



TOA Paint (Thailand) Public Company Limited

Management Discussion & Analysis

For the 1st quarter ended March 31st, 2023





- Translation -

No. TOA 10/2023

May 12, 2023

Subject: Management Discussion and Analysis for the three months ended March 31, 2023

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, 2023 as follows:

Management Discussion and Analysis

Results of Operations

Sales Revenue

For the three months ended March 31, 2022 and 2023, our sales revenue amounted to THB4,965.4 million and THB5,653.5 million, respectively, which increased THB688.1 million, or 13.9%. The increase was primarily attributable to an increase in decorative paint and coating products sales revenue due to an increased average selling price and an increased sales volume, as well as an increase in non-decorative paint and coating products sales revenue due mainly to an increased average selling price. By distribution channel, the increase in sales revenue derived particularly from retail dealers due mainly to an increased sales volume and modern trade channel due mainly to an increased average selling price. By customer location, sales revenue increased from products sold to customers in Thailand, which was primarily attributable to an increased sales volume.

Cost of Sales

Our cost of sales increased THB282.4 million, or 8.0%, from THB3,512.3 million for the three months ended March 31, 2022 to THB3,794.7 million for the three months ended March 31, 2023. The increase was primarily attributable to an increased average cost per unit of main raw materials used in our production process, as well as an increased sales volume.

Gross Profit

For the three months ended March 31, 2022 and 2023, gross profit amounted to THB1,453.2 million and THB1,858.8 million, respectively, or as a percentage of sales revenue, 29.3% and 32.9%, respectively. The increase in gross profit margin was primarily attributable to an increased average selling price off-set partially by an increased average cost per unit of main raw materials.

Selling Expenses

Total selling expenses increased THB80.1 million, or 13.8%, from THB579.8 million for the three months ended March 31, 2022 to THB659.9 million for the three months ended March 31, 2023. The increase was primarily attributable to the increased sales employee costs, commissions and incentives and freight expenses.

Administrative Expenses

Total administrative expenses increased THB59.1 million, or 18.4%, from THB320.9 million for the three months ended March 31, 2022 to THB380.0 million for the three months ended March 31, 2023. The increase was primarily attributable to a claim compensation of Company's case.

Profit for the period

Our profit for the period increased THB223.0 million, or 54.4%, from THB409.5 million for the three months ended March 31, 2022 to THB632.5 million for the three months ended March 31, 2023. The increase was primarily attributable to an increased gross profit. Our net profit margin increased from 8.2% for the three months ended March 31, 2022 to 11.1% for the three months ended March 31, 2023.

Income statement (THB million)	For the three months ended March 31,	
	2022 (Restated)	2023
Sales revenue	4,965.4	5,653.5
Total revenues	4,997.1	5,704.5
Cost of sales	3,512.3	3,794.7
Selling and administrative expenses	900.7	1,039.9
Losses on exchange rates and fair value of financial assets measured at fair value through profit or loss	37.1	18.6
Profit before finance cost and income tax	547.0	851.3
Profit for the period	409.5	632.5

Notes: Income statement for the three months ended March 31, 2022 (restated) due to allocation of depreciation and amortization for fair value of net assets from the business acquisition of Gypmantech Co., Ltd.

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

As at December 31, 2022 and as at March 31, 2023, we had total assets of THB19,338.4 million and THB20,414.2 million, respectively. As at March 31, 2023, 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, 2023 was primarily attributable to an increase in financial assets measured at fair value through profit or loss.

Total Liabilities

As at December 31, 2022 and as at March 31, 2023, we had total liabilities of THB5,854.4 million and THB6,277.3 million, respectively. As at March 31, 2023, our liabilities were mainly consisting of trade and other payables lease liabilities and provision for long-term employee benefits. The increase in our total liabilities as at March 31, 2023 was primarily attributable to an increased trade and other payable and an increased corporate income tax payable.

Total Shareholders' Equity

As at December 31, 2022 and as at March 31, 2023, we had total shareholders' equity THB13,484.0 million and THB14,136.9 million, respectively. The increase in total shareholders' equity as at March 31, 2023 was primarily attributable to an increase in unappropriated retained earnings from our operations.

Statement of financial position (THB million)	As at December 31, 2022	As at March 31, 2023
Total assets	19,338.4	20,414.2
Total liabilities	5,854.4	6,277.3
Total shareholders' equity	13,484.0	14,136.9
Total liabilities and shareholders' equity	19,338.4	20,414.2

Please be informed accordingly,

Yours Sincerely,

(Acting Sub Lt. Surasak Mandaeng)

Chief Financial Officer