

Aug 9, 2023

Subject : Interim Management Discussion and Analysis of Q2/2023
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 30 June 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	30.06.23
FINANCIAL POSITION (MILLION BAHT)			
Current Assets	1,558	1,594	1,594
Total Assets	1,808	1,836	1,832
Current Liabilities	1,244	1,248	1,199
Total Liabilities	1,258	1,261	1,214
Shareholder's Equity	550	575	618
OPERATING RESULT (MILLION BAHT)			
Sales Revenue	4,989	5,522	2,605
Gross Profit	378	358	214
Operating Profit	244	216	143
Profit for the period	189	163	109
Other comprehensive income	(1)	0	0
Total comprehensive income for the period	188	163	109
FINANCIAL RATIOS			
Return on Assets (%)	11.60	8.97	11.85
Return on Equity (%)	35.30	29.04	36.43
Net Profit Margin (%)	3.79	2.96	4.17
Current Ratio (Times)	1.25	1.28	1.33
Debt to Equity Ratio (Times)	2.29	2.19	1.96
*Book Value per Share (Baht)	1.25	1.31	1.40
*Net Profit per Share (Baht)	0.43	0.37	0.25

*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 1,251.3 million baht in Q2/2023, a decrease of 224.5 million baht from 1,475.8 million baht in Q2/2022, equivalent to 15.21%. Total sales quantity increased by 16% from Q2/2022. This was due to demand for especially product but average price decreased that affected from crude oil prices.

Financial Operating Results

In Q2/2023, the total cost of sales and operating expenses were 1,201.9 million baht, decreased by 216.4 million baht from 1,418.3 million bath in Q2/2022 or equivalent to 15.26%. Our major expense was costs of goods sold, a decrease of 218 million baht from 1,378.7 million baht in Q2/2022 to 1,160.7 million bath in Q2/2023 or 15.81% which is close to the decline in sales reflected from the gross profit margin this year that was close to last year.

The gross profit in Q2/2023 was decreased from 97.1 million baht to 90.6 million baht or equivalent to 6.69% by remain gross profit margin from Q2/2022. This was derived from product's price down and cost management that conforms with the market situation, especially automotive, consumer, construction and packaging.

Total selling and administrative expenses an increased by 1.5 million baht from 39.6 million baht in Q2/2022 to 41.1 million baht or 3.79%. This was derived from the increase of employee expense from annual salary adjustment and promotion increased and property repaired.

The interest expenses in Q2/2023 was 5.4 million baht, or 86.21% increased of Baht 2.5 million from Q2/2022 Baht 2.9 million. This was due to an increase of interest rate.

As a result of the discussed factors, our profit for three-month period of Q2/2023 was 36.33 million baht versus 45.95 million baht in Q2/2022 or equivalent to 20.94% increased.

Comparison of Financial Position (FY30.06.2023 VS 31.12.2022)

Assets: As of 30 June 2023, GC recorded total assets of 1,832 million baht, representing decrease of 4 million baht from 1,836 million baht of 31 December 2022 or equivalent to 0.22% decreased. The assets with major changed were as follows :

As of 30 June 2023 total current assets showed 1,593.55 million baht, decrease of 0.14 million baht, close to year-end 2022's. This was mainly from trade account receivable and inventory. The trade accounts receivable was increased by 34 million baht from 814 million baht in year-end 2022 to be 848 million baht in Q2/2023, or 4.18% increased resulting from the higher sales.

While inventory showed 690 million baht as of 30 June 2023, decrease of 34 million baht from 724 million baht of ending 2022 or 4.70% decreased resulting from inventory management.

Liabilities: As of 30 June 2023, GC recorded total liabilities of 1,214 million baht, decrease of 47 million baht or 3.73% 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 867 million baht as of Q2/2023 or equivalent to 11.63% decreased resulting from the lower in both trade accounts receivable and inventory. The trade accounts payable as of Q2/2023 was 285 million baht, an increase of 63 million baht from 222 million baht of ending 2022 or 28.38% increased. As a result, the Debts to Equity Ratio as of Q2/2023 was 1.96 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 30 June 2023, the portion of shareholders' equity amounted to 618 million baht, an increase of 43 million baht, or 7.48% from those of previous year-end, derived from profit for the period of Q2/2023.

Liquidity: As of 30 June 2023 GC had a current ratio at 1.33 times close to the ending 2022, net working capital 395 million baht an increase of 49 million baht.

Yours truly,

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(Somchai Kulimakin)

Chairman of The Executive Committee