



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 November 14, 2022

Subject: Management Discussion and Analysis for the three months and nine-months period ended September 30, 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 months and nine-months period ended September 30, 2022 with the following details:

Income Statement

(Million Baht)

	three-months	three-months	Change	
	period ended	period ended	Amount	Amount
	September 30,	September 30,		
	2021	2022		
Revenue from sales and services	164.4	218.8	54.4	33.1
Cost of sales and services	99.6	130.3	30.7	30.8
Gross profit	64.8	88.5	23.7	36.6
<i>Gross profit margin (%)</i>	<i>39.4</i>	<i>40.4</i>	<i>1.0</i>	<i>2.5</i>
Other revenues	2.3	3.0	0.7	30.4
Distribution Costs	46.2	55.5	9.3	20.1
Administrative expenses	6.1	15.4	9.3	152.5
Financial cost	2.2	1.0	(1.2)	(54.5)
Income tax expense	3.1	4.8	1.7	54.8
Net profit	9.5	14.8	5.3	55.8
<i>(Loss) attributable to Non-controlling interests of subsidiary</i>	<i>(0.2)</i>	<i>(0.2)</i>	<i>(0.0)</i>	<i>0.0</i>
Profit attributable to owners of the parent company	9.7	15.0	5.3	54.6
<i>Net profit margin (%)</i>	<i>5.9</i>	<i>6.9</i>	<i>1.0</i>	<i>16.9</i>
Earnings per share (Baht)	0.05	0.07	0.02	40.0

Revenue Structure Categorized by Product Grade

(Million Baht)

	three-months period ended September 30, 2021	%	three-months period ended September 30, 2022	%
Premium	65.0	39.5	68.3	31.2
Growth (%)	-		5.1	
Standard	48.3	29.4	85.6	39.1
Growth (%)	-		77.1	
Economy	51.1	31.1	65.0	29.7
Growth (%)	-		27.1	
Revenue from sales and services	164.4	100.0	218.9	100.0
% Growth	-		33.1	

Revenue from sales and services

For the three-months ended September 30, 2021 and 2022, The company had revenue from sales and services amount of THB164.4 million and THB218.8 million, respectively, which increased THB54.4 million, or 33.1%. The increase derived mainly from an increase in both sales volume and average selling price. By distribution channel, the increased sales revenue derived from all channels. The revenue can be categorized in premium, standard, and economy in the proportion of 31.2 percent, 39.1 percent, and 29.7 percent respectively.

Cost of Sales and Services

For the three-months ended September 30, 2021 and 2022, The company had Cost of Sales and Services amount to THB99.6 million and THB130.3 million, respectively, which increased THB30.7 million, or 30.8%. The increase was primarily attributable to an increased sales volume.

Gross Profit

For the three-months ended September 30, 2021 and 2022, The company had gross profit amount to THB64.8 million and THB88.5 million, respectively, or as a percentage of sales revenue, 39.4% and 40.4%, respectively. The increase in gross profit margin was primarily attributable to an increased sales volume, and average selling price.

Selling Expenses

For the three-months ended September 30, 2021 and 2022, The company had distribution cost amount to THB46.2 million and THB55.5 million respectively, which increased THB9.3 million, or 20.1%. The increase was primarily due to higher commission and incentive expense from increased number of salespersons.



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Administrative Expense

For the three-months ended September 30, 2021 and 2022, The company had administrative expense amount to THB6.1 million and THB15.4 million respectively, which increased THB9.3 million, or 152.5%. The increased was primarily from allowance for doubtful accounts based on the increase in sales, higher management's remuneration from the absence of last year management salary and bonus.

Net Profit

For the three-months ended September 30, 2021 and 2022, The company had profit amount to THB9.7 million and THB15.0 million respectively, which increased THB5.3 million, or 54.6%. The increase was primarily from higher sales and gross profit margin.

Income Statement

(Million Baht)

	nine-months period ended September 30, 2021	nine-months period ended September 30, 2022	Change	
			Amount	Amount
Revenue from sales and services	552.2	649.4	97.2	17.6
Cost of sales and services	319.5	397.0	77.5	24.3
Gross profit	232.7	252.4	19.7	8.5
<i>Gross profit margin (%)</i>	<i>42.1</i>	<i>38.9</i>	<i>(3.2)</i>	<i>(7.6)</i>
Other revenues	8.0	6.6	(1.4)	(17.5)
Distribution Costs	149.7	165.2	15.5	10.4
Administrative expenses	29.7	40.0	10.3	34.7
Financial cost	6.3	2.9	(3.4)	(54.0)
Income tax expense	12.6	12.6	(0.0)	(0.0)
Net profit	42.4	38.3	(4.1)	(9.7)
<i>(Loss) attributable to Non-controlling interests of subsidiary</i>	<i>(0.3)</i>	<i>(0.4)</i>	<i>0.1</i>	<i>33.3</i>
Profit attributable to owners of the parent company	42.7	38.7	(4.0)	(9.4)
<i>Net profit margin (%)</i>	<i>7.7</i>	<i>6.0</i>	<i>(1.7)</i>	<i>(22.1)</i>
Earnings per share (Baht)	0.24	0.17	(0.07)	(29.2)

Revenue Structure Categorized by Product Grade

	nine-months period ended September 30, 2021	%	nine-months period ended September 30, 2022	%
Premium	221.8	40.2	242.0	37.3
Growth (%)	-		9.1	
Standard	154.1	27.9	218.7	33.7
Growth (%)	-		42.0	
Economy	176.3	31.9	188.7	29.1
Growth (%)	-		7.0	
Revenue from sales and services	552.2	100.0	649.4	100.0
% Growth	-		17.6	

Revenue from sales and services

For the nine-months ended September 30, 2021 and 2022, The company had revenue from sales and services amount of THB552.2 million and THB649.4 million respectively, which increased THB97.2 million, or 17.6%. The increase derived mainly from an increase in both sales volume and average selling price. By distribution channel, the increased sales revenue derived from all channels. The revenue can be categorized in premium, standard, and economy in the proportion of 37.3 percent, 33.7 percent, and 29.1 percent respectively.

Other Revenues

For the nine-months ended September 30, 2021 and 2022, The company had revenue from other Revenues amount of THB8.0 million and THB6.6 million respectively, which decreased THB1.4 million, or 17.5%.

Cost of Sales and Services

For the nine-months ended September 30, 2021 and 2022, The company had Cost of Sales and Services amount to THB319.5 million and THB397.0 million respectively, which increased THB77.5 million, or 24.3%. The 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.

Gross Profit

For the nine-months ended September 30, 2021 and 2022, The company had gross profit amount to THB232.7 million and THB252.4 million respectively, or as a percentage of sales revenue, 42.1% and 38.9%, respectively. The decrease in gross profit margin was primarily attributable to some raw materials used in our production process increased.

Selling Expenses

For the nine-months ended September 30, 2021 and 2022, The company had distribution cost amount to THB149.7 million and THB165.2 million respectively, which increased THB15.5 million, or 10.4%. The increase was primarily due to higher commission and incentive expense from increased of salespersons.

Administrative Expense

For the nine-months ended September 30, 2021 and 2022, The company had administrative expense amount to THB29.7 million and THB40.0 million respectively, which increased THB10.3 million, or 34.7%. The increased was primarily from allowance for doubtful accounts based on the increase in sales, higher management's remuneration from the absence of last year management salary and bonus.

Net Profit

For the nine-months ended September 30, 2021 and 2022, The company had profit amount to THB42.7 million and THB38.7 million respectively, which decreased THB4.0 million, or 9.4%. The decrease was primarily attributable to an increased Selling expenses, administrative expense and lower gross profit.

Balance Sheet

(Million Baht)

	As of	As of	Change	
	December 31, 2021	September 30, 2022	Amount	Amount
Total Assets	991.6	994.1	2.5	0.3
Total Liabilities	392.5	356.7	(35.8)	(9.1)
Total Shareholder's Equity	599.1	637.4	38.3	6.4
Debt to Equity Ratio (Time)	0.6	0.6	(0.0)	(0.0)

Assets

As of September 30, 2022, the Company and its subsidiaries had total assets of Baht 994.1 million, an increase from total assets as of 31 December 2021 by Baht 2.5 million due to:

- Decreased in cash and cash equivalents of Baht 150.4 million.
- Increased in trade and other current receivables of Baht 59.0 million due to sales increasing.
- Increased in inventory of Baht 29.4 million to support a higher sale.
- Increased in land, building and equipments of Baht 30.0 million due to investment in equipment for new distribution channels.



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Liabilities

As of September 30, 2022, the Company and its subsidiaries had total liabilities of Baht 356.6 million, an decrease of Baht 35.8 million from 31 December 2021, an decrease of 9.1 percent due to:

- Decreased in bank overdrafts and short-term loans from financial institutions in the amount of Baht 35.2 million

Equity

As of September 30, 2022, the Company and its subsidiaries had shareholders' equity of Baht 637.4 million, an increase of Baht 38.3 million from 31 December 2021, an increase of 6.4 percent, was primarily attributable to an increase in unappropriated retained earnings for our operations.

Debt to Equity Ratio

As of September 30, 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