

Aug 10, 2022

**Subject : Interim Management Discussion and Analysis of Q2/2022**  
**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 30 June 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**

	<b>31.12.20</b>	<b>31.12.21</b>	<b>30.06.22</b>
<b>FINANCIAL POSITION (MILLION BAHT)</b>			
Current Assets	1,192	1,558	1,832
Total Assets	1,453	1,808	2,079
Current Liabilities	918	1,244	1,458
Total Liabilities	932	1,258	1,471
Shareholder's Equity	522	550	608
<b>OPERATING RESULT (MILLION BAHT)</b>			
Sales Revenue	3,597	4,989	3,031
Gross Profit	306	378	210
Operating Profit	176	244	140
Profit for the period	136	189	108
Other comprehensive income	0	(1)	0
Total comprehensive income for the period	136	188	108
<b>FINANCIAL RATIOS</b>			
Return on Assets (%)	10.31	11.60	11.13
Return on Equity (%)	27.22	35.30	37.35
Net Profit Margin (%)	3.78	3.79	3.57
Current Ratio (Times)	1.30	1.25	1.26
Debt to Equity Ratio (Times)	1.79	2.29	2.42
*Book Value per Share (Baht)	1.19	1.25	1.38
*Net Profit per Share (Baht)	0.31	0.43	0.25

\*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 1,475.8 million baht in Q1/2022, increased 234 million baht from 1,241.8 million baht of Q1/2021 or equivalent to 18.84%. Total sales quantity increased 1% from Q2/2021. The increase in total sales revenue was resulting from demand of plastic packaging and petrochemical industry, while other industries contracted and also price increase that affect from crude oil price and shortage in raw material supply.

## Financial Operating Results

In Q2/2022, total cost of sales and operating expenses were 1,418.3 million baht, increased by 235.8 million baht from 1,182.5 million bath of Q2/2021 or equivalent to 19.94%. Our major expense was costs of goods sold, an increase of 232.1 million baht from 1,146.6 million baht of Q1/2021 to be 1,378.7 million bath in Q2/2022 or 20.25% increased from last year's which was higher than sales increasing rate reflecting from product price and cost of transportation has increased.

The gross profit in Q2/2022 was increased from 95.2 million baht to be 97.1 million baht or equivalent to 1.99% resulting from an increase in sales revenue but gross profit margin decreased from 7.67% in Q2/2021 to be 6.58%. This was derived from slowdown in sales of automotive, electric and electronics part, household and construction that affect from short supply of semi-conductor for electronics and automotive industrial.

Total selling and administrative expenses increased by 3.7 million baht from 35.9 million baht in Q2/2021 to be 39.6 million baht, or 10.30% . This was derived from the provision for obsolete goods of 1.5 million baht and , loss from exchange rate of 1.4 million baht and other expenses increased.

The interest expenses in Q2/2022 was 2.88 million baht, or 38.46% increased of Baht 0.8 million from Q2/2021 Baht 2.08 million. 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 Q2/2022 was 45.95 million baht versus 47.60 million baht in Q2/2021 or equivalent to 3.47% decreased.

## **Comparison of Financial Position (FY30.06.2022 VS 31.12.2021)**

**Assets:** As of 30 June 2022, GC recorded total assets of 2,079 million baht, representing an increase of 271 million baht from 1,808 million baht of 31 December 2021 or equivalent to 14.99% increased. The assets with major changed were as follows :

As of 30 June 2022 total current assets showed 1,832 million baht, an increase of 274 million baht or 17.59% 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 92 million baht from 866 million baht in year-end 2021 to be 958 million baht in Q2/2022, or 10.62% increased resulting from the higher sales amount.

While inventory showed 788 million baht as of 30 June 2022, an increase of 137 million baht from 651 million baht of ending 2021 or 21.04% increased resulting from the higher purchasing volume to support the sales growth and longer lead time from the shortage of containers.

**Liabilities:** As of 30 June 2022, GC recorded total liabilities of 1,471 million baht, an increase of 213 million baht or 16.93% 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 1,080 million baht as of Q2/2022 or equivalent to 23.85% increased resulting from the higher in both trade accounts receivable and inventory. The trade accounts payable as of Q2/2022 was 328 million baht, an increase of 8 million baht from 320 million baht of ending 2021 or 2.5% increased. As a result, the Debts to Equity Ratio as of Q2/2022 was 2.42 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 30 June 2022, the portion of shareholders' equity amounted to 608 million baht, an increase of 58 million baht, or 10.55% from those of previous year-end, derived from profit for the period of Q2/2022.

**Liquidity:** As of 30 June 2022 GC had a current ratio at 1.26 times close to the ending 2021, net working capital 374 million baht an increase of 60 million baht.

Yours truly,

-Signature-

(Somchai Kulimakin)

Chairman of The Executive Committee