

February 14, 2024

Subject : Yearly Management Discussion and Analysis of 2023
Attention : President of The Stock Exchange of Thailand

We attach herewith the financial statements of Global Connections Public Co., Ltd. (GC) for the year-ended 31 December 2023 which had been audited by the Independent Auditor and would like to clarify more details on the Yearly Management Discussion and Analysis as follows :

FINANCIAL SUMMARY

	31.12.21	31.12.22	31.12.23
FINANCIAL POSITION (MILLION BAHT)			
Current Assets	1,558	1,594	1,608
Total Assets	1,808	1,836	1,842
Current Liabilities	1,244	1,248	1,220
Total Liabilities	1,258	1,261	1,235
Shareholder's Equity	550	575	606
OPERATING RESULT (MILLION BAHT)			
Sales Revenue	4,989	5,522	5,101
Gross Profit	378	358	400
Operating Profit	244	216	254
Profit for the period	189	163	186
Other comprehensive income	(1)	0	(1)
Total comprehensive income for the period	188	163	185
FINANCIAL RATIOS			
Return on Assets (%)	11.60	8.97	10.13
Return on Equity (%)	35.30	29.04	31.53
Net Profit Margin (%)	3.79	2.96	3.65
Current Ratio (Times)	1.25	1.28	1.32
Debt to Equity Ratio (Times)	2.29	2.19	2.04
*Book Value per Share (Baht)	1.25	1.31	1.38
*Net Profit per Share (Baht)	0.43	0.37	0.42

*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.

Yearly 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 5,100.6 million baht in 2023, decreased 421.1 million baht from 5,521.7 million baht of 2022 or equivalent to 7.63%. This was mainly due to the lower of average selling price in 2023. However, the total sales volume of 2023 was increased by 12.39% compared to those of 2022 due to the rise in demand from various industries.

Financial Operating Results

In 2023, total cost of sales and operating expenses were 4,857.1 million baht, decreased by 458.9 million baht from 5,316.0 million bath of 2022 or equivalent to 8.63%. Our major expense was costs of goods sold, a decrease of 463.2 million baht from 5,163.7 million baht of 2022 to be 4,700.5 million bath in 2023 or 8.97% decreased from last year's which was higher than sales dropping rate reflecting from the upward gross profit margin of 2023.

The gross profit in 2023 was increased from 357.9 million baht to be 400.1 million baht or equivalent to 11.78% resulting from the rise in gross profit margin from 6.86% in 2022 to be 8.26%. This was due to the improving demand from automotive industry, consumer product and plastice packaging product.

Total selling and administrative expenses increased by 4.3 million baht from 152.3 million baht in 2022 to be 156.6 million baht, or 2.84% . This was derived from the increase in staff expenses.

The interest expenses in 2023 was 21.3 million baht, or 76.03% increased from 12.1 million baht of 2022. This was due to the upward trend of interest rate in 2023.

In 2023, the transaction in other comprehensive income was Actuarial Loss less income tax effect amounting 1.1 million baht, whereas there was no such transaction in 2022.

As a result of the discussed factors, our total comprehensive income for the year 2023 was 185.2 million baht versus 163.4 million baht in 2022 or equivalent to 13.34% increased.

Comparison of Financial Position (FY31.12.2023 VS 31.12.2022)

Assets: As of 31 December 2023, GC recorded total assets of 1,842 million baht, representing an increase of 6 million baht from 1,836 million baht of 31 December 2022 or equivalent to 0.33% increased. The assets with major changed were as follows :

As of 31 December 2023 total current assets showed 1,608 million baht, an increase of 14 million baht or 0.91% from year-end 2022's. This was mainly due to the increase in accounts receivable. The trade accounts receivable showed 861 million baht as of 31 December 2023, an increase of 48 million baht from 813 million baht of ending 2022 or 5.85% increased resulting from the higher collection period.

While the inventory was decreased by 66 million baht from 725 million baht in year-end 2022 to be 659 million baht of ending 2023, or 9.08% decreased resulting from lower inventory keeping volume as well as the lower average cost.

Liabilities: As of 31 December 2023, GC recorded total liabilities of 1,235 million baht, a decrease of 25 million baht or 2.00% 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 979 million baht versus 912 million baht as of 2023 or equivalent to 6.91% decreased resulting from the lower inventory. The trade accounts payable as of 2023 was 246 million baht, an increase of 24 million baht from 222 million baht of ending 2022 or 10.73% increased. As a result, the Debts to Equity Ratio as of 2023 was 2.04 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, bank overdrafts, and trade accounts payable.

Shareholders' Equity: As of 31 December 2023, the portion of shareholders' equity amounted to 606 million baht, an increase of 31 million baht, or 5.42% from those of previous year-end, derived from total comprehensive income for the year 2023 of 185 million baht deducted dividend paid out of 154 million baht.

Liquidity: As of 31 December 2023 GC had a current ratio at 1.32 times compared to 1.28 times of ending 2022, which was due to the decreased in short-term loans.

Yours truly,

-Signature-

(Somchai Kulimakin)

Chairman of The Executive Committee