

No. GLOCON – SET 001/2024

February 29, 2024

Subject: Management Discussion and Analysis for the year 2023
To: President
The Stock Exchange of Thailand

Management Discussion and Analysis
Total Operating Results for the year 2023

Consolidated Statement of Profit or Loss of Global Consumer Public Company Limited’s Group.

Unit: Million Baht

	Year 2023	Year 2022	YoY	%
Revenue from sales of goods	2,302	2,210	92	4%
Revenue from sales of food and beverage	-	17	(17)	(100%)
Total	2,302	2,228	74	3%
Gross Profit	296	81	215	265%
Profit (loss) from operating activities	(349)	(402)	(53)	(13%)
Profit (loss) for the year	(413)	(437)	24	(5%)
Profit (loss) of Company’s shareholders for the year	(406)	(422)	16	(4%)

During the year 2023, the Company has losses Baht 406 million, of which of losses from normal operations Baht 218 million and loss from impairment goodwill of Baht 188 million. Due to the annual impairment test, the expected value of recovery is calculated based on discounted cash flow with a period of 5 years, resulting in impairment of the goodwill of the three subsidiaries as follows;

1. Processes foods recognized loss from impairment goodwill of Baht 6.4 million.
2. Dried foods recognized loss from impairment goodwill of Baht 44.2 million.
3. Meatball and sausages recognized loss from impairment goodwill of Baht 137.4 million.

On year 2022, the Company had losses Baht 422.3 million, of which Baht 306.6 million was from a one-time extraordinary loss and Baht 115.7 million from operations. Extra-ordinary losses were accrued from subsidiary companies due to the following:

1. Accumulation of obsolete inventory and one-time expense from factory relocation of NPP Food Service of which management consolidated in quarter 4 of year 2022 of 191.8 million. The majority of obsolete inventory was also accrued from products that did not attain proper standards and contamination during the period of factory relocation. This inventory was destroyed.
2. Relocation expense from two main factories NPP Food Services and Fruity Dry.
3. A reversal of revenue recognition of 59 million Baht that had been misrecorded during May to August 2022, which management reversed by quarter 4 of year 2022.

Operational losses which stemmed from extra-ordinary losses as factory relocations inhibited sales during the period. Both factories had sales postponed due to re-audit for safety standards and various international and domestic certifications by both domestic regulators and international clients. As such, both NPP Food Services and Fruity Dry missed sales targets during 2022 and until the beginning of year 2023.

For the year 2023, Sales revenue has amount of Baht 2,302 million with increase of 92 million or 9% as compare year on year. Approximately 64% revenue was from food manufacturing and 36% from packaging business.

Packaging Business

Unit: Million Baht

	Year 2023	Year 2022	YoY	%
Revenue	832	833	1	(0.12%)

Packaging Business: Revenue has amount of Baht 832 million, which slightly decreased to Baht 1 million or 0.12% as compared to the previous year. Due to management strategy, they 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 year 2023 has shown satisfactory achievement profit-wise.

Food Business

Unit: Million Baht

	Year 2023	Year 2022	YoY	%
Revenue from sales of processed food	540	586	(46)	(8%)
Revenue from of dried fruit	464	402	62	15%
Revenue from sales of meat balls and sausages	465	384	81	21%
Revenue from sales of food and beverage	-	17	(17)	(100%)
Total Revenue	1,469	1,389	79	6%

Processed Food Business: Total revenue year 2023 Baht 540 million, which decreased to Baht 46 million or 8% as compared to the previous 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 and resume a higher production rate and revenue is continuously increase from May 2023 onwards. However, the Company has still improved the cost of production and reduce all expenses to breakeven in year 2024.

Dried Fruit Business: Total revenue year 2023 Baht 464 million, which increased to Baht 62 million or 15% as compared to the previous year. 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. However, the Company has still improved the cost of production and reduce all expenses to recover the profitability in year 2024.

Meatball and Sausages Business: Total revenue year 2023 Baht 465 million, which significant increased to Baht 82 million or 21% as compared to the previous year. However, revenue in the retail segment will decline due to the closure of stores with below-average sales, being in areas with low traffic and high fixed costs. Therefore, non-performing branches have already closed. In addition, the management has adjusted the proportion of sales channels by expanding into modern trade channels and considering changing some branches to franchise formats, which will reduce sales expenses. However, a significant reduction in the cost of key raw materials will have a positive impact on cost efficiency.

Restaurant Business: The company has ceased all restaurants operation for both A&W and Kitchen Plus since Q1/2022 to avoid further loss from those business.

Financial Statement

Unit: Million Baht

	December 31, 2022	December 31, 2021	Change	%
Assets				
Current assets				
Cash and cash equivalents	34	253	(218)	(86%)
Trade and other current receivables	297	268	29	11%
Inventories	238	280	(43)	(15%)
Other current assets ¹	66	81	(15)	(18%)
Non-current assets				
Property, plant and equipment	727	779	(52)	(7%)
Right-of-use assets	216	235	(20)	(9%)
Other intangible assets	68	73	(6)	(8%)
Goodwill	241	429	(188)	(44%)
Other non-current assets ²	151	57	94	164%
Current liabilities				
Bank overdrafts and short-term borrowings from financial institutions	162	197	(35)	(18%)
Trade and other current payables	338	268	70	26%
Current portion of lease liabilities with payment due within one year	364	25	302	488%
Current portion of long-term borrowings with payment due within one year	19	62	(6)	(25%)
Other current liabilities ³	54	28	26	93%

Unit: Million Baht

	December 31, 2022	December 31, 2021	Change	%
Non-current liabilities				
Lease liabilities	173	182	(8)	(5%)
Long-term borrowings	103	158	(55)	(35%)
Debenture	-	298	(298)	(100%)
Other non-current liabilities ⁴	49	47	2	3%

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

Cash and cash equivalent has significant decreased to Baht 218 million for deposit payment of Baht 98 million to study the investment under the Memorandum of Understanding with Agri Life Trading L.L.C. and the remainder was used for the Group's operations. Also, the relevant working capital, there were more changes increasingly such as trade accounts receivable, and trade accounts payable as shown in the statement of financial position.

2. Goodwill

As at 31 December 2023, the Company has goodwill amount of Baht 241 million of porkball and sausage business and significant decreased to Baht 188 million as report in the first pages.

3. Investment for Business Expansion

3.1 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 the results are expected by within June 2024.

3.2 As of December 31,2023 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. However at the Board of Directors' meeting No. 1/2024 on January 22, 2024, there was a resolution to cancel the issuance and offering of bonds of Global Consumer Public Company Limited No. 1/2024 with the office. The Securities and Exchange Commission (“SEC”) resolved to convene a meeting of bondholders on February 13, 2024, in which the meeting of bondholders resolved to approve an extension of the maturity period. GLOCON242A debentures will be extended for another 2 years and divided into 9 installments of repayment of the principal and interest, including changing the interest rate of the debentures from the original 7.25 percent per year to 7.50 per year.

Referred to the Board of Directors Meeting No. 1/2024 on 22 January 2024, it was resolved to propose to the Extraordinary General Meeting of Shareholders No. 1/2024 on 20 March 2024 to consider and approve the following matters:

- Issued and offering the ordinary shares by way of Private Placement with amount of Baht 215 million with objective to be served as working capital for the Company and invest in business expansions. The process status has already submitted all document to the Securities and Exchanges Commission since 14 February 2024.
- Issued and offering of the Convertible Debentures by way of Private Placement to an institutional investor of Baht 400 million with objective to repay redeem debentures of the Company of Baht 300 million and to be served as working capital for the Company of Baht 100 million.

Please be informed accordingly,

Yours sincerely,

(Mr. Chirdsak Kukiattinun)
Chief Executive Officer