

Nov 8, 2023

Subject : Interim Management Discussion and Analysis of Q3/2023
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 September 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	30.09.23
FINANCIAL POSITION (MILLION BAHT)			
Current Assets	1,558	1,594	1,625
Total Assets	1,808	1,836	1,861
Current Liabilities	1,244	1,248	1,275
Total Liabilities	1,258	1,261	1,289
Shareholder's Equity	550	575	572
OPERATING RESULT (MILLION BAHT)			
Sales Revenue	4,989	5,522	3,815
Gross Profit	378	358	310
Operating Profit	244	216	205
Profit for the period	189	163	151
Other comprehensive income	(1)	0	0
Total comprehensive income for the period	188	163	151
FINANCIAL RATIOS			
Return on Assets (%)	11.60	8.97	10.86
Return on Equity (%)	35.30	29.04	35.00
Net Profit Margin (%)	3.79	2.96	3.95
Current Ratio (Times)	1.25	1.28	1.27
Debt to Equity Ratio (Times)	2.29	2.19	2.25
*Book Value per Share (Baht)	1.25	1.31	1.30
*Net Profit per Share (Baht)	0.43	0.37	0.34

*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 1,209.9 million baht in Q3/2023, a decrease of 73.3 million baht from 1,283.2 million baht in Q3/2022, equivalent to 5.71%. Total sales quantity increased by 20% from Q3/2022. This was due to demand for every segment but average price decreased that affected from crude oil prices, average WTI in Q3/2023 at US \$82 per barrel versus \$93 per barrel in Q3/2022.

Financial Operating Results

In Q3/2023, the total cost of sales and operating expenses were 1,155.0 million baht, decreased by 97.6 million baht from 1,252.6 million baht in Q3/2022 or equivalent to 7.79%. Our major expense was costs of goods sold, a decrease of 97.3 million baht from 1,210.7 million baht in Q3/2022 to 1,113.4 million baht in Q3/2023 or 8.04% which decreased more than the rate of decrease in sales reflected to the gross profit margin this year that was higher than last year.

The gross profit in Q3/2023 was increased from 282.8 million baht to 310.3 million baht or equivalent to 9.72% with gross profit margin was higher than Q3/2022. This was derived from product's price down and cost management that conforms with the market situation.

Total selling and administrative expenses decreased by 0.3 million baht from 41.9 million baht in Q3/2022 to 41.6 million baht or 0.72%. This was derived from the decrease of diminution in value of inventory and depreciation, although staff expense and loss from the exchange rate increased.

The interest expenses in Q3/2023 was 5.1 million baht, or 82.14% increased of Baht 2.3 million from Q3/2022 Baht 2.8 million. This was due to an increase of interest rate.

As a result of the discussed factors, our profit for three-month period of Q3/2023 was 41.88 million baht versus 25.24 million baht in Q3/2022 or equivalent to 65.93% increased.

Comparison of Financial Position (FY30.09.2023 VS 31.12.2022)

Assets: As of 30 September 2023, GC recorded total assets of 1,861 million baht, representing increase of 25 million baht from 1,836 million baht of 31 December 2022 or equivalent to 1.36% increased. The assets with major changed were as follows :

As of 30 Sep 2023 total current assets showed 1,625 million baht, increase of 31 million baht from 1,594 million baht year-end 2022's. This was mainly from trade account receivable and inventory. The trade accounts receivable was increased by 20 million baht from 814 million baht in year-end 2022 to be 834 million baht in Q3/2023, or 2.46% increased resulting from the higher sales.

While inventory showed 712 million baht as of 30 September 2023, decrease of 12 million baht from 724 million baht of ending 2022 or 1.66% decreased resulting from price decreasing.

Liabilities: As of 30 September 2023, GC recorded total liabilities of 1,289 million baht, increase of 28 million baht or 2.22% 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 908 million baht as of Q3/2023 or equivalent to 7.35% decreased resulting from the lower in inventory. The trade accounts payable as of Q3/2023 was 319 million baht, an increase of 97 million baht from 222 million baht of ending 2022 or 43.69% increased. As a result, the Debts to Equity Ratio as of Q3/2023 was 2.25 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 September 2023, the portion of shareholders' equity amounted to 572 million baht, a decrease of 3 million baht, or 0.52% from those of previous year-end, derived from profit for the period of 9M/2023, 151 million baht deducted dividend paid out of 154 million baht.

Liquidity: As of 30 September 2023 GC had a current ratio at 1.27 times close to the ending 2022, net working capital 350 million baht an increase of 4 million baht.

Yours truly,

-Signature-

(Somchai Kulimakin)

Chairman of The Executive Committee