

February 25, 2022

Subject: Management Discussion and Analysis for the year ended December 31, 2021

To: Director and Manager
Stock Exchange of Thailand

Delta Paint Public Company Limited (“the Company”) would like to clarify the consolidated operating results for the year ended December 31, 2021 with the following details:

Income Statement

(Million Baht)

	Year ended December 31		Change	
	2020	2021	Amount	%
Revenue from sales and services	596.2	749.4	153.2	25.6
Cost of sales and services	346.6	440.1	93.5	26.9
Gross profit	249.6	309.3	59.7	23.9
<i>Gross profit margin (%)</i>	<i>41.9</i>	<i>41.3</i>	<i>(0.6)</i>	<i>(1.4)</i>
Other revenues	7.2	11.0	3.8	52.7
Distribution Costs	153.1	204.3	51.2	33.4
Administrative expenses	40.9	39.2	(1.7)	(4.1)
Financial cost	8.3	7.7	(0.6)	(7.2)
Income tax expense	12.6	16.2	3.6	28.5
Net profit	41.9	52.9	11.0	26.2
<i>Net profit margin (%)</i>	<i>7.0</i>	<i>7.0</i>	<i>(0.0)</i>	<i>(0.0)</i>
Remeasurement of post-employment benefit obligations	-	(3.3)	-	-
Total comprehensive income	41.9	49.9	8.0	19.1

Revenue Structure Categorized by Product Grade

(Million Baht)

	2020	%	2021	%
Premium	236.2	35.4	339.5	40.0
Growth (%)	-		43.8	
Standard	184.4	27.6	242.7	28.6
Growth (%)	-		31.6	
Economy	246.6	37.0	265.9	31.4
Growth (%)	-		7.8	
Revenue from sales and services before direct promotion expenses and sale return deduction	667.2	100.0	848.1	100.0
% Growth	-		27.1	

(Million Baht)

	2020	%	2021	%
<u>Less</u> Direct promotion expenses and sale return	(71.0)	10.6	(98.7)	11.6
Revenue from sales and services	596.2		749.1	
% Growth	-		25.6	

Revenue from sales and services

For the year 2021, the Company had revenue from sales and services before direct promotion expenses and sale return deduction of Baht 848.1 million, increased over the same period of the last year in the amount of Baht 180.9 million or by 27.1 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 40.0 percent, 28.6 percent, and 31.4 percent respectively. As a result, the Company had revenue from sales and services of Baht 749.1 million.

Other Revenues

For the year 2021, the Company had an increase in other revenue over the same period of last year in the amount of Baht 3.8 million which mainly consist of rental revenue of Bath 6.3 million.

Cost of Sales and Services and Gross Profit

For year 2021, the Company had gross profit margin of 41.3, decreased since last year, This increase was primarily attributable to an increased sales volume, as well as average cost per unit of some raw materials used in our production process increased.

Distribution Cost

For year 2021, the Company had an increase in distribution cost of Baht 51.2 million or 33.4 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 year 2021, the Company had an decrease in administrative over the same period of last year in the amount of Baht 1.7 million or by 4.1 percent which caused by an lower office expenses.

Net Profit

For the year 2021, the Company had the net profit of Baht 52.9 million or 7.0 percent of total revenue which increased from the year 2020 by the amount of Baht 11.0 million or by 26.2 percent.

(Million Baht)

Balance Sheet	As of	As of	Change	
	December 31, 2020	December 31, 2021	Amount	%
Total Assets	668.3	991.6	323.3	48.4
Total Liabilities	463.1	392.5	(70.6)	(15.3)
Total Shareholder's Equity	205.2	599.1	393.9	191.9
Debt to Equity Ratio (Time)	2.3	0.6	(1.7)	(72.9)

Assets

As of December 31, 2021, the Company and its subsidiaries had total assets of Baht 991.6 million, an increase from total assets as of 31 December 2020 by Baht 323.3 million due to:

- Decreased in cash and cash equivalents of Baht 195.3 million.
- Increased in trade and other current receivables of Baht 58.9 million due to sales increasing.
- Increased in inventory of Baht 27.1 million to support a higher sale.
- Increased in other current asset of Baht 2.9 million.
- Increased in land, building and equipment of Baht 30.0 million due to investing in equipment to increase distribution channels.

Liabilities

As of December 31, 2021, the Company and its subsidiaries had total liabilities of Baht 392.5 million, a decrease of Baht 70.6 million from 31 December 2020, an decrease of 15.3 percent due to:

- Decreased in bank overdrafts and short-term loans from financial institutions in the amount of Baht 85.3 million
- Increased in trade and other payables of Baht 25.9 million due to increasing in trade accounts payable for raw materials for various productions according to sales increasing.

Equity

As of December 31, 2021, the Company and its subsidiaries had shareholders' equity of Baht 599.1 million, an increase of Baht 393.9 million from 31 December 2020, an increase of 191.9 percent, mainly due to an increase in retained earnings from operations growth. During the period, Premium on Share capital Baht 321.0 million and Capital increase Baht 53.3 million



Debt to Equity Ratio

As of December 31, 2021, compared to the year ended December 31, 2020, the Company and its subsidiaries' debt to equity ratio decreased from 2.3 to 0.6

Yours sincerely

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Chief Financial Officer
Delta Paint Public Company Limited