

GLOCON-SET.12/2022

17 May 2022

Subject Management Discussion and Analysis for the First Quarter of 2022
To President
The Stock Exchange of Thailand

Management Discussion and Analysis for the First Quarter of 2022 result
Three-month consolidated result of the first quarter of 2022F

For three-month period ended 31 March 2022

Consolidated profit and loss statement of Global Consumer Public Company Limited Group

Unit : Million Baht

	1 st Quarter 2022	1 st Quarter 2021	Change	% YoY
Revenue from sales and services	201.40	152.88	48.52	32%
Revenue from sale of foods and beverages	414.29	256.70	157.59	61%
Total	615.69	409.58	206.11	50%
Gross profit	106.20	73.93	32.27	44%
Profit (loss) from operation	16.41	0.40	16.01	4003%
Profit from sale of investment in subsidiary	-	17.32	(17.32)	-100%
Loss from civil penalty from the SEC	-	(23.30)	(23.30)	-100%
Profit (loss) for the period	16.41	(5.58)	21.99	394%
Profit (loss) attributable to equity holders of the company	16.69	(7.12)	23.81	334%

Overall performance in the 1st Quarter of 2022

Consolidated income from sales and profit have reached new high in the 1st quarter of 2022, total revenues amounting to 615.69 million Baht and net profit at 16.41 million Baht.

Overall performance of the 1st quarter of 2022 was driven by the following major factors

1. In 2021, the Board of Directors of the company had resolved to approve the cessation of A&W restaurant operation by the end of March 2022. Therefore, there was an impairment provision on all assets relating to this operation in the year 2021 resulting in less loss from this operation in the consolidated financial statements, only operating cost incurred until March 2022. These costs will no longer incur from the 2nd quarter onward.
2. In 2021, the Board of Directors of the company had resolved to approve the acquisition of all the shares in dried fruits business in which the company already held 51% of the shares. The shares purchase agreement and shares transfer was executed in December 2021. Therefore, the company started to realize the additional 49% of the performance of this business in the consolidated financial statements since January 2022.

3. In 2021, the Board of Directors of the company had resolved to approve the acquisition of shares in Phong Sra Manufacturing Co., Ltd. and Phong Sra Distribution Co., Ltd. under the brand “Lookchinthip”. The shares purchase agreement and shares transfer was executed in February 2022. Therefore, the company started to realize the performance of this group of business in the consolidated financial statements since March 2022.

Revenue and Profit

Revenue from sales in the quarter 1/2022 was 615.69 million Baht, increased by 206.11 million Baht of 50% compared to quarter 1/2021. In quarter 1/2022, the company reported profit of 16.41 million Baht, increased by 21.99 million Baht or 394%. Both quarterly revenue and profit have reached a new high due to the continuous growth of each current business of the company as well as the acquisition of Lookchinthip business and started to realize the income from this business since March 2022 which resulted in the increase of revenue of the group by approximately 45.65 million Baht. Detail of each business group will be presented in the subsequent paragraphs.

In the 1st quarter of 2022, revenue from packaging business was 199.13 million Baht, representing 32.34% of the total revenue and revenue from food business was 414.29 million Baht, representing 67.29% of the total revenue. The performance of each business is summarized below.

Packaging Business

Unit : million Baht

	1 st Quarter 2022	1 st Quarter 2021	Change	% YoY
Revenue from packaging sales and services	199.13	149.57	49.56	33%
EBITDA	21.93	20.40	1.53	7%
EBITDA Margin	11.01%	13.64%	-2.63%	-19%

Packaging Business Total revenue from sales was 199.13 million Baht, increased by 49.56 million Baht or 33% compared to quarter 1/2021. The sales increased from existing customers in snack and food segments which has been increased since March 2021. In addition, the company has penetrated new group of customers in cosmetics, complementary and other segments. EBITDA in quarter 1/2022 was 21.93 million Baht, increased by 1.53% while EBITDA Margin decreased by 2.63%, mainly due to the raw material costs which have been continuously increased following the oil price situation in global market.

Food Businesses

Unit : million Baht

	1 st Quarter 2022	1 st Quarter 2021	Change	% YoY
Revenue from sales of processed foods	220.80	118.45	102.35	86%
Revenue from sales of dried fruits	130.90	116.50	14.40	12%
Revenue from sales of pork meatballs and sausages	45.65	-	45.65	100%
Revenue from sales of food and beverage	16.94	21.75	(4.81)	-22%
Total revenue	414.29	256.70	157.59	61%
EBITDA	23.80	7.02	16.78	239%
EBITDA Margin	5.74%	2.73%	3.01%	110%

Processed foods business Total revenue from sales was 220.80 million Baht, increased by 102.35 million Baht or 86% compared to quarter 1/2021 which resulted from the increase in sale of frozen ready-to-eat foods to major convenience stores, both in the existing menus and new menus. The company has jointly developed a launching plan with the customers in order to have new menus launched in every quarter. In addition, there was a sales of frozen shrimps to many new major domestic customers as well as major restaurants for use as raw material. The value of export sales of fresh water fish also increased resulting in substantial increase in higher sales when compared to 2021.

Dried fruits business Total revenue from sales was 130.90 million Baht, increased by 12% compared to quarter 1/2021 which resulted from the increase in export sales to America and Europe. The company tried to secure raw materials to meet the customers requirement and delivery schedule as well as to maintain manufacturing quality. This resulted in more orders from the customers. The company also offered new products to add value to the products. There are several items which are being developed pursuant to the customers requirement.

Pork meatball business Total revenue from sales was 45.65 million Baht which the company has started to consolidate since March 2022. The management plans to increase the volume of distribution through modern trade since this distribution channel currently represent small portion in total sales. As such, there is an opportunity for growth. In addition, the company plans to offer new products to major convenience stores with whom the company has been allied and cooperated for a long time.

Restaurant business Total revenue from sales was 16.94 million Baht, decreased by 22%, compared to quarter 1/2021. However, the loss incurred in this business also decrease. After cessation of restaurants operation, both A&W and Kitchen Plus brands in quarter 1/2022, there will be no substantial loss from this business.

EBITDA in quarter 1/2022 was 23.80 million Baht, increase by 239%, compared to quarter 1/2021, mainly from the processed food and dried fruits businesses which reported sales growth as well as the pork meatball business which has been added in this quarter.

Other business

Unit : million Baht

	1 st Quarter 2022	1 st Quarter 2021	Change	% YoY
Revenue from other business	2.27	3.31	(1.04)	-32%
EBITDA	(1.67)	(0.32)	(1.35)	-422%
EBITDA Margin	-73.57%	-9.65%	-63.92%	-662%

Other business Total revenue from sales was 2.27 million Baht, decreased by 1.04 million Baht or 32%, compared to quarter 1/2021. EBITDA in quarter 1/2022 was (1.67) million Baht. This was due to the launch of new products which were plant base frozen food around the end of September 2021 by expanding to major convenience stores and export markets. However, since it was just started so the income was insufficient to cover the fixed costs.

Financial Information

	31 March 2022	31 March 2021	Unit : million Baht	
			Change	%
Current Assets				
Cash and cash equivalent	571.37	41.26	530.11	1285%
Trade and other receivables	369.29	316.65	52.64	17%
Inventory	440.67	361.82	78.85	22%
Other current assets ¹	88.67	120.71	(32.04)	-27%
Non-current Assets				
Property Plant and equipment	707.51	550.15	157.36	29%
Right of use assets - net	71.20	74.81	(3.61)	-5%
Intangible assets	4.93	5.33	(0.40)	-8%
Goodwill	494.14	77.47	416.67	538%
Other non-current assets ²	49.52	36.55	12.97	35%
Current Liabilities				
Bank overdraft and other short term loan	125.47	138.19	(12.72)	-9%
Trade and other current payable	384.52	314.42	70.10	22%
Current portion of lease liabilities	16.39	22.28	(5.89)	-26%
Current portion of long term loan	62.24	31.55	30.69	97%
Other current liabilities ³	35.12	37.73	(2.61)	-7%
Non-current Liabilities				
Lease liabilities	31.99	33.88	(1.89)	-6%
Long term loan	202.59	97.27	105.32	108%
Debenture	296.01	-	296.01	100%
Other non-current liabilities ⁴	31.14	23.41	7.73	33%

¹Comprises of restricted deposit with bank, refundable value added tax, other current assets and assets held for sale for discontinued operation

²Comprises of investment property, deposit for purchase of assets, deferred tax asset and other non-current assets

³Comprises of current portion of employee benefit obligation, accrued dividend, accrued tax payable, other current liabilities and liabilities held for discontinued operation

⁴Comprises of employee benefit obligation, deferred tax liabilities and other non-current liabilities

Comparative Analysis in the Statement of Financial Position

The Issue of Right Offering and the final conversion of warrants (W-4)

In January 2022, the company issued new ordinary shares for capital increase as approved by the resolution of the Extra-ordinary Shareholders Meeting No. 1/2021, held on 26 November 2021. Many shareholders subscribed to the shares. As a result the company had received the proceeds from shares subscription in an amount of 381 million Baht. In addition, there were shareholders exercised the rights under warrants W-4. As a result, the company had received the proceeds from warrant exercise in an amount of 266 million Baht. As such, the cash and cash equivalent has significantly increased

Working Capital for Business Operation

Due to the growth of businesses in the company's group, both in the packaging business and food business, particularly in the manufacturing and sales of frozen processed food and dried fruits business which has grown from the year 2021, the relevant working capital, such as account receivables, inventory and trade payable also increase accordingly, as appeared in the Statement of Financial Position.

Investment for Business Expansion

As the food business has huge growth, the company has planned an investment for business expansion in various aspects, for example;

1. The company has relocated the processed food and dried food plants so there were modification to the new plant. Therefore, the Property, Plant and Equipment has increased.
2. The company has invested in manufacturing and sales of pork meatball, sausages and dipping sauce under brand "Lookchinthip". Therefore, it was necessary to secure source of fund for such investment resulting in the increase in bank loan and debenture issued for the purpose of this investment in an aggregate amount of 450 million Baht. In addition, when consolidated the performance of Lookchipthip since March 2022, the assets and liabilities were to be consolidated into the Statement of Financial Position as well causing all accounts of Assets and Liabilities to increase, particularly, the Goodwill from business acquisition.

Please be informed accordingly.

Yours sincerely,

(Mr. Nopporn Phatthararuchi)
Chief Executive Officer