



DELTA PAINT PUBLIC COMPANY LIMITED

OFFICE 55 Delta House Building, Thiemruammitr Rd, Huaykwang, Bangkok 10310
 FACTORY 157 Soi Chalongkrung 31, Lamplatiw, Ladkrabang Bkk 10520

Date October 26, 2021

Subject: Management Discussion and Analysis for the six-month period ended June 30, 2021

To: Director and Manager
 Stock Exchange of Thailand

Delta Paint Public Company Limited ("the Company") would like to clarify the operating results for the six-month period ended June 30, 2021 with the following details:

Income Statement

	six-month	six-month	Change	
	period ended June 30, 2020	period ended June 30, 2021	Amount	Amount
Revenue from sales and services	294.4	387.7	93.4	31.7
Cost of sales and services	174.0	219.9	45.9	26.4
Gross profit	120.4	167.8	47.4	39.4
<i>Gross profit margin (%)</i>	<i>40.9</i>	<i>43.3</i>	<i>2.4</i>	<i>0.1</i>
Other revenues	4.5	5.7	1.1	25.4
Distribution Costs	74.9	103.5	28.6	38.2
Administrative expenses	16.2	23.6	7.5	46.2
Financial cost	4.8	4.1	(0.7)	(13.8)
Income tax expense	7.1	9.5	2.4	34.3
Net profit	22.2	32.9	10.7	48.2
<i>Net profit margin (%)</i>	<i>7.4</i>	<i>8.4</i>	<i>1.0</i>	<i>12.7</i>
Remeasurement of post-employment benefit obligations	-	-	-	-
Total comprehensive income	22.2	32.9	10.7	48.2

Revenue Structure Categorized by Product Grade

	six-month	%	six-month	%
	period ended June 30, 2020		period ended June 30, 2021	
Premium	120.3	37.0	177.1	40.7
Growth (%)	-		47.2	
Standard	86.5	26.6	119.2	27.4
Growth (%)	-		37.8	
Economy	118.1	36.4	138.9	31.9
Growth (%)	-		17.6	
Revenue from sales and services before direct promotion expenses and sale return deduction	324.9	100.0	435.2	100.0



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	six-month period ended June 30, 2020	%	six-month period ended June 30, 2021	%
% Growth	-		33.9	
<u>Less</u> Direct promotion expenses and sale return	(30.6)	9.4	(47.5)	10.9
Revenue from sales and services	294.4		387.7	
% Growth	-		31.7	

Revenue from sales and services

For the first six months of the year 2021, the Company had revenue from sales and services before direct promotion expenses and sale return deduction of Baht 435.2 million, increased over the same period of the last year in the amount of Baht 110.3 million or by 33.9 percent due to the new product mix and expansion of distribution channel. The revenue can be categorized in premium, standard, and economy in the proportion of 40.7 percent, 27.4 percent, and 31.9 percent respectively. As a result, the Company had revenue from sales and services of Baht 387.7 million.

Other Revenues

For the first six months of 2021, the Company had an increase in other revenue over the same period of last year in the amount of Baht 1.1 million which mainly consist of rental revenue of Bath 3.6 million.

Cost of Sales and Services and Gross Profit

For the first six months period of 2021, the Company had gross profit margin of 43.3, increased quarter on quarter, which mainly caused by the Economies of Scale and the new products released.

Distribution Cost

For the first six months of 2021, the Company had an increase in distribution cost of Baht 28.6 million or 38.2 percent from the same period in previous year which is the result of increase in revenue from sales and services. Also, the Company had expanded the number of salespersons to customer's branched to introduce and advise product to end-users.

Administrative Expense

For the first six months period of the year 2021, the Company had an increase in administrative over the same period of last year in the amount of Baht 7.5 million or by 46.2 percent which due to a change in management and employee remuneration policy.

Net Profit

For the first six months of the year 2021, the Company had higher net profit margin over the same period of the last year which is the consequence of sale mix with larger proportion of high gross profit product and benefit from Economies of Scale.



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Balance Sheet

	As of	As of	Change	
	December 31, 2020	June 30, 2020	Amount	Amount
Total Assets	668.3	769.9	101.6	15.2
Total Liabilities	463.2	531.8	68.7	14.8
Total Shareholder's Equity	205.2	238.0	32.9	16.0
Debt to Equity Ratio (Time)	2.3	2.2	(0.0)	(0.0)

Assets

As of June 30, 2021, the Company and its subsidiaries had total assets of Baht 769.9 million, an increase from total assets as of 31 December 2020 by Baht 101.6 million due to:

- Decreased in cash and cash equivalents of Baht 3.6 million.
- Increased in trade and other current receivables of Baht 56.2 million due to sales increasing.
- Increased in inventory of Baht 29.2 million to support a higher sale.
- Increased in other current asset of Baht 6.6 million.
- Increased in land, building and equipment of Baht 13.2 million due to investing in equipment to increase distribution channels.

Liabilities

As of June 30, 2021, the Company and its subsidiaries had total liabilities of Baht 531.8 million, an increase of Baht 68.7 million from 31 December 2020, an increase of 14.8% due to:

- Increased in bank overdrafts and short-term loans from financial institutions in the amount of Baht 65.0 million due to the use of short-term working capital to support production and sales growth.
- Increased in trade and other payables of Baht 9.1 million due to increasing in trade accounts payable for raw materials for various productions according to sales increasing.

Equity

As of June 30, 2021, the Company and its subsidiaries had shareholders' equity of Baht 238.0 million, an increase of Baht 32.9 million from 31 December 2020, an increase of 16.0%, mainly due to an increase in retained earnings from operations growth.



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Debt to Equity Ratio

As of June 30, 2021, the Company had Debt to Equity Ratio of 2.2 with no notably change from as of December 31, 2020



Yours sincerely



(Mr. Athapon Tangkaravakoon)

Chief Financial Officer
Delta Paint Public Company Limited