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February 22, 2022

Subject : Clarification on Operating Results of Year 2021

To : President
The Stock Exchange of Thailand

Diamond Building Products Public Company Limited and its subsidiary company (together referred to as the "Corporate Group") would like to clarify on the operating results according to the consolidated financial statements of Year 2021 for the year ended December 31, 2021 as follows.

The net profit of the Corporate Group for Year 2021 was Baht 585.44 million. In comparison with the previous year with the net profit of Baht 557.42 million, the net profit increased by Baht 28.02 million or an increase of 5.03 percent.

Details of the changes or impacts are described in the Management Discussion and Analysis (MD&A) as attached herewith.

Please be informed accordingly.

Yours faithfully,

For and on behalf of Diamond Building Products Public Company Limited

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DIAMOND BUILDING PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
MANAGEMENT DISCUSSION AND ANALYSIS

(For the Consolidated Financial Statements of the Year Period Ending December 31, 2021)

(1) Overall Operating Results


The Company and its subsidiary company (together referred to as the “Corporate Group”) have overall operating results for the year 2021 with revenue from sales and services of the Corporate Group totaling Baht 4,815.15 million, which increased from the previous year by 9.91 percent and the net profit of Baht 585.44 million, which increased from the previous year by 5.03 percent. This was due to continuous implementation of management policy in production, sales and marketing, resulting in the Corporate Group being able to maintain its gross margin within required criteria and achieve increased profit and retained earnings.


(2) Analysis of Operating Results and Profitability


(2.1) Revenues from Sales and Services

Description	Year 2021		Year 2020		Increase / (Decrease)	
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	%
Revenues from Sales	4,452.29	92.27	4,069.35	92.29	382.94	9.41
Revenues from Services	362.86	7.52	311.70	7.07	51.16	16.41
Total Revenue from Sales and Services	4,815.15	99.79	4,381.05	99.36	434.10	9.91
Gain on Sales of Fixed Assets	2.98	0.06	22.47	0.51	(19.49)	(86.74)
Gain on Foreign Exchange Rate – Net	-	-	0.34	0.01	(0.34)	(100.00)
Other Revenue	7.32	0.15	5.29	0.12	2.03	38.37
Total Other Revenue	10.30	0.21	28.10	0.64	(17.80)	(63.35)
Total Revenue	4,825.45	100.00	4,409.15	100.00	416.30	9.44

The Corporate Group’s total revenue of year 2021 increased from the previous year by 9.44 percent, consisting of:

 Revenues from sales were Baht 4,452.29 million, which increased from the previous year by Baht 382.94 million or 9.41 percent, due to increase in revenues from product sales through group of housing project customers of 26.47 percent and group of modern trade customers of 12.18 percent.


 Revenues from services were Baht 362.86 million, which increased from the previous year by Baht 51.16 million or 16.41 percent, due to the increase in revenue from services of Baht 25.87 million and increase in revenue from transportation of Baht 25.29 million.


 Other revenue was Baht 10.30 million, which decreased from the previous year by Baht 17.80 million or 63.35 percent, due to revenue from the sale of unused land in Saraburi province of Baht 14.05 million in 2020.

(2.2) Cost of Sales and Services

Description	Year 2021		Year 2020		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Cost of Sales	3,087.26	64.12	2,799.60	63.90	287.66	10.28
Cost of Services	365.65	7.59	308.90	7.05	56.75	18.37
Total Cost of Sales and Services	3,452.91	71.71	3,108.50	70.95	344.41	11.08

The Corporate Group's total cost of sales and services of year 2021 increased from the previous year by 11.08 percent, consisting of:


 Cost of sales was Baht 3,087.26 million, which increased from the previous year by Baht 287.66 million or 10.28 percent, due to the increase in product sales volume of 11.68 percent.


 Cost of services was Baht 365.65 million, which increased from the previous year by Baht 56.75 million or 18.37 percent, due to the increase in the transportation cost of Baht 31.86 million and increase in cost of services of Baht 24.89 million.


(2.3) Selling and Administrative Expenses

Description	Year 2021		Year 2020		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Selling Expenses	134.75	2.80	128.12	2.92	6.63	5.17
Administrative Expenses	471.36	9.79	439.99	10.04	31.37	7.13
Executives' Remuneration*	48.92	1.02	54.42	1.24	(5.50)	(10.11)
Total Selling and Administrative Expenses	655.03	13.60	622.53	14.21	32.50	5.22
Remarks: * Executives mean the director, chief executive officer or the next four executives succeeding the chief executive officer, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments.						

The Corporate Group's selling and administrative expenses of year 2021 increased from the previous year by 5.22 percent, consisting of:

 Selling expenses were Baht 134.75 million, which increased from the previous year by Baht 6.63 million or 5.17 percent, due to the increase in service expenses of Baht 5.21 million, increase in salary and benefits of the employees of Baht 3.42 million and increase in other expenses of Baht 0.24 million, but there was a decrease in traveling expenses of Baht 1.25 million and decrease in donation expenses of Baht 0.99 million.


 Administrative expenses were Baht 471.36 million, which increased from the previous year by Baht 31.37 million or 7.13 percent, due to the increase in tax and other fees of Baht 17.05 million, increase in salary and benefits of the employees of Baht 14.29 million, increase in local maintenance and property tax of Baht 2.63 million, increase in product packaging expenses of Baht 2.48 million, increase in depreciation and amortization of Baht 2.74 million and increase in fuel expenses of Baht 2.01 million, but there were decrease in the consulting fee of Baht 3.77 million, decrease in maintenance expenses of Baht 1.50 million, decrease in allowance for impairment of fixed assets of Baht 1.06 million, decrease in service expenses of Baht 1.13 million and decrease in other expenses of Baht 2.37 million.

 Executives' remunerations were Baht 48.92 million, which decreased from the previous year by Baht 5.50 million or 10.11 percent, due to executives' retirement.

(2.4) Profitability


Description	Year 2021		Year 2020		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Revenues from Sales and Services	4,815.15	100.00	4,381.05	100.00	434.10	9.91
Costs of Sales and Services	3,452.91	71.71	3,108.50	70.95	344.41	11.08
GP	1,362.24	28.29	1,272.55	29.05	89.69	7.05
EBITDA	1,030.58	21.40	950.17	21.69	80.41	8.46
EBIT	717.51	14.90	678.11	15.48	39.40	5.81
NP	585.44	12.16	557.42	12.72	28.02	5.03
EPS (Baht per Share) *	0.68		0.62		0.06	9.68
Weighted Average Number of Ordinary Shares (Million Shares) *	855.03		892.10		(37.07)	(4.16)
Return on Equity (ROE) (%)	28.67%		26.57%		2.10%	
Return on Assets (ROA) (%)	17.02%		16.51%		0.51%	
Remark: * Calculated based on the number of issued and paid-up ordinary shares deducted by the number of treasury share						
GP = Gross Profit, EBITDA = Earnings before Interest, Tax, Depreciation & Amortization, EBIT = Earnings before Interest & Tax,						
NP = Net Profit after Tax, EPS = Net Earnings per Share						


Gross Profit (GP)

 The Corporate Group's gross profit of year 2021 was Baht 1,362.24 million, an increase from the previous year by Baht 89.69 million or 7.05 percent, due to the increase in revenues from sales and services of 9.91 percent, despite the increase in the cost of sales and services of 11.08 percent.


Net Profit (NP)

The Corporate Group's net profit and net earnings per share of year 2021 as follows:

 The Corporate Group's net profit was Baht 585.44 million, an increase from the previous year by Baht 28.02 million or 5.03 percent, due to the increase in gross profit margin of 7.05 percent, despite the increase in selling and administrative expenses of 5.22 percent.

 The Corporate Group's net earnings per share was Baht 0.68 per share, an increase from the previous year of Baht 0.06 per share or 9.68 percent, due to the weighted average number of ordinary shares is lower than the treasury stock by 4.16 percent, including the increase in net profit of 5.03 percent.

EBITDA

 The Corporate Group's EBITDA of year 2021 was Baht 1,030.58 million, an increase from the previous year of Baht 80.41 million or 8.46 percent, due to the increase in gross profit margin of 7.05 percent, despite the increase in selling and administrative expenses excluding depreciation of 5.02 percent.

Earnings Efficiency



Return on Equity (ROE): The Corporate Group's ROE increased from 26.57 percent as at end of 2020 to 28.67 percent as at December 31, 2021 or an increase of 2.10 percent, due to an increase in net profit of 5.03 percent and there was a decrease in average shareholders' equity of 2.69 percent from the previous year.



Return on Assets (ROA): The Corporate Group's ROA increased from 16.51 percent as at end of 2020 to 17.02 percent as at December 31, 2021 or an increase of 0.51 percent, due to an increase in net profit of 5.03 percent but there was an increase in average total assets of 1.89 percent from the previous year.

(2.5) Financial Position

Description	Statement of Financial Position		Increase / (Decrease)	
	As at December 31, 2021	As at December 31, 2020		
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,459.47	3,418.84	40.63	1.19
Total Liabilities	1,313.22	1,481.82	(168.60)	(11.38)
Total Shareholders' Equity	2,146.25	1,937.02	209.23	10.80
Weighted Average Number of Ordinary Shares (Million Shares)*	855.03	892.10	(37.07)	(4.16)
Book Value (Baht per Share)*	2.51	2.17	0.34	15.67

Remark: * Calculated based on the number of issued and paid-up ordinary shares deducted by the number of treasury stock



The Corporate Group's total assets as at December 31, 2021 increased from the end of year 2020 by Baht 40.63 million or 1.19 percent, due to increase in inventory of Baht 112.71 million, net increase in trade accounts receivable and other accounts receivable of Baht 46.66 million, increase in cash and cash in bank of Baht 0.93 million and increase in deferred income tax of Baht 0.59 million, but there were net decrease in fixed assets of Baht 98.22 million, decrease in right of use assets of Baht 17.42 million, decrease in intangible assets of Baht 2.52 million, decrease in other current assets and other non-current assets of Baht 1.88 million and decrease in cash advance payment for purchase of assets of Baht 0.22 million.



The Corporate Group's total liabilities as at December 31, 2021 decreased from the end of year 2020 by Baht 168.60 million or 11.38 percent, due to the decrease in short-term loan of Baht 458 million, decrease in financial lease liabilities of Baht 17.23 million and decrease in provision for post-employment benefits obligation of Baht 1.69 million, but there were increase in long-term of Baht 210 million, increase in trade accounts payable and other accounts payable of Baht 92.57 million, increase in other current liabilities of Baht 4.44 million and increase in current income tax payable of Baht 1.31 million.



The Corporate Group's total shareholders' equity as at December 31, 2021 increased from the end of year 2020 by Baht 209.23 million or 10.80 percent, due to the increase in net profit of Baht 585.44 million but there was a dividend payment of Baht 376.21 million, resulting in an increase in share book value from Baht 2.17 per share as at end of year 2020 to Baht 2.51 per share as at December 31, 2021.

(2.6) Cash Flows

Description	Unit: Million Baht	
	Year 2021	Year 2020
Cash Flows from Operating Activities	810.22	844.13
Cash Flows used in Investing Activities	(153.93)	(408.94)
Cash Flows used in Financing Activities	(656.03)	(444.87)
Effect of exchange rate changes on cash and cash equivalents	0.67	0.43
Cash Increase (Decrease) – Net	0.93	(9.25)
Cash at the Beginning of the Period	22.07	31.32
Cash at the Ending of the Period	23.00	22.07
CFROE = Cash Flow Return on Equity Increase (%)	39.61%	39.80%



The Corporate Group's net cash from operating activities of year 2021 was Baht 810.22 million, which was higher than the net profit before tax by Baht 102.55 million, due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 313.07 million, increase in trade accounts payable and other accounts payable of Baht 59.72 million and increase in other current liabilities of Baht 14.08 million, but there were net increase in inventory of Baht 112.96 million, net increase in trade accounts receivable and other accounts receivable of Baht 41.90 million, increase in other current assets of Baht 3.50 million, increase in other non-current assets of Baht 2.75 million, decrease in other non-current liabilities of Baht 1.69 million and payment of accrued corporate income tax for year 2020 of Baht 27.03 million, payment of mid-year corporate income tax of year 2021 of Baht 89.82 million and payment of withholding tax of Baht 4.67 million.



The Corporate Group's net cash used in investing activities of year 2021 was Baht 153.93 million, due to cash payment for tools and equipment replacement after their useful life of Baht 154.15 million, cash advance payment for purchase of assets of Baht 1.43 million and cash payment for intangible assets of Baht 1.82 million, but there were cash received from sale of damaged and unusable assets of Baht 3.46 million and cash received from interest income of Baht 0.01 million.



The Corporate Group's net cash used in financing activities of year 2021 was Baht 656.03 million, due to repayment of short-term loan of Baht 458 million, repayment of long-term loan of Baht 90 million, dividend payment of Baht 376.21 million, repayment of financial lease of Baht 23.79 million and interest payment of Baht 8.03 million, but there was an increase in long-term loan of Baht 300 million.

(2.7) Financial Ratios

Financial Ratios	As at December 31, 2021	As at December 31, 2020
Current Ratio (Times)	1.42	1.02
Quick Ratio (Times)	0.59	0.44
Cash flow Liquidity Ratio (Times)	0.73	0.80
Account Receivable Turnover Ratio (Times)	9.99	9.51
Average Collection Period (Days)	36	38
Inventory Turnover Period (Days)	18	22
Average Payable Period (Days)	11	13
Cash Cycle (Days)	43	47
Total Debt to Equity Ratio (Times)	0.61	0.76
Interest Coverage Ratio (Times)	94.62	123.36
Debt Service Coverage Ratio (Times)	33.37	67.52

(3) Asset Management Capability

(3.1) Debtor Quality, Accounts Receivable Aging, Provision and Sufficiency of Allowance for Doubtful Debts

The Corporate Group's trade accounts receivable and other accounts receivable as at December 31, 2021 accounted for 16.06 percent of the total assets with 76.22 percent not yet due for payment. The Corporate Group has established policy for setting provision or allowance for doubtful debts which is based on the analysis of accounts receivable aging and assessment of past debt collection experience. Accordingly, the Corporate Group has experienced no bad debt in 2020-2021.

(3.2) Inventory and Deterioration or Obsolescence

The Corporate Group's inventory as at December 31, 2021 accounted for 23.55 percent of the total assets, of which 20.17 percent are finished products, 18.26 percent are work in progress, 48.12 percent are raw materials, 5.36 percent are goods in transits and 8.09 percent are supplies.

(4) Liquidity and Capital Sufficiency

The Corporate Group manages its capital by preparing cash flow projection in order to manage the working capital for sufficient liquidity and low financial cost, which can be summarized as follows.



The Corporate Group's total debt to equity ratio as at December 31, 2021 was at 0.61 times, a decrease from end of year 2020, due to the decrease in total liabilities from the end of 2020 of 11.38 percent and the shareholders' equity increased from the end of year 2020 by 10.80 percent and the interest coverage ratio was at 94.62 times, a decrease from end of 2020, due to a decrease in cash flow from operating activities from the previous year of 4.02 percent and increase in interest on loan from the previous year of 28.03 percent.



The Corporate Group's current ratio as at December 31, 2021 was at 1.42 times, an increase from the end of year 2020, due to an increase in current assets of 12.80 percent and decrease in current liability of 19.56 percent and the quick ratio of 0.59 times, which increased from the end of year 2020, due to an increase in inventory of 16.06 percent and decrease in current liability of 19.56 percent and the

cash flow liquidity ratio was 0.73 times, a decrease from end of year 2020, due to the decrease in cash flow from operating activities from the previous year of 4.02 percent and increase in average current liabilities of 5.95 percent from the previous year.



The Corporate Group's cash cycle as at December 31, 2021 was 43 days, a decrease from the end of year 2020 of 4 days, due to the decrease in inventory turnover period of 4 days and decreases in average collection period of 2 days but decreases in average payable period of 2 days.



The Corporate Group's debt service coverage ratio decreased from 67.52 times as at end of year 2020 to 33.37 times as at December 31, 2021, due to an increase in EBITDA from end of year 2020 of 8.46 percent but there were increase in interest on loan from the previous year of 28.03 percent and increase in financial lease liabilities due within one year of 229.52 percent.

The Corporate Group has policy for setting the credit term period as follows.



Debt Collection Period: The credit term period is determined based on the risk assessment on payment by the customer, including contact period, financial position, guarantee and payment history, depending on the situation involving competition and sales promotion during each period of the Corporate Group by specifying the guarantee protection for credit limit as follows.

Risk Probability	Very Low	Low	Medium	High
Credit Term Period	60 days	45 days	30 days	Payment transfer first if no guarantee



Repayment Period: The repayment period is determined based on the type of product and raw material or hiring services, order value and payment conditions from trade discount negotiation.

Work Value	Type and Order Value of Product and Raw Material
Credit Term Period	30 – 60 days

As at December 31, 2021, the Corporate Group's average collection period was 36 days, in line with the established policy and the average repayment period was 11 days, which was lower than the established policy, as the Corporate Group had cash payment for the raw materials in order to receive trade discount.

(5) Debt Obligation

The Corporate Group has established policy to mitigate risk from interest fluctuation by taking long-term loan with fixed interest rate. Currently, the Corporate Group has obligation to comply with the terms and conditions of the loan agreement with commercial bank in the country, having the loan agreement for the NT-11 Project with loan amount of Baht 300 million with interest rate starting since the first loan installment until September 30, 2023 at a fixed interest rate of 2.10 percent per annum and a loan repayment period within 2 years and 6 months with monthly repayment term. As at December 31, 2021, there was a loan balance of Baht 210 million and the first loan repayment was on April 30, 2021.

As at December 31, 2021, the Corporate Group had long-term debt obligations with commercial banks totaling Baht 210 million. Accordingly, the Corporate Group must comply with the terms and conditions stipulated in the loan agreements, which state that the Total Debt to Equity Ratio (D/E Ratio) must not exceed 2 times and the Debt Service Coverage Ratio (DSCR) must not be less than 1.25 times. It appeared that as at December 31, 2021, the Corporate Group was able to maintain the above financial ratios as stipulated by such loan agreements.

(6) Factors Having Impact on Future Operating Results

The Corporate Group has assessed factors that may impact its operations in the future, which are expected to have long term effects and consistently reviewed its targets and business plan in accordance with such situation, which can be summarized as follows.

- (6.1) **Revenue Aspect:** The Corporate Group has placed this aspect as its first priority, having reviewed the sales target to be in accordance with market potential and searching for new market to increase its sales potential as well as appropriately managing on sales promotion
- (6.2) **Production Cost Aspect:** Impact from supply chain has caused the increase in raw materials and energy prices, continuing to increase the cost of production, which is the external factor that cannot be controlled. Therefore, the Corporate Group needs to manage the problem internally by utilizing production cost management, reducing expenses and delaying unnecessary investment plan, improving and maintaining equipment and machinery to be efficient constantly in order to produce good quality products with competitive cost.
- (6.3) **Innovation Aspect:** The development of automation and robot system, replacing human labor at risky or hazardous areas and repetitive work areas in order to increase work efficiency, reducing production cost, etc.