

No. GLOCON-SET013/2023

August 14, 2023

Subject: Management Discussion and Analysis for the 3 and 9 months period, ended September 30, 2023

To: The Managing Director
The Stock Exchange of Thailand

Management Discussion and Analysis

Total Operating Results for the 3 and 9 months period, ended September 30, 2023

Consolidated Statement of Profit or Loss and other comprehensive income of Global Consumer Public Company Limited's Group, ended September 30,

Unit: Million Baht (MB)

	For 3 months period, Ended September 30, 2023				For 9 months period, Ended September 30, 2023			
	2023	2022 (Restated)	YoY	%	2023	2022 (Restated)	YoY	%
Revenue from sales	523.38	532.05	(8.67)	-1.63%	1,751.10	1,770.00	(18.90)	-1.07%
Cost of sale	(506.90)	(466.74)	(40.16)	8.60%	(1,532.75)	(1,549.98)	17.23	-1.11%
Gross Profit	16.48	65.31	(48.83)	-74.77%	218.35	220.02	(1.67)	-0.76%
Total profit (loss) from operating activities	(35.66)	(48.28)	12.62	-26.14%	(60.82)	(98.39)	37.57	-38.18%
Total One-off transactions	(62.00)	-	(62.00)	100.00%	(62.00)	-	(62.00)	100.00%
Total profit (loss) for the periods	(97.66)	(48.20)	(49.46)	102.61%	(122.82)	(97.12)	(25.70)	26.46%
Profit (loss) of Company's shareholders	(94.90)	(44.76)	(50.14)	112.02%	(117.87)	(89.71)	(28.16)	31.39%

Management is pleased to announce Q3' 2023 significant improvement seen in normalized profit of the consolidated financial statement Financial statements. For the 3 month period, normalized earnings loss is reduced from 48.48 million baht to 35.66 million baht and for the 9 month period, normalized earnings loss is reduced from 98.39 million baht to 60.82 million baht.

In Q3' 2023, the Group has a significant decrease in gross profit of Baht 48.83 million. This is from a inventory recount in NPP Food Services Co., Ltd ("NPPFS"), a subsidiary company of GLOCON. The difference is due to a revision for improvement for accuracy of inventory count by using a standardize unit for inventory reconciliation. Management would like to emphasis that this is due to change in unit tabulation of inventory to better reflect inventory values as an appropriate measure of internal control and is a one – off accounting.

Additionally in Q3'2023, Fruity Dry a subsidiary of GLOCON had a customer deferred a shipment payment of approximately \$450,000 USD or 15 million Baht which has been set as marketing promotion expenses for a 6 month period in Q4 to Q1'2024. However, it is all realized through the profit and loss in Q3' 2023

As such gross profit compared from Q3' 2022 remain constant but 9 months 2022 number will reflect an improvement if not taken the one-off revision of inventory and marketing expenses of 62 million Baht.

Highlights

Looking forward:

1. Packaging – Consistent profit from packaging BU
2. Fruity Dry – Expectation of improvement of sale in Q4' 2023 onwards with sales PO already locked in.
3. Phong-Sra Group (Look Chin Thip) – Revenue from sale improvement in Q4' 2023 onwards and MOU signed with Bangchak for expansion in its EV Stores. Sauce factory can begin to expect in January 2024

Packaging Business

Unit: Million Baht (MB)

	For 3 months period, Ended September 30, 2023				For 9 months period, Ended September 30, 2023			
	2023	2022	YoY	%	2023	2022	YoY	%
Revenue from sales	208.88	224.10	(15.22)	-6.79%	615.72	625.27	(9.55)	-1.53%

Packaging Business: Revenue for the three-month period ended September 30, 2023 and 2022 amounted to Baht 208.88 million and Baht 224.10 million respectively which slightly decrease by Baht 15.22 million or 6.79% and revenue for the nine-months period ended September 30, 2023 and 2022 amounted to Baht 615.72 million and Baht 625.27 million respectively which slightly decrease by Baht 9.55 million or 1.53% 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 3rd quarter of the year 2023 has shown satisfactory achievement profit-wise.

Food Business

Unit: Million Baht (MB)

	For 3 months period, Ended September 30, 2023				For 9 months period, Ended September 30, 2023			
	2023	2022	YoY	%	2023	2022	YoY	%
Revenue from sales of processed food	148.33	111.19	37.14	33.40%	430.49	499.8	(69.31)	-13.87%
Revenue from of dried fruit	56.03	59.68	(3.65)	-6.12%	354.32	305.83	48.49	15.86%
Revenue from sales of meat balls and sausages	109.08	135.81	(26.73)	-19.68%	348.32	318.02	30.30	9.53%
Total Revenue	313.44	306.68	6.76	2.20%	1,133.12	1,123.65	9.47	0.84%

Processed Food Business: Revenue for the three-month period ended September 30, 2023 and 2022 amounted to 148.33 MB and 111.19 MB respectively, an increase of 37.14 MB or 33.40% and revenue for the nine-month period ended September 30, 2023 and 2022 amounted to 430.49 MB and 499.80 MB respectively, a decrease of 69.31 MB

or 13.87% 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 September 30, 2023 and 2022 amounted to 56.03 MB and 59.68 MB, respectively, decreased of 3.65 MB or 6.12% and revenue for the nine-month period ended September 30, 2023 and 2022 amounted to 354.32 MB and 305.83 MB, respectively, an increase of 48.49 MB or 15.86%. 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 September 30, 2023 and 2022 amounted to 109.08 MB and 135.81 MB respectively, a decrease of 26.73 MB or 19.68% and revenue for the nine-month period ended September 30, 2023 and 2022 amounted to 348.32 MB and 318.02 MB respectively, an increase of 30.30 MB or 9.53% 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)

	September 30, 2023	December 31, 2022	Change	%
Assets				
Current assets				
Cash and cash equivalents	202.87	252.69	(49.82)	-20%
Trade and other current receivables	301.20	268.18	33.03	12%
Inventories	223.28	280.56	(57.28)	-20%
Other current assets ¹	77.24	80.60	(3.36)	-4%
Non-current assets				
Property, plant and equipment	752.17	779.27	(27.10)	-3%
Right-of-use assets	222.63	235.95	(13.32)	-6%
Other intangible assets	68.69	73.34	(4.65)	-6%
Goodwill	429.05	429.05	-	-
Other non-current assets ²	59.69	57.15	2.54	4%

Financial Statement

Unit: Million Baht (MB)

	September 30, 2023	December 31, 2022	Change	%
Current liabilities				
Bank overdrafts and short-term borrowings from financial institutions	185.95	196.61	(10.66)	-5%
Trade and other current payables	329.47	268.04	61.43	23%
Current portion of lease liabilities with payment due within one year	20.77	24.95	(4.18)	-17%
Current portion of long-term borrowings with payment due within one year	177.91	61.86	116.05	188%
Current portion of Debenture	300.45	-	300.45	100%
Other current liabilities ³	26.60	28.00	(1.40)	-5%
Non-current liabilities				
Lease liabilities	170.73	182.25	(11.52)	-6%
Long-term borrowings	5.49	158.29	(152.81)	-97%
Debenture	-	297.94	(297.94)	-100%
Other non-current liabilities ⁴	50.92	47.47	3.45	7%

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 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 Refer to Board of Director meeting No. 13/2023 held on 31 October 2023 approved the company to enter into a memorandum of understanding with AGRI LIFE TRADING L.L.C (“ALT”) which engaged in the business of trading such as grains, seeds, vegetable oils and bio fuels & feed stocks. ALT has customer bases in many countries around the world, especially in the Middle East region. the Company was introduced by Siraj Holding Company Limited (SIRAJ HOLDING LLC: SIRAJ), which after the transfer of shares already. SIRAJ will become a new shareholder group of the company. In this regard, the Company will conduct a study into the financial possibilities, due diligence on AGRI LIFE TRADING L.L.C, the feasibility of investment to acquisition, and if the results are satisfactory, the Company will proceed to carry out negotiations with ALT for a share purchase agreement and request approval from the board meeting and/or the shareholder meeting in the next order. However, the Company expects that the time frame for conducting information studies and inspecting the business will not exceed 120 days from the date of signing and then (Refer to note 24 – to the financial statement)
- 2.2 As of September 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, according to the Board of Directors’ meeting No.12/2023 dated October 27, 2023, the Board of Directors of the Company approved to issue, offer and submitting to the Security and Exchange Commission (SEC) 2 credit line of debentures with credit limit totaling Baht 700 million. No. 1/2023, credit limit not exceeding Baht 300 million, offering to institutional investors and high-net-worth investor to repayment of Debenture No. 1, due on February 25, 2024 amount Baht 300 million. No. 2/2023, credit limit not exceeding Baht 400 million, offering to institution investors use of proceed as a credit limit for business operations and/or business expansion investment. Accordingly, the financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Please be informed accordingly,

Yours sincerely,

(Mrs. Pensri Suebsuwong)

Director