

SET-GLOCON-016/2022

August 15, 2022

Subject: Management Discussion and Analysis for the 3-month period of Q2 and the 6-month period for the year 2022.

To: President
The Stock Exchange of Thailand

Management Discussion and Analysis

Total Operating Results for the 3-month period of Q2 and the 6-month period for the year 2022

The overall operation of the 3-month period of Q2 and the 6-month period for the year 2022

Sales income and profit for the 6-month period of the Company's Group made a new high in Q2/2022 at a total revenue of Baht 1,273.86 million and a total profit of Baht 22.82 million.

Overall operating results in Q2 and the 6-month period for the year 2022 came from the following main factors as follows:

1. The Board of Directors has approved the year 2021 to cease the operation of A&W restaurant by March 2022. Therefore, there is a provision for impairment of assets related to this part of the business in the year 2021. Consequently, the consolidated financial statements resulted in a lower loss from this business. Only the operating expenses are incurred until March 2022. Since Q2, there will be no more losses from this business, and there is only a small operating cost.
2. The Board of Directors has approved in the year 2021 to purchase all remaining shares of the dried fruit business which previously held 51% of shares. The contract was signed, and shares were transferred in December 2021. Therefore, the Company's Group will begin to recognize the performance of the additional 49% of this business in the consolidated financial statements from January 2022 onwards.
3. The Board of Directors has approved in the year 2021 to acquire Phong Sra Manufacturing Co., Ltd. and Phong Sra Distribution Co., Ltd. under the brand "Luk Chin Thip" The contract was signed, and shares were transferred in February 2022. Therefore, the Company's Group will begin to recognize the results of this business in the consolidated financial statements starting from March 2022 onwards.
4. The Company group's subsidiary relocated the manufacturing plant.
 - 4.1 NPP Food Service Co., Ltd., a manufacturer and distributor of frozen processed foods. The factory was relocated and was completed in Q2.
 - 4.2 Fruity Dry Co., Ltd., a manufacturer and distributor of dried fruit. The factory was relocated and was completed in Q2.

For the 3-month period ended June 30, 2022.

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

Unit: Million Baht

	Q2/2022	Q2/2021	Change	%YoY
Revenue from sales of goods and services	202.83	172.32	30.51	18%
Revenue from sales of food and beverage	455.34	324.79	130.55	40%
Total	658.17	497.11	161.06	32%
Gross Profit	120.26	90.80	29.46	32%
Profit (loss) from operating activities	6.41	13.64	(7.23)	-53%
Profit (loss) for the periods	6.41	13.64	(7.23)	-53%
Profit (loss) of Company's shareholders for the periods	10.03	8.32	1.71	21%

Income and Profit

Sales revenues for the 3-month period ending June 30, 2022, equal to Baht 658.17 million, an increase of Baht 161.06 million or 32% when compared to the same period of the previous year. The Company has profit for the 3-month period ending on June 30, 2022, was equal to Baht 6.41 million, a decrease of Baht 7.23 million or 53% due to higher production costs and expenses in line with the economic situation in Q2. The Company's group has gradually adjusted product prices with customers to reflect rising costs.

For the 6-month period ending June 30, 2022.

Consolidated Income Statement of Global Consumer Public Company Limited's Group.

Unit: Million Baht

	Q2/2022	Q2/2021	Change	% YoY
Revenue from sales of goods and services	404.23	325.20	79.03	24%
Revenue from sales of food and beverage	869.63	581.49	288.14	50%
Total	1,273.86	906.69	367.17	40%
Gross Profit	226.46	164.73	61.73	37%
Profit (loss) from operating activities	22.82	14.04	8.78	63%
Profit from disposal of investment in subsidiary	-	17.32	(17.32)	-100%
Loss from civil fines from the SEC	-	(23.30)	(23.30)	-100%
Profit (loss) for the period	22.82	8.06	14.76	183%
Profit (loss) of Company's shareholders for the period	26.72	1.20	25.52	2127%

Income and Profit

Total revenue for the 6-month from sales was equal to Baht 1,273.86 million, an increase of Baht 367.17 million or 40 % when compared to the 6-month period of Q2/2021. The Company had a profit for the 6-month period in Q2/2022, equal to Baht 22.82 million, an increase of Baht 14.76 million or 183%. Which revenue and profit for the 6-month period in Q2/2022 was making a new high. This is due to the continuous growth of each of the Company's current businesses including the Company group's acquisition of Luk Chin Thip business and started to recognize income from this business in March 2022, which has increased the Company group's income from this part by approximately Baht 182.21 million, details are separated by business groups.

For the 6-month period of Q2 of 2022, the Company's group has a proportion of total revenue from the packaging business totaling Baht 401.18 million or 31.49% of total revenue and the food business totaling Baht 869.64 million or 68.27% of total revenue and from other businesses totaling Baht 3.06 million, representing 0.24% of total revenue, separated from operations in each business segment as summarized below;

Packaging Business

Unit: Million Baht

For the 3-month period	Q2/2022	Q2/2021	Change	% YoY
Revenue from sales and packaging management	202.05	164.09	37.96	23%
EBITDA	15.54	18.74	(3.20)	-17%
EBITDA Margin	7.69%	11.42%	-3.73%	-33%

Packaging Business: Total revenue for the 3-month period from sales is Baht 202.05 million, increased by Baht 37.96 million or 23% when compared to Q2/2021 with EBITDA in Q2/2022 at Baht 15.54 million, decreased by 17%, while EBITDA Margin was down 33%.

Packaging Business

Unit: Million Baht

For the 6-month period	Q2/2022	Q2/2021	Change	% YoY
Revenue from sales and packaging management	401.18	313.66	87.52	28%
EBITDA	37.47	39.14	(1.67)	-4%
EBITDA Margin	9.34%	12.48%	-3.14%	-25%

Packaging Business: Total revenue for the 6-month period from sales is Baht 401.18 million, increased by Baht 87.52 million or 28% when compared to the 6-month period of Q2/2021 with EBITDA in the 6-month period Q2/2022 at Baht 37.47 million, decreased by 4%, while EBITDA Margin was down 25%.

Increased revenue is from the new products to meet the needs of former customers in the snack group and increased food. In addition, the Company began to penetrate new customers in the cosmetic business, washing products group, and other groups. As a result, sales have grown significantly more than in the year 2021. While the situation of oil prices in the global market has continued to rise, resulting in the cost of raw materials, freight and others continued to increase accordingly. However, the Company has gradually adjusted the selling price with customers to reduce the impact of the cost and increased selling and administrative expenses.

Food Business

Unit: Million Baht

For the 3-month period	Q2/2022	Q2/2021	Change	% YoY
Revenue from sales of processed food	203.54	148.29	55.25	37%
Revenue from sales of dried fruit	115.25	153.41	(38.16)	-25%
Revenue from sales of meat balls and sausages	136.56	-	136.56	100%
Revenue from sales of food and beverage	-	23.09	(23.09)	-100%
Total	455.35	324.79	130.56	40%
EBITDA	41.01	19.92	21.09	106%
EBITDA Margin	9.01%	6.13%	2.87%	47%

Processed Food Business: Total revenue for the 3-month period from sales was Baht 203.54 million, an increase of Baht 55.25 million or 37% compared to Q2/2021, mainly due to the expansion of new customer base in the chain restaurant group and selling frozen ready-to-eat food to major convenience stores that increases both the original menu and the introduction of new menus. It is planned with customers to have new menus every quarter, as well as selling frozen shrimp products to many large domestic customers, including selling to major restaurants to be used as raw materials. There are also exports of freshwater fish with higher added value. As a result, sales in Q2/2022 increased compared to the year 2021.

Dried Fruit Business: Total revenue for the 3-month period from sales amounted to Baht 115.25 million, a decrease of 25% compared to Q2/2021 due to flooding in some areas resulting in a shortage of raw materials more than usual. Therefore, the Company must limit production to the extent that there are sufficient raw materials. It is expected that by the end of Q3, the raw material situation should return to normal because there will be seasonal produce on the market.

Meatball Business: Total revenue for the 3-month period from sales is equal to Baht 136.56 million, which is the total income that the Company's group has brought since March 2022. The management plans to expand the distribution channel into modern trade and gas stations because this distribution channel is still not a large proportion. So, it might be an opportunity to grow including offering new products to enter a large convenience store which are partners with the Company's group and has been doing business together for a long time.

Restaurant Business: No sales revenue when compared to Q2/2021; however, the loss from this business was also reduced. After the end of both A&W and Kitchen Plus restaurant operations in Q1/2022, there will be no more losses from this business.

EBITDA for the 3-month period for Q2/2022 was at Baht 41.01 million, an increase of 106% compared to Q2/2021, mainly driven by the processed food business and the dried fruit business which had increased sales along with new business, meat ball business in this quarter and no more loss from the restaurant business.

Food Business

Unit: Million Baht

For the 6-month period	Q2/2022	Q2/2021	Change	% YoY
Revenue from sales of processed food	424.34	266.74	157.60	59%
Revenue from sales of dried fruit	246.15	269.91	(23.76)	-9%
Revenue from sales of meat balls and sausages	182.21	-	182.21	100%
Revenue from sales of food and beverage	16.94	44.84	(27.90)	-62%
Total	869.64	581.49	288.15	50%
EBITDA	64.81	26.94	37.87	141%
EBITDA Margin	7.45%	4.63%	2.82%	61%

Processed Food Business: Total revenue for the 6-month from sales was Baht 424.34 million, an increase of Baht 157.60 million or 59% compared to the 6-month period of Q2/2021, resulting from selling frozen ready-to-eat food to major convenience stores that increases both the original menu and the introduction of new menus. It is planned with customers to have new menus every quarter, as well as selling frozen shrimp products to many large domestic customers, including selling to major restaurants to be used as raw materials. There are also exports of freshwater fish with higher added value. As a result, sales in Q2/2022 increased compared to the year 2021.

Dried Fruit Business: Total 6-month revenue from sales amounted to Baht 246.15 million, a decrease of 9% when compared to the 6-month period of Q2/2021 during Q2/2022. The Company was affected by flooding in some areas resulting in a shortage of raw materials more than usual. Therefore, the Company must limit production to the extent that there are sufficient raw materials. It is expected that by the end of Q3, the raw material situation should return to normal because there will be seasonal produce on the market. However, the Company is still trying to find raw materials to produce according to the needs of customers and deliver them on time including maintaining quality in production. As a result, more customers turn to buy products from the Company. In addition, the Company has plans to introduce new products to add value to the Company's products. Many products are under development due to customer requirements.

Meatball Business: Total revenue for the 6-month from sales was Baht 182.21 million, which is the total income that the Company's group has brought since March 2022. The management plans to expand the distribution channel into modern trade and gas stations because this distribution channel is still not a large proportion. So, it might be an opportunity to grow including offering new products to enter a large convenience store which are partners with the Company's group and has been doing business together for a long time.

Restaurant Business: Total revenue for 6 months from sales was 16.94 million baht, a decrease of 62% compared to Q2/21 which was the sales that occurred until the end of both A&W and Kitchen Plus restaurant operations in Q1/2022; however, the loss from this business was also reduced and there will be no more losses from this business.

EBITDA for the 6-month period for Q2/2022 was at Baht 64.81 million, an increase of 141% compared to Q2/2021, mainly driven by the processed food business which had increased sales along with new business, meat ball business in this quarter, and no more loss from the restaurant business.

Other Businesses

Unit: Million Baht

For the 3-month period	Q2/2022	Q2/2021	Change	% YoY
Revenue from other businesses	0.79	8.23	(7.44)	-90%
EBITDA	(0.08)	0.48	(0.56)	-117%
EBITDA Margin	-10.13%	5.83%	-15.96%	-274%

Other Businesses: Total revenue for the 3-month period from sales was Baht 0.79 million, a decrease of Baht 7.44 million or 90% compared to Q2/2021 and EBITDA in Q2/2022 was at Baht (0.08) million because the Company had an adjustment of the distribution plan of ready to eat plant-based frozen meal which released in late September 2021 by changing the distribution company and allowing the subsidiary manufacturer to become the direct distributor for convenience.

Other Businesses

Unit: Million Baht

For the 6-month period	Q2/2021	Q2/2021	Change	% YoY
Revenue from other businesses	3.06	11.54	(8.48)	-73%
EBITDA	(1.75)	0.16	(1.91)	-1194%
EBITDA Margin	-57.19%	1.39%	-58.58%	-4225%

Other Businesses: Total revenue for the 6-month period from sales was Baht 3.06 million, a decrease of Baht 8.48 million or 73% compared to the 6-month period of Q2/2021, and EBITDA in Q2/2022 was at Baht (1.75) million because the Company had an adjustment of the distribution plan of ready to eat the plant-based frozen meal which released in late September 2021 by changing the distribution company and allowing the subsidiary manufacturer to become a direct distributor for convenience.

Financial Information

	June 30, 2022	December 31, 2021	Change	%
Current assets				
Cash and cash equivalents	449.24	41.26	407.98	989%
Trade and other current receivables	362.81	316.65	46.16	15%
Inventories	454.10	361.82	92.28	26%
Other current assets ¹	79.95	120.71	(40.76)	-34%
Non-current assets				
Property, plant, and equipment	740.93	550.15	190.78	35%
Right-of-use assets	69.94	74.81	(4.87)	-7%
Other intangible assets	13.63	5.33	8.30	156%
Goodwill	518.01	77.47	440.54	569%
Other non-current assets ²	52.13	36.55	15.58	43%
Current liabilities				
Bank overdrafts and short-term borrowings from financial institutions	127.11	138.19	(11.08)	-8%
Trade and other current payables	341.80	314.42	27.38	9%
Current portion of long-term borrowings with payment due within one year	19.54	22.28	(2.74)	-12%
Current portion of lease liabilities with payment due within one year	62.98	31.55	31.43	100%
Other current liabilities ³	31.19	37.73	(6.54)	-17%
Non-current liabilities				
Lease liabilities	25.23	33.88	(8.65)	-26%
Long-term borrowings	188.74	97.27	91.47	94%
Debenture	296.47	-	296.47	100%
Other non-current liabilities ⁴	31.35	23.41	7.94	34%

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

The main factor affecting the changes in assets and liabilities of the Company group is the result of

1. Issuance of Right Offering (RO) and Final Conversion of Warrants (W-4)

In January 2022, the Company issued shares for capital increase as approved by the shareholders in the Extraordinary General Meeting of Shareholders No. 1/2021, held on November 26, 2021. Shareholders were interested in purchasing the newly issued shares. As a result, the Company received funds from the capital increase of Baht 381 million and shareholders were interested in converting W-4 rights. Therefore, the Company received funds from the conversion of Baht 266 million resulting in cash and cash equivalents increasing significantly.

2. Working Capital for Business Operations

The business in the Company's group in both packaging business and food business is still growing especially in the production and distribution of frozen processed foods and dried fruit that has grown when compared to the year 2021. 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.

3. Investment for Business Expansion

As can be seen, the Company's food businesses are growing high. Therefore, the Company's group plans to invest in additional business expansion in many productions such as;

1. The Company has relocated both the processed food factory and the dried fruit factory. Therefore, there were improvements and additions to the new factory, resulting in an increase in land, buildings, and equipment.
2. The Company has invested in the business of production and distribution of meat balls, sausages, and dipping sauces within the brand "Luk Chin Thip" which are necessary to find funding sources for investment. Consequently, loans from financial institutions and debentures issued to invest in this business increased by a total of Baht 450 million when consolidating the results of Luk Chin Thip since March 2022. As a result, the statement of financial position must include the assets and liabilities of this business which increase in every account, especially the goodwill arising from acquisitions.

Please be informed accordingly,

Yours sincerely,

(Mr. Nopporn Phatthararuchi)
Chief Executive Officer