

Nov 9, 2022

Subject : Interim Management Discussion and Analysis of Q3/2022
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 September 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	30.09.22
FINANCIAL POSITION (MILLION BAHT)			
Current Assets	1,192	1,558	1,697
Total Assets	1,453	1,808	1,942
Current Liabilities	918	1,244	1,384
Total Liabilities	932	1,258	1,397
Shareholder's Equity	522	550	545
OPERATING RESULT (MILLION BAHT)			
Sales Revenue	3,597	4,989	4,314
Gross Profit	306	378	283
Operating Profit	176	244	183
Profit for the period	136	189	133
Other comprehensive income	0	(1)	0
Total comprehensive income for the period	136	188	133
FINANCIAL RATIOS			
Return on Assets (%)	10.31	11.60	9.48
Return on Equity (%)	27.22	35.30	32.47
Net Profit Margin (%)	3.78	3.79	3.09
Current Ratio (Times)	1.30	1.25	1.23
Debt to Equity Ratio (Times)	1.79	2.29	2.56
*Book Value per Share (Baht)	1.19	1.25	1.24
*Net Profit per Share (Baht)	0.31	0.43	0.30

*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 1,283.2 million baht in Q3/2022, increased 120.7 million baht from 1,162.5 million baht of Q3/2021 or equivalent to 10.38%. Total sales quantity decreased 2.7% from Q3/2021. The decrease in total sales quantity was resulting from economic slowdown and inflation, while the increase in total revenue was resulting from price increase that affect from crude oil price and limited supply.

Financial Operating Results

In Q3/2022, total cost of sales and operating expenses were 1,252.6 million baht, increased by 131.3 million baht from 1,121.3 million bath of Q3/2021 or equivalent to 11.71%. Our major expense was costs of goods sold, an increase of 121.1 million baht from 1,089.6 million baht of Q3/2021 to be 1,210.7 million bath in Q3/2022 or 11.11% 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 Q3/2022 was decreased from 72.9 million baht to be 72.5 million baht or equivalent to 0.55% resulting from from lower product spreads by higher average cost of inventory and the baht depreciation. The gross profit margin (before delivery cost) went from 6.67% in Q3/2021 to be 6.04% in this quarter.

Total selling and administrative expenses increased by 10.2 million baht from 31.7 million baht in Q3/2021 to be 41.9 million baht, or 32.18%. This was derived from the provision for obsolete goods of 3.5 million baht and , loss from exchange rate of 1.96 million baht and other expenses increased.

The interest expenses in Q3/2022 was 2.82 million baht, or 46.35% increased of Baht 0.89 million from Q3/2021 Baht 1.92 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's cost.

As a result of the discussed factors, our profit for three-month period of Q3/2022 was 25.24 million baht versus 33.41 million baht in Q3/2021 or equivalent to 24.45% decreased.

Comparison of Financial Position (FY30.09.2022 VS 31.12.2021)

Assets: As of 30 September 2022, GC recorded total assets of 1,942 million baht, representing an increase of 134 million baht from 1,808 million baht of 31 December 2021 or equivalent to 7.41% increased. The assets with major changed were as follows :

As of 30 September 2022 total current assets showed 1,697 million baht, an increase of 139 million baht or 8.92% from year-end 2021's. This was mainly due to the increase in inventory. The trade accounts receivable was decreased by 51 million baht from 866 million baht in year-end 2021 to be 815 million baht in Q3/2022, or 5.89% decreased resulting from the lower sales.

While inventory showed 833 million baht as of 30 September 2022, an increase of 181 million baht from 651 million baht of ending 2021 or 27.80% increased resulting from the higher purchasing volume to support the sales growth and longer lead time from the raw material shortage and also shrink demand in Automotive and Electrical Industry from the chip shortage.

Liabilities: As of 30 September 2022, GC recorded total liabilities of 1,397 million baht, an increase of 139 million baht or 11.05% 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 1,013 million baht as of Q3/2022 or equivalent to 16.17% increased resulting from the higher in both trade accounts receivable and inventory. The trade accounts payable as of Q3/2022 was 329 million baht, an increase of 9 million baht from 320 million baht of ending 2021 or 2.81% increased. As a result, the Debts to Equity Ratio as of Q3/2022 was 2.56 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 September 2022, the portion of shareholders' equity amounted to 545 million baht, an decrease of 5 million baht, or 0.91% from those of previous year-end, derived from profit for the period of 9M/2022, 133 million baht deducted dividend paid out of 158 million baht.

Liquidity: As of 30 September 2022 GC had a current ratio at 1.23 times close to the ending 2021, net working capital 313 million baht a decrease of 0.6 million baht.

Yours truly,

-Signature-

(Somchai Kulimakin)

Chairman of The Executive Committee