

Date May 13, 2022

Subject: Management Discussion and Analysis for the three-month period ended March 31, 2022

To: Director and Manager  
Stock Exchange of Thailand

Delta Paint Public Company Limited (“the Company”) would like to clarify the operating results for the three-month period ended March 31, 2022 with the following details:

**Income Statement**

|  | Three-month                  | Three-month                  | Change        |               |
|--|------------------------------|------------------------------|---------------|---------------|
|  | period ended<br>Mar 31, 2021 | period ended<br>Mar 31, 2022 | Amount        | Amount        |
| Revenue from sales and services                      | 190.3                        | 218.1                        | 27.8          | 14.6          |
| Cost of sales and services                           | 106.5                        | 137.7                        | 31.2          | 29.3          |
| <b>Gross profit</b>                                  | <b>83.8</b>                  | <b>80.4</b>                  | <b>(3.4)</b>  | <b>(4.1)</b>  |
| <i>Gross profit margin (%)</i>                       | <i>44.0</i>                  | <i>36.8</i>                  | <i>(7.2)</i>  | <i>(16.4)</i> |
| Other revenues                                       | 2.7                          | 2.1                          | (0.6)         | (22.3)        |
| Distribution Costs                                   | 48.1                         | 54.0                         | 5.9           | 12.3          |
| Administrative expenses                              | 9.7                          | 12.9                         | 3.2           | 33.0          |
| Financial cost                                       | 1.9                          | 1.0                          | (0.9)         | (47.4)        |
| Income tax expense                                   | 5.7                          | 3.7                          | (2.0)         | (35.1)        |
| <b>Net profit</b>                                    | <b>21.2</b>                  | <b>11.0</b>                  | <b>(10.2)</b> | <b>(48.1)</b> |
| <i>Net profit margin (%)</i>                         | <i>11.0</i>                  | <i>5.1</i>                   | <i>(5.9)</i>  | <i>(53.6)</i> |
| Remeasurement of post-employment benefit obligations | -                            | -                            | -             | -             |
| <b>Total comprehensive income</b>                    | <b>21.2</b>                  | <b>11.0</b>                  | <b>(10.2)</b> | <b>(48.1)</b> |

**Revenue Structure Categorized by Product Grade**

|   | Three-month<br>period<br>ended Mar<br>31, 2021 | %            | Three-month<br>period<br>ended Mar<br>31, 2022 | %            |
|---|--|--------------|--|--------------|
| Premium   | 84.4   | 39.3         | 107.9  | 43.3         |
| Growth (%)  | -  |              | 27.8   |              |
| Standard  | 59.9   | 27.9         | 70.0   | 28.1         |
| Growth (%)  | -  |              | 16.8   |              |
| Economy   | 70.0   | 32.6         | 71.1   | 28.6         |
| Growth (%)  | -  |              | 1.7  |              |
| <b>Revenue from sales and services before direct promotion expenses and sale return deduction</b> | <b>214.3</b>                                   | <b>100.0</b> | <b>249.0</b>                                   | <b>100.0</b> |
| % Growth  | -  |              | 16.2   |              |
| <u>Less</u> Direct promotion expenses and sale return   | (24.0)   | 11.2         | (30.9)   | 12.4         |
| <b>Revenue from sales and services</b>  | <b>190.3</b>                                   |              | <b>218.1</b>                                   |              |
| % Growth  | -  |              | 14.6   |              |

**Revenue from sales and services**

For the first three-months of the year 2022, the Company had revenue from sales and services before direct promotion expenses and sale return deduction of Baht 249.0 million, increased over the same period of the last year in the amount of Baht 34.7 million or by 16.2 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 43.3 percent, 28.1 percent, and 28.6 percent respectively. As a result, the Company had revenue from sales and services of Baht 218.1 million.

**Other Revenues**

For the first three-months of 2022, the Company had an decrease in other revenue over the same period of last year in the amount of Baht 0.6 million

**Cost of Sales and Services and Gross Profit**

For the first three-months period of 2022, the Company had gross profit margin of 36.8 decreased quarter on quarter, as well as average cost per unit of some raw materials used in our production process increased.

### Distribution Cost

For the first three months of 2022, the Company had an increase in distribution cost of Baht 5.9 million or 12.3 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 three-months period of the year 2022, the Company had an increase in administrative over the same period of last year in the amount of Baht 3.2 million or by 33.0 percent ,This was mainly due to an increase in the revised list of estimated expense.

### Net Profit

For the first three-months of the year 2022, profit for the period decreased Baht 10.2 million, or 48.1% , this decreased was primarily attributable to an decreases gross profit and increased selling and administrative expenses.

### Balance Sheet

|                             | As of                | As of             | Change       |              |
|-----------------------------|----------------------|-------------------|--------------|--------------|
|                             | December 31,<br>2021 | March 31,<br>2022 | Amount       | Amount       |
| Total Assets                | 991.6                | 963.3             | (28.3)       | 2.9          |
| Total Liabilities           | 392.5                | 353.2             | (39.2)       | 10.0         |
| Total Shareholder's Equity  | 599.1                | 610.0             | 10.9         | (1.8)        |
| Debt to Equity Ratio (Time) | <b>0.6</b>           | <b>0.6</b>        | <b>(0.0)</b> | <b>(0.0)</b> |

### Assets

As of March 31, 2022, the Company and its subsidiaries had total assets of Baht 963.3 million, an decrease from total assets as of 31 December 2021 by Baht 28.3 million due to:

- Decreased in cash and cash equivalents of Baht 81.6 million.
- Increased in trade and other current receivables of Baht 36.4 million due to sales increasing.
- Increased in inventory of Baht 4.2 million to support a higher sale.
- Increased in land, building and equipment of Baht 10.0 million due to investing in equipment to increase distribution channels.

### Liabilities

As of March 31, 2022, the Company and its subsidiaries had total liabilities of Baht 353.2 million, an decrease of Baht 39.2 million from 31 December 2021, an decrease of 10.0% due to:

- Decreased in bank overdrafts and short-term loans from financial institutions in the amount of Baht 34.5 million
- Decreased in trade and other payables of Baht 2.82 million due to decreasing in accrued expenses

### Equity

As of March 31, 2022, the Company and its subsidiaries had shareholders' equity of Baht 610.0 million, an increase of Baht 10.9 million from 31 December 2021, an increase of 1.8%, was primarily attributable to an increase in unappropriated retained earnings for our operations.

### Debt to Equity Ratio

As of March 31, 2022, compared to the year ended December 31,2021 , the Company and its subsidiaries' debt to equity ratio remained unchanged at 0.6

Yours sincerely

---

(Mr.Athapon Tangkaravakoon)

Chief Financial Officer

Delta Paint Public Company Limited