



TOA Paint (Thailand) Public Company Limited

Management Discussion & Analysis

For the 1st quarter ended March 31st, 2022





- Translation -

No. TOA 12/2022

May 12, 2022

Subject: Management Discussion and Analysis for the three months ended March 31, 2022

To: The President
The Stock Exchange of Thailand

TOA Paint (Thailand) Public Company Limited (the “Company” or “we” or “our” or “us”) would like to inform management discussion and analysis for its results of operations from the financial statements for the three months ended March 31, 2022, as follows:

Management Discussion and Analysis

Results of Operations

Sales Revenue

For the three months ended March 31, 2021 and 2022, our sales revenue amounted to THB4,422.3 million and THB4,965.4 million, respectively, which increased THB543.1 million, or 12.3%. The increase was primarily attributable to an increase in decorative paint and coating products sales revenue due to an increased average selling price, as well as an increase in non-decorative paint and coating products sales revenue due to an increased sales volume. By distribution channel, the increase in sales revenue derived particularly from retail dealers due mainly to the increase in both average selling price and sales volume and modern trade channel due mainly to an increased sales volume. By customer location, sales revenue increased from both products sold to customers in Thailand and overseas countries, which were primarily attributable to the increased sales volume.

Cost of Sales

Our cost of sales increased THB701.3 million, or 25.0%, from THB2,809.6 million for the three months ended March 31, 2021 to THB3,510.9 million for the three months ended March 31, 2022. The increase was primarily attributable to an increased raw material price.

Gross Profit

For the three months ended March 31, 2021 and 2022, gross profit amounted to THB1,612.7 million and THB1,454.5 million, respectively, or as a percentage of sales revenue, 36.5% and 29.3%, respectively. The decrease in gross profit margin was primarily attributable to the average cost per unit of main raw materials used in our production process increased.

Selling Expenses

Total selling expenses increased THB58.0 million, or 11.1%, from THB521.8 million for the three months ended March 31, 2021 to THB579.8 million for the three months ended March 31, 2022. The increase was primarily attributable to the increased sales promotion expenses, advertising expenses, and freight expenses.

Administrative Expenses

Total administrative expenses increased THB12.9 million, or 4.2%, from THB307.9 million for the three months ended March 31, 2021 to THB320.8 million for the three months ended March 31, 2022. The increase was primarily attributable to an increase in depreciation and amortization.

Profit for the period

Our profit for the period decreased THB260.2 million, or 38.8%, from THB670.3 million for the three months ended March 31, 2021 to THB410.1 million for the three months ended March 31, 2022. The decrease was primarily attributable to the increased average cost per unit of main raw materials used in our production process, as well as the increased selling and administrative expenses. Our net profit margin decreased from 15.0% for the three months ended March 31, 2021 to 8.2% for the three months ended March 31, 2022.

Income statement (THB million)	For the three months ended March 31,	
	2021	2022
Sales revenue	4,422.3	4,965.4
Total revenues	4,456.3	4,997.2
Cost of sales	2,809.6	3,510.9
Selling and administrative expenses	829.7	900.6
Losses (gains) on exchange rates and fair value of financial assets measured at fair value through profit or loss	(54.8)	37.1
Profit before finance cost and income tax	871.8	548.6
Profit for the period	670.3	410.1

**Financial Position****Total Assets**

As at December 31, 2021 and as at March 31, 2022, we had total assets of THB18,496.6 million and THB19,211.4 million, respectively. As at March 31, 2022, our assets were mainly consisting of cash and cash equivalents, financial assets measured at fair value through profit or loss, trade and other receivables, inventories, property, plant and equipment, and right-of-use assets. The increase in our total assets as at March 31, 2022 was primarily attributable to the increase in trade and other receivables, inventories and financial assets measured at fair value through profit or loss.

Total Liabilities

As at December 31, 2021 and as at March 31, 2022, we had total liabilities of THB6,045.5 million and THB6,023.1 million, respectively. As at March 31, 2022, our liabilities were mainly consisting of trade and other payables and lease liabilities. The decrease in our total liabilities as at March 31, 2022 was primarily attributable to a decrease in short-term loan from financial institutions partly offset by an increase in accrued corporate income tax.

Total Shareholders' Equity

As at December 31, 2021 and as at March 31, 2022, we had total shareholders' equity of THB12,451.1 million and THB13,188.3 million, respectively. The increase in total shareholders' equity as at March 31, 2022 was primarily attributable to an increase in unappropriated retained earnings from our operations.

Statement of financial position (THB million)	As at December 31, 2021	As at March 31, 2022
Total assets	18,496.6	19,211.4
Total liabilities	6,045.5	6,023.1
Total shareholders' equity	12,451.1	13,188.3
Total liabilities and shareholders' equity	18,496.6	19,211.4

Please be informed accordingly,

Yours Sincerely,

(Ms. Taweeporn Pananakitraung)

Chief Financial Officer