

May 10, 2023

Subject : Interim Management Discussion and Analysis of Q1/2023
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 31 March 2023 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

	31.12.21	31.12.22	31.03.23
FINANCIAL POSITION (MILLION BAHT)			
Current Assets	1,558	1,594	1,789
Total Assets	1,808	1,836	2,030
Current Liabilities	1,244	1,248	1,368
Total Liabilities	1,258	1,261	1,382
Shareholder's Equity	550	575	647
OPERATING RESULT (MILLION BAHT)			
Sales Revenue	4,989	5,522	1,354
Gross Profit	378	358	123
Operating Profit	244	216	89
Profit for the period	189	163	72
Other comprehensive income	(1)	0	0
Total comprehensive income for the period	188	163	72
FINANCIAL RATIOS			
Return on Assets (%)	11.60	8.97	14.97
Return on Equity (%)	35.30	29.04	47.33
Net Profit Margin (%)	3.79	2.96	5.35
Current Ratio (Times)	1.25	1.28	1.31
Debt to Equity Ratio (Times)	2.29	2.19	2.13
*Book Value per Share (Baht)	1.25	1.31	1.47
*Net Profit per Share (Baht)	0.43	0.37	0.16

*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 1,354 million baht in Q1/2023, a decrease of 201 million baht from 1,555 million baht in Q1/2022, equivalent to 12.95%. Total sales quantity decreased by 3% from Q1/2022. This was due to the below demand and average price that affected from crude oil prices.

Financial Operating Results

In Q1/2023, the total cost of sales and operating expenses were 1,263.4 million baht, decreased by 214.3 million baht from 1,477.7 million bath in Q1/2022 or equivalent to 14.50%. Our major expense was costs of goods sold, a decrease of 211.3 million baht from 1,441.7 million baht in Q1/2022 to 1,230.4 million bath in Q1/2023 or 14.66% which is higher than the decline in sales reflected from the gross profit margin this year that was higher than last year.

The gross profit in Q1/2023 was increased from 113.3 million baht to 123.1 million baht or equivalent to 8.65% resulting from an increase in gross profit margin from 7.65% in Q1/2022 to 9.51%. This was derived from cost management that conforms with the market situation, especially automotive, electric, and electronic parts.

Total selling and administrative expenses decreased by 3 million baht from 36 million baht in Q1/2022 to 33 million baht or 8.33%. This was derived from the decrease of provision for obsolete goods of 4.5 million baht, while employee expense increased from annual salary adjustment and promotion increased.

The interest expenses in Q1/2023 was 4.43 million baht, or 80.08% increased of Baht 1.97 million from Q1/2022 Baht 2.46 million. This was due to an increase of interest rate.

As a result of the discussed factors, our profit for three-month period of Q1/2023 was 72.3 million baht versus 62.2 million baht in Q1/2022 or equivalent to 16.37% increased.

Comparison of Financial Position (FY31.03.2023 VS 31.12.2022)

Assets: As of 31 March 2023, GC recorded total assets of 2,030 million baht, representing an increase of 194 million baht from 1,836 million baht of 31 December 2022 or equivalent to 10.57% increased. The assets with major changed were as follows :

As of 31 March 2023 total current assets showed 1,789 million baht, an increase of 195 million baht or 12.23% from year-end 2022's. This was mainly due to the increase in both trade account receivable and inventory. The trade accounts receivable was increased by 178 million baht from 814 million baht in year-end 2022 to be 992 million baht in Q1/2023, or 21.87% increased resulting from the higher sales.

While inventory showed 746 million baht as of 31 March 2023, an increase of 22 million baht from 724 million baht of ending 2022 or 3.04% increased resulting from inventory to support sales growth and longer lead time.

Liabilities: As of 31 March 2023, GC recorded total liabilities of 1,382 million baht, an increase of 122 million baht or 9.68% from the previous year-end. The major liabilities were short-term loans from financial institutions and trade accounts payable. The ending 2022 balance of short-term loan was 980 million baht versus 982 million baht as of Q1/2023 or equivalent to 0.20% increased resulting from the higher in both trade accounts receivable and inventory. The trade accounts payable as of Q1/2023 was 331 million baht, an increase of 109 million baht from 222 million baht of ending 2022 or 49% increased. As a result, the Debts to Equity Ratio as of Q1/2023 was 2.13 times compared to 2.19 times of ending 2022.

Sources of Funds: The structure of GC's funds in 2023 was not much different from those of 2022 as they were in term of short-term liabilities. The major liabilities were short-term loans from financial institutions, and trade accounts payable.

Shareholders' Equity: As of 31 March 2023, the portion of shareholders' equity amounted to 647 million baht, an increase of 72 million baht, or 12.52% from those of previous year-end, derived from profit for the period of Q1/2023.

Liquidity: As of 31 March 2023 GC had a current ratio at 1.31 times close to the ending 2022, net working capital 422 million baht an increase of 76 million baht.

Yours truly,

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(Somchai Kulimakin)

Chairman of The Executive Committee