

**May 6, 2024**

**Subject : Interim Management Discussion and Analysis of Q1/2024**  
**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 31 March 2024 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**

	<b>31.12.22</b>	<b>31.12.23</b>	<b>31.03.24</b>
<b>FINANCIAL POSITION (MILLION BAHT)</b>			
Current Assets	1,594	1,608	1,918
Total Assets	1,836	1,842	2,151
Current Liabilities	1,248	1,220	1,468
Total Liabilities	1,261	1,235	1,484
Shareholder's Equity	575	606	667
<b>OPERATING RESULT (MILLION BAHT)</b>			
Sales Revenue	5,522	5,101	1,543
Gross Profit	358	400	116
Operating Profit	216	254	80
Profit for the period	163	186	60
Other comprehensive income	0	(1)	0
Total comprehensive income for the period	163	185	60
<b>FINANCIAL RATIOS</b>			
Return on Assets (%)	8.97	10.13	12.07
Return on Equity (%)	29.04	31.53	37.85
Net Profit Margin (%)	2.96	3.65	3.90
Current Ratio (Times)	1.28	1.32	1.31
Debt to Equity Ratio (Times)	2.19	2.04	2.23
*Book Value per Share (Baht)	1.31	1.38	1.52
*Net Profit per Share (Baht)	0.37	0.42	0.14

\*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 a total sales revenue of 1,543 million baht in Q1/2024, an increase of 189 million baht from 1,354 million baht in Q1/2023, equivalent to 13.96%. Total sales quantity increased by 24% from Q1/2023. This was due to increased demand, domestic economic recovery, and more traveling compared with the same period last year affected by increased sales volume of Packaging, Agriculture, Consumer, Construction, and others. However, the average price was 8% lower than in the same quarter last year which was affected by the large supply in the market. Despite a slight increase in the average price of crude oil.

### **Financial Operating Results**

In Q1/2024, the total cost of sales and operating expenses were 1,464.4 million baht, increased by 201 million baht from 1,263.4 million baht in Q1/2023 or equivalent to 15.91%. Our majority expense was costs of goods sold, an increase of 196.9 million baht from 1,230.4 million baht in Q1/2023 to 1,427.3 million baht in Q1/2024 or 16.00%, which is higher than the increase in sales reflected from the gross profit margin this year that was lower than last year.

The gross profit in Q1/2024 was decreased from 123.1 million baht to 116.2 million baht or equivalent to 5.61%, resulting from a decrease in gross profit margin from 9.09% in Q1/2023 to 7.53%. That was derived from price competition and consistent with the abundant supply.

Total selling and administrative expenses increased by 2.2 million baht from 34.4 million baht in Q1/2023 to 36.6 million baht or 6.25%. This was derived from employee expense increased from annual salary adjustment and promotion increased. In addition, there was a reversal to reduce the value of inventories to 3.3 million baht in Q1/2024 compared to the same period last year at 4.5 million baht and included foreign exchange losses of approximately 1.1 million baht. However, the company managed the exchange rate by purchasing forward contracts as appropriate.

The interest expenses in Q1/2024 was 6.14 million baht, or 38.73% increased of Baht 1.71 million from Q1/2023 Baht 4.43 million. This was due to an increase of interest rate.

As a result of the discussed factors, our profit for three-month period of Q1/2024 was 60.2 million baht versus 72.3 million baht in Q1/2023 or equivalent to 16.73% decreased.

## **Comparison of Financial Position (FY31.03.2024 VS 31.12.2023)**

**Assets:** As of 31 March 2024, GC recorded total assets of 2,151 million baht, representing an increase of 309 million baht from 1,842 million baht of 31 December 2023 or equivalent to 16.78% increased. The assets with major changed were as follows :

As of 31 March 2024 total current assets showed 1,918 million baht, an increase of 310 million baht or 19.28% from year-end 2023's. This was mainly due to the increase in both trade account receivable and inventory. The trade accounts receivable was increased by 189 million baht from 862 million baht in year-end 2023 to be 1,051 million baht in Q1/2024, or 21.93% increased resulting from the higher sales.

While inventory showed 777 million baht as of 31 March 2024, an increase of 118 million baht from 659 million baht of ending 2023 or 17.91% increased resulting from inventory to support sales growth.

**Liabilities:** As of 31 March 2024, GC recorded total liabilities of 1,484 million baht, an increase of 249 million baht or 20.16% from the previous year-end. The major liabilities were short-term loans from financial institutions and trade accounts payable. The ending 2023 balance of the short-term loan was 912 million baht versus 924 million baht as of Q1/2024 or equivalent to 1.30% increased resulting from the higher in both trade accounts receivable and inventory. The trade accounts payable as of Q1/2024 was 483 million baht, an increase of 237 million baht from 246 million baht of ending 2023 or 96.34% increased. As a result, the Debts to Equity Ratio as of Q1/2024 was 2.23 times compared to 2.04 times of ending 2023.

**Sources of Funds:** The structure of GC's funds in 2024 was not much different from those of 2023 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 31 March 2024, the portion of shareholders' equity amounted to 667 million baht, an increase of 60 million baht, or 9.93% from those of the previous year-end, derived from profit of Q1/2024.

**Liquidity:** As of 31 March 2024, GC had a current ratio at 1.31 times close to the ending year 2023, a net working capital of 450 million baht an increase of 61 million baht.

Yours truly,

-Signed-

(Somchai Kulimakin)

Chairman of The Executive Committee