

No. GLOCON – SET 022/2022

November 11, 2022

Subject: Management Discussion and Analysis for the 3 month period of Q3 and the 9 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 Q3 and the 9 month period for the year 2022

For the 3-month period ended September 30, 2022

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

Unit: Million Baht

	Q3/2022	Q3/2021	YoY	% YoY
Revenue from sales of goods and services	225.18	163.92	61.26	37%
Revenue from sales of food and beverage	329.99	306.58	23.41	7%
Total	555.18	470.50	84.68	18%
Gross Profit	88.43	76.04	12.39	16%
Profit (loss) from operating activities	(25.07)	9.90	(35.60)	-360%
Profit (loss) for the periods	(25.07)	9.90	(35.60)	-360%
Profit (loss) of Company’s shareholders for the periods	(21.55)	9.68	(31.23)	-323%

Revenue and Profit

Revenue from sales for 3 months ended September 30, 2022, equal to Baht 555.18 million, increased by Baht 84.68 million or 18% when compared to the same period of the previous year. The Company has a loss for 3 months ended September 30, 2022, equaled to Baht 25.07 million, decreased by Baht 35.60 million or 360% due to higher production costs and expenses in line with the economic situation since Q2/2022. The Company’s group has gradually adjusted product prices with customer to reflect rising costs and emphasis on the production efficiency.

During Q3/2022 there was also extraordinary events which affected sales of both Fruity Dry Company Limited and NPP Food Service Company Limited due to the relocation of factories. Sales was affected due to the time period for attaining relevant licensing and certification and audits for the new factory before operations can resume. For both plants, all necessary audits and licenses has been now fully attained since End of September early October.

For the 9-month period ended September 30, 2022

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

Unit: Million Baht

	Q3/2022	Q3/2021	YoY	%YoY
Revenue from sales of goods and services	629.42	489.12	140.30	29%
Revenue from sales of food and beverage	1,199.62	888.07	311.55	35%
Total	1,829.04	1,377.19	451.85	33%
Gross Profit	314.89	240.77	74.12	31%
Profit (loss) from operating activities	(2.25)	23.93	(26.18)	-109%
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	(2.25)	17.95	(20.20)	-113%
Profit (loss) of Company's shareholders for the period	5.17	10.88	(5.71)	-52%

Revenue and Profit

Sales revenue of Q3/2022 was equal to Baht 1,829.04 million, increased by Baht 451.85 million or 33% when compared to Q3/2021. The Company's loss in Q3/2022 was Baht 2.25 million, decreased by Baht 20.20 million or 113%. Which revenue for the 9-month period in Q3/2022 was making high, due to acquisition of Luk Chin Thip business and started to recognize income from this business in March 2022.

For the 9-month period of Q3/2022, the Company's group has a proportion of total revenue from the packaging business totaling Baht 625.27 million or 34.19% of total revenue and the food business totaling Baht 1,199.62 million or 65.59% of total revenue and from other businesses totaling Baht 4.14 million or 0.23% of total revenue, which are described separately from the operations in each business segment as summarized below;

Packaging Business

Unit: Million Baht

	For the 3-month period				For the 9-month period			
	Q3/2022	Q3/2021	YoY	%YoY	Q3/2022	Q3/2021	YoY	%YoY
Revenue	224.10	160.87	63.23	39%	625.27	474.53	150.74	32%
Cost of goods sold	208.40	140.77	67.63	48%	564.97	407.20	157.77	39%
Gross Profit	15.70	20.10	(4.40)	(22%)	60.30	67.33	(7.03)	(10%)
GP%	7%	12%	(5%)		10%	14%	(4%)	

Packaging Business: Increase in revenue from 1) Raise in replacement product and new product volume for existing customers. 2) new customers. Rapid rise of oil price in world market led to rise in costs of thermoplastic, logistic and etc. , nonetheless, the company gradually raise selling price and improve production efficiency which will improve gross profit from September 2022 onward.

Food Business

Unit: Million Baht

	For the 3-month period				For the 9-month period			
	Q3/2022	Q3/2021	YoY	%YoY	Q3/2022	Q3/2021	YoY	%YoY
Revenue from sales of processed food	134.50	171.54	(37.04)	-22%	558.84	438.28	120.56	28%
Revenue from of dried fruit	59.68	114.19	(54.51)	-48%	305.83	384.10	(78.27)	-26%
Revenue from sales of meat balls and sausages	135.81	-	135.81	100%	318.02	-	318.02	100%
Revenue from sales of food and beverage	-	20.85	(20.85)	-100%	16.94	65.69	(48.75)	-74%
Total Revenue	329.99	306.58	23.41	8%	1,199.63	888.07	311.56	35%
Cost of goods sold	263.09	255.49	7.6	3%	962.45	730.95	231.50	32%
Gross Profit	66.90	51.09	15.81	31%	237.18	157.12	80.06	51%
GP%	20%	17%	3%		20%	18%	2%	

Processed Food Business: Total revenue for 3 months decreased by Baht 37.04 million or 22% when compared to the same period of the previous year. Due to Q3/2022, the production had to slow down as the new factory undergoing safety standard inspections, which is now completed and the factory has been certified. Hence, sales will improve during Q4/2022

Dried Fruit Business: Total revenue decline due to the new factory undergoing safety standard inspections, which is now completed and the factory has been certified. Hence, sales will improve during Q4/2022

Meatball Business: The company include revenue in this business from March 2022 onward. The company has expand meatball business into modern trade channel and looking at possibility of turning some outlet into franchise which can reduce selling expenses since November 2022 and also adjust selling price based on increased of raw material price since October 2022, which will further revenue growth of business.

Restaurant Business: The company has ceased all restaurants operation for both A&W and Kitchen Plus since Q1/2022 to avoid further loss from those business.

Financial Statement

Unit: Million Baht

	September 30, 2022	December 31, 2021	Change	%
Assets				
Current assets				
Cash and cash equivalents	347.51	41.26	306.25	742%
Trade and other current receivables	369.48	316.65	52.83	17%
Inventories	495.67	361.82	133.85	37%
Other current assets ¹	99.28	120.71	(21.43)	-18%
Non-current assets				
Property, plant and equipment	756.40	550.15	206.25	37%
Right-of-use assets	66.94	74.81	(7.87)	-11%
Other intangible assets	13.16	5.33	7.83	147%
Goodwill	518.01	77.47	440.54	569%
Other non-current assets ²	56.26	36.55	19.71	54%
Current liabilities				
Bank overdrafts and short-term borrowings from financial institutions	192.43	138.19	54.24	39%
Trade and other current payables	305.81	314.42	(8.61)	-3%
Current portion of lease liabilities with payment due within one year	19.29	22.28	(2.99)	-13%
Current portion of long-term borrowings with payment due within one year	61.88	31.55	30.33	96%
Other current liabilities ³	27.33	37.73	(10.40)	-28%
Non-current liabilities				
Lease liabilities	20.98	33.88	(12.90)	-38%
Long-term borrowings	173.11	97.27	76.54	79%
Debenture	297.20	-	297.20	100%
Other non-current liabilities ⁴	32.71	23.41	9.30	40%

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 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 Operation

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 operation in many productions such as;

- 3.1 The Company has relocated both the processed food factory and the dried fruity factory, Therefore, there were improvements and additions to the new factory, resulting in an increase in land, buildings, and equipment of Baht 206.25 million or 37%
- 3.2 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 as comparing with statement of financial position as of 31 December 2021.

Please be informed accordingly,

Yours sincerely,

(Mrs. Pensri Suebsuwong)
Acting Chief Executive Officer