

No. GLOCON – SET 005/2023

May 15, 2023

Subject: Management Discussion and Analysis for the 3 months period, ended March 31, 2023
To: President
The Stock Exchange of Thailand

Management Discussion and Analysis

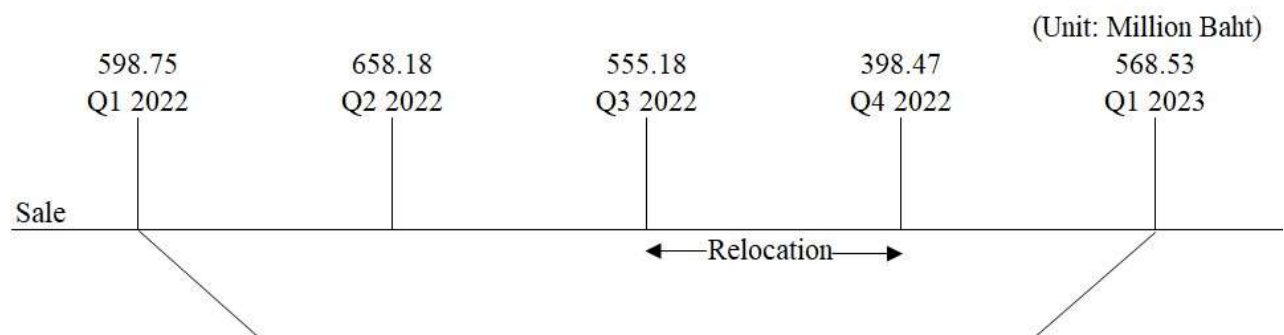
Total Operating Results for the 3 months period, ended March 31, 2023

Consolidated Statement of Profit or Loss and other comprehensive income of Global Consumer Public Company Limited's Group for 3 months period, ended March 31,

Unit: Million Baht

	2023	2022	YoY	%
Revenue from sales of goods	568.53	598.75	(30.22)	-5.05%
Revenue from sales of food and beverage	-	16.94	(16.94)	-100.00%
Total	568.53	615.69	(47.15)	-7.66%
Gross Profit	87.51	106.20	(18.70)	-17.60%
Profit (loss) from operating activities	(12.99)	22.82	(35.81)	-156.91%
Profit (loss) for the periods	(26.45)	16.33	(42.78)	-262.00%
Profit (loss) of Company's shareholders for the periods	(23.90)	16.69	(40.59)	-243.24%

Management is pleased to announce Q1'2023 Financial statements, which is in line with management expectations of a turnaround in quarter 2'2023. As mentioned, sales for all business unit have recovered to expectations after factory relocation and is set to hit all-time previous highs within May 2023. The gradual increases in sales reflect the management decisions of two factory relocation positively. The highest recorded sales revenue for Global Consumer was 2022, Baht 598.75 million compared to only five percent reduction for Q1'2023 at Baht 568.53 million. A clearer picture can be seen below:



As such, sales have gradually, returned and earning expectations for the rest of the financial year should be achievable.

Packaging Business

Unit: Million Baht

	2023	2022	YoY	%
Revenue from sales of packaging	197.31	199.13	(1.82)	-0.91

Packaging Business: Revenue for the three-month period ended March 31, 2023 and 2022 amounted to 197.31 MB and 199.13 MB respectively which slightly decrease by 1.82 MB or 0.91% due mainly /to management strategy to focus on generating profits rather than revenues by monitoring production efficiency and control of loss/ waste materials. The cost of raw material is significant factor as the company procurement plan to secure at better competitive price than prior period. As such, the overall performance of packaging business for the 1st quarter of the year 2023 has shown satisfactory achievement profit-wise.

Food Business

Unit: Million Baht

	2023	2022	YoY	%
Revenue from sales of processed food	126.20	220.8	(94.60)	-42.84%
Revenue from of dried fruit	128.50	130.9	(2.40)	-1.83%
Revenue from sales of meat balls and sausages	116.16	45.65	70.51	154.46%
Revenue from sales of food and beverage	-	16.94	(16.94)	-100.00%
Total Revenue	370.86	414.29	(43.43)	-10.496%

Processed Food Business: Revenue for the three-month period ended March 31, 2023 and 2022 amounted to 126.20 and 220.80 respectively, a decrease of 94.60 MB or 43% compared to the same period last year. Due to the factory relocation, NPP Food Service encountered difficulties in regards to production and inventory management, the problems of which have been completely solved and the management expects operations will resume a higher production rate and revenue is forecasted to achieve target from Q2/2023 onwards

Dried Fruit Business: Revenue for the three-month period ended March 31, 2023 and 2022 amounted to 128.50 and 130.90, respectively, a decrease of 2.40 MB or 2%. Total sales revenue decreased due to factory relocation. The requirement for certification credentials in connection with government departments and international quality system standard and licenses have been successfully certified by the 4th quarter of 2022. As targeted, sales revenue starts to recover in February 2023.

Meatball and Sausages Business: Revenue for the three-month period ended March 31, 2023 and 2022 amounted to 116.16 MB and 45.65 MB respectively, an increase of 70.51 MB or 155% which is increased significantly when compared to the previous year since the company counted earning revenue from meatball business in year 2022 starting from the month of March. The decreasing cost of raw materials of the Meatballs and Sausage has shown positive indicator when compared to the high cost of raw material last year. The company can control and manage costs better. In addition, the company has expanded more sales channels by cooperating with business partners in gas stations and convenience stores

Restaurant Business: The company has ceased both A&W and Kitchen Plus restaurant operations in the first quarter of 2022 in order to reduce the loss from such business groups, resulting in the company's current quarter having no income from such business operations.

Financial Statement

	March 31, 2023	December 31, 2022	Unit: Million Baht 9	
			Change	%
Assets				
Current assets				
Cash and cash equivalents	240.36	252.69	(12.33)	-4.88%
Trade and other current receivables	285.85	268.18	17.67	6.59%
Inventories	289.10	280.56	8.54	3.04%
Other current assets ¹	70.16	80.60	(10.43)	-12.94%
Non-current assets				
Property, plant and equipment	771.31	779.27	(7.96)	-1.02%
Right-of-use assets	230.08	235.95	(5.88)	-2.49%
Other intangible assets	71.42	73.34	(1.91)	-2.61%
Goodwill	429.05	429.05	-	0.00%
Other non-current assets ²	58.05	57.15	0.90	1.58%
Current liabilities				
Bank overdrafts and short-term borrowings from financial institutions	169.13	196.61	(27.48)	-13.98%
Trade and other current payables	323.37	268.04	55.32	20.64%
Current portion of lease liabilities with payment due within one year	24.57	24.95	(0.38)	-1.53%
Current portion of long-term borrowings with payment due within one year	205.89	61.86	144.03	232.82%
Current portion of Debenture	298.70	-	298.70	100.00%
Other current liabilities ³	27.40	28.00	(0.60)	-2.13%

Financial Statement (Con't)

	Unit: Million Baht			
	March 31, 2023	December 31, 2022	Change	%
Non-current liabilities				
Lease liabilities	176.36	182.25	(5.89)	-3.23%
Long-term borrowings	6.43	158.29	(151.86)	-95.94%
Debenture	-	297.94	(297.94)	-
				100.00%
Other non-current liabilities ⁴	48.62	47.47	1.15	2.42%

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. Working Capital for Business Operation

As the business in the group both in the packaging business and the food business is growing Especially in the production and distribution of frozen processed food. and dried fruit That has grown compared to the year 2022, so in the related working capital Therefore, there are more changes such as trade accounts receivable. inventories and trade payables as shown in the statement of financial position

2. Investment for Business Expansion

As can be seen that the food business of the company has grown high. Therefore, the group of companies has plans to invest in expanding more businesses in many production areas such as

2.1 The company has invested in the business of producing and distributing pork balls. Sausages and sauces within the brand “Luck Chin Thip”. Therefore, it is necessary to find a source of funds for investment. which resulted in having to borrow money from financial institutions And issuing debentures for sale with the purpose of investing in this business, increasing in the amount of 450 million baht, when the performance of Look Chin Thip is included since March 2022 and such debentures will be due within one year. As a result, the current liabilities increased significantly.

2.2 Classification of long-term borrowings as current liabilities Due to the maturity of the debentures, the company is unable to maintain the ratio specified by the bank. therefore classified the transaction as current liabilities as disclosed in the statement of financial position. By the way, the classification has not affect the liquidity of operation cash flow because of The company plans to adjust sales strategies, develop new product products to increase product variety, expand distribution channels and enter into MOU contracts with business partners, expand the branch of the business which resulting in increased profits for the Company by starting from the 2nd quarter of 2023 onwards and will result in the company having more liquidity from operating cash flow.

Please be informed accordingly,

Yours sincerely,

(Mrs. Pensri Suebsuwong)
Acting Chief Executive Officer