

No. GLOCON–SET008/2023

August 15, 2023

Subject: Management Discussion and Analysis for the 3 and 6 months period, ended June 30, 2023

To: President  
The Stock Exchange of Thailand

## Management Discussion and Analysis

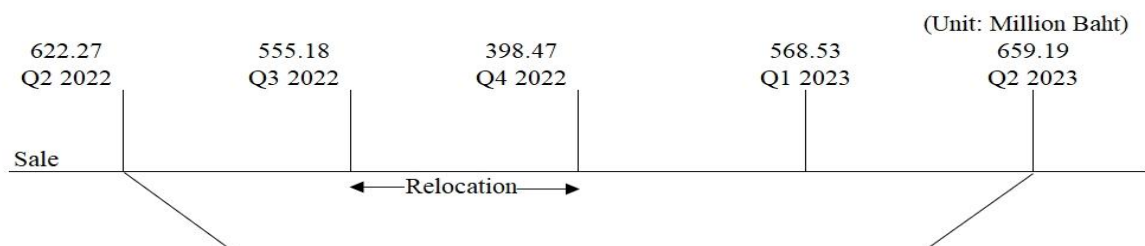
### Total Operating Results for the 3 and 6 months period, ended June 30, 2023

Consolidated Statement of Profit or Loss and other comprehensive income of Global Consumer Public Company Limited's Group for 3 months period, ended June 30,

Unit: Million Baht (MB)

	For 3 months period, Ended June 30				For 6 months period, Ended June 30			
	2023	2022 (Restated)	YoY	%	2023	2022 (Restated)	YoY	%
Revenue from sales	659.19	622.27	36.92	5.93	1,227.72	1,237.96	(10.23)	(0.83)
Cost of sale	(544.82)	(573.76)	28.94	(5.04)	(1,025.85)	(1,076.70)	50.86	(4.72)
Gross Profit	114.37	48.51	65.86	135.77	201.87	161.26	40.63	25.20
Profit (loss) from operating activities	(15.01)	(54.62)	39.61	(72.51)	2.03	(31.80)	33.83	(106.37)
Profit (loss) for the periods	1.30	(63.73)	65.03	(102.03)	(25.16)	(45.76)	20.60	(45.02)
Profit (loss) of Company's shareholders	0.92	(60.11)	61.03	(101.54)	(22.98)	(41.86)	18.88	(45.11)

Management is pleased to announce Q2'2023 Financial statements, sales for all business unit have recovered to expectations after factory relocation and is set to hit all-time previous highs during May and June 2023. The gradual increases in sales reflect the management decisions of two factory relocation and close the food and restaurant business positively. Hence, The highest recorded sales revenue for Global Consumer Group was Q2' 2023, Baht 659.19 million. Consequently, the Company made a net profit 1.30 MB for 3 months period on Q2'2023, a clearer picture can be seen below:



As such, sales have gradually, returned and earning expectations for the rest of the financial year achievable. Although the profit levels have improved, Management understands there is much more to do in terms of costing and yield efficiency improvements at all levels.

### Packaging Business

Unit: Million Baht (MB)

	For the 3 months period, ended June 30				For the 6 months period, ended June 30			
	2023	2022	YoY	%	2023	2022	YoY	%
Revenue from sales	209.53	202.05	7.48	3.70	406.84	401.18	5.66	1.41

**Packaging Business:** Revenue for the three-month period ended June 30, 2023 and 2022 amounted to 209.53 MB and 202.05 MB respectively which slightly increase by 10.02 MB or 4.87% and revenue for the six-month period ended June 30, 2023 and 2022 amounted to 406.84 MB and 401.18 MB respectively which slightly increase by 5.66 MB or 1.41% due 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 2nd quarter of the year 2023 has shown satisfactory achievement profit-wise.

### Food Business

Unit: Million Baht (MB)

	For the 3 months period, ended June 30				For the 6 months period, ended June 30			
	2023	2022	YoY	%	2023	2022	YoY	%
Revenue from sales of processed food	155.96	167.63	(11.67)	(6.96)	282.16	388.43	(106.27)	(27.36)
Revenue from of dried fruit	169.79	115.25	54.54	47.32	298.29	246.15	52.14	21.18
Revenue from sales of meat balls and sausages	123.07	136.56	(13.48)	(9.87)	239.23	182.21	57.03	31.30
Revenue from sales of food and beverage	-	-	-	-	-	16.94	(16.94)	(100.00)
<b>Total Revenue</b>	<b>448.82</b>	<b>419.44</b>	<b>29.38</b>	<b>7.00</b>	<b>819.68</b>	<b>833.73</b>	<b>(14.05)</b>	<b>(1.69)</b>

**Processed Food Business:** Revenue for the three-month period ended June 30, 2023 and 2022 amounted to 155.96 MB and 167.63 MB respectively, a decrease of 11.67 MB or 6.96% and revenue for the six-month period ended June 30, 2023 and 2022 amounted to 282.16 MB and 388.43 MB respectively, a decrease of 106.27 MB or 27.36% 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 during the quarter 2' 2023 which resume a higher production rate and revenue is continuously increase from May 2023 onwards.

**Dried Fruit Business:** Revenue for the three-month period ended June 30, 2023 and 2022 amounted to 169.79 MB and 115.25 MB, respectively, increased of 54.54 MB or 47.32 % and revenue for the six-month period ended June 30, 2023 and 2022 amounted to 298.29 MB and 246.15 MB, respectively, an increase of 52.14 MB or 21.18%. Total sales revenue increased 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 effect to production based and supply the higher demand from locally and internationally.

**Meatball and Sausages Business:** Revenue for the three-month period ended June 30, 2023 and 2022 amounted to 123.07 MB and 136.56 MB respectively, a decrease of 13.48 MB or 9.87% and revenue for the six-month period ended June 30, 2023 and 2022 amounted to 239.23 MB and 182.21 MB respectively, an increase of 57.03 MB or 31.30% 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. However, the revenue for three months period, are decreasing due to the closure of branches which have sale number lower than average of sale, located in low traffic area and pay highly fixed expenses. As such, the non-performing branches are already closed. However, the significant decrease of main raw material cost will be beneficial to cost efficiency.

**Financial Statement**

**Unit: Million Baht (MB)**

	June 30, 2023	December 31, 2022	Change	%
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	224.13	252.69	(28.56)	(11.30)
Trade and other current receivables	353.93	268.18	85.75	31.97
Inventories	280.18	280.56	(0.38)	(0.13)
Other current assets <sup>1</sup>	69.82	80.6	(10.78)	(13.38)
<b>Non-current assets</b>				
Property, plant and equipment	763.15	779.27	(7.96)	(1.02)
Right-of-use assets	224.90	235.95	(5.88)	(2.49)
Other intangible assets	70.06	73.34	(1.91)	(2.61)
Goodwill	429.05	429.05	-	-
Other non-current assets <sup>2</sup>	62.94	57.15	0.9	1.58
<b>Current liabilities</b>				
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	205.89	61.86	144.03	232.82%

**Financial Statement**

Unit: Million Baht (MB)

	June 30, 2023	December 31, 2022	Change	%
with payment due within one year				
Current portion of Debenture	298.70	-	298.70	100.00%
Other current liabilities <sup>3</sup>	27.40	28.00	(0.60)	-2.13%
<b>Non-current liabilities</b>				
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 <sup>4</sup>	48.62	47.47	1.15	2.42%

<sup>1</sup> Consist of pledged bank deposits, VAT refundable, other current assets, and assets held for sale for discontinued operations.

<sup>2</sup> Consist of investment property, deposit for purchase of assets, deferred tax assets, and other non-current assets.

<sup>3</sup> 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.

<sup>4</sup> 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 and the food businesses are growing especially in the production and distribution of frozen processed food and dried fruit that has grown compared to the year 2022. Therefore, there are more changes in relations to working capital such as trade accounts receivable, inventories and trade payables as shown in the statement of financial position

**2. Investment for Business Expansion**

As shown, the food business of the company has high growth rate. 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 manufacturing and distributing of pork balls, sausages and sauces under the brand "Luck Chin Thip". Therefore, a source of funds for investment in form of loan from financial institutions, an issuance of debentures for in the amount of 450 MB, has been injected in this meatballs and sausage business since March 2022 and such debentures will be due within one year. As a result, the current liabilities increased significantly.

2.2 As of June 30,2023 the pending corporate debenture classified to current liabilities which has made current liabilities to exceed current assets. The Group Management team has a corporate debenture of Baht 300 million backed by a collateral asset value of Baht 590 million to rollover on February 2024 of which financing options are being considered for the best financial payments going forward. Management does not view the corporate debenture as a concern due to its high collateral value and much lower debt. The groups management team believes it is appropriate for the group to prepare financial statements based on going concern as the company's sale has improved significantly and the group has a total three month net profit of 1.3 million baht which is the first turnaround since Q2 of 2022 due to the factory move. Additionally, the company still and continuing plans to adjust sales strategies, develop new products to increase product variety, expand distribution channels and enter into MOU contracts with business partners, expand the branch of the business which result in the company having more liquidity from operating cash flow.

Please be informed accordingly,

Yours sincerely,

(Mrs. Pensri Suebsuwong)  
Acting Chief Executive Officer