the clients' needs in time, cost of capital, receivables management and sales revenue. Due to this business has low gross profit margin, to build up more sales revenue will result in good net profit.

Sales revenue

The Company had total sales revenue of 1,555 million baht in Q1/2022, increased 282.6 million baht from 1,272.4 million baht of Q1/2021 or equivalent to 22.21%. Total sales quantity increased 2% from Q1/2021. The increase in total sales revenue was resulting from demand of plastic packaging, construction and petrochemical industry and also price increase that affect from crude oil price and shortage in raw material supply.

Financial Operating Results

In Q1/2022, total cost of sales and operating expenses were 1,477.7 million baht, increased by 289.7 million baht from 1,188 million bath of Q1/2021 or equivalent to 24.38%. Our major expense was costs of goods sold, an increase of 287.8 million baht from 1,153.9 million baht of Q1/2021 to be 1,441.7 million bath in Q1/2022 or 24.94% increased from last year's which was higher than sales increasing rate reflecting from the downward gross profit margin of Q1/2022.

The gross profit in Q1/2022 was decreased from 118.5 million baht to be 113.3 million baht or equivalent to 4.41% resulting from a decrease in gross profit margin from 9.78% in Q1/2021 to be 7.65%. This was derived from slowdown in sales of automotive, electric and electronics part that affect from short supply of semi-conductor for electronics and automotive industrial.

Total selling and administrative expenses increased by 1.9 million baht from 34.1 million baht in Q1/2021 to be 36 million baht, or 5.49% decreased. This was derived from annual salary adjustment and the promotion.

The interest expenses in Q1/2022 was 2.46 million baht, or 46.28% increased from Baht 1.68 million of Q1/2021. This was due to the product price were increased. As a result, short-term borrowings were increased to support sales growth and increased inventory.

As a result of the discussed factors, our profit for three-month period of 2022 was 62.2 million baht versus 67.8 million baht in Q1/2021 or equivalent to 8.28% decreased.

Comparison of Financial Position (FY31.03.2022 VS 31.12.2021)

Assets: As of 31 March 2022, GC recorded total assets of 2,133 million baht, representing an increase of 325 million baht from 1,808 million baht of 31 December 2021 or equivalent to 17.98% increased. The assets with major changed were as follows :

As of 31 March 2021 total current assets showed 1,886 million baht, an increase of 328 million baht or 21.05% from year-end 2021's. This was mainly due to the increase in both trade accounts receivable and inventory. The trade accounts receivable was increased by 246 million baht from 866 million baht in year-end 2021 to be 1,112 million baht in Q1/2022, or 28.41% increased resulting from the higher sales amount.

While inventory showed 715 million baht as of 31 March 2022, an increase of 64 million baht from 651 million baht of ending 2021 or 9.83% increased resulting from the higher purchasing volume to support the sales growth and longer lead time from the shortage of containers.

Liabilities: As of 31 March 2022, GC recorded total liabilities of 1,521 million baht, an increase of 263 million baht or 20.91% from the previous year-end. The major liabilities were short-term loans from financial institutions and trade accounts payable. The ending 2021 balance of short-term loan was 872 million baht versus 1,022 million baht as of Q1/2022 or equivalent to 17.20% increased resulting from the higher in both trade accounts receivable and inventory. The trade accounts payable as of Q1/2022 was 432 million baht, an increase of 112 million baht from 320 million baht of ending 2021 or 35% increased. As a result, the Debts to Equity Ratio as of Q1/2022 was 2.48 times compared to 2.29 times of ending 2021.

Sources of Funds: The structure of GC's funds in 2022 was not much different from those of 2021 as they were in term of short-term liabilities. The major liabilities were short-term loans from financial institutions, bank overdrafts, and trade accounts payable.

Shareholders' Equity: As of 31 March 2022, the portion of shareholders' equity amounted to 612 million baht, an increase of 62 million baht, or 11.27% from those of previous year-end, derived from profit for the period of Q1/2022.

Liquidity: As of 31 March 2022 GC had a current ratio at 1.25 times same as ending 2021, net working capital 377 million baht an increase of 63 million baht.

Yours truly,

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(Somchai Kulimakin)

Chairman of The Executive Committee