

Date May 15, 2023

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

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 period ended March 31, 2023 with the following details:

Results of Operations for the 1th Quarter of the Year 2023

Income Statement

(Million Baht)

	three-months	three-months	Change	
	period ended	period ended	Amount	Amount
	March 31, 2022	March 31, 2023		
Revenue from sales and services	218.1	260.3	42.3	26.9
Cost of sales and services	137.7	158.5	20.3	30.2
Gross profit	80.4	101.8	21.4	21.8
<i>Gross profit margin (%)</i>	36.9	39.1	2.2	(4.1)
Other revenues	2.1	2.8	0.7	(33.4)
Distribution Costs	54.0	66.2	12.2	4.9
Administrative expenses	12.9	16.6	3.7	67.4
Financial cost	1.0	1.4	0.4	(35.8)
Share of profit (loss) of associated companies using the equity method	-	0.8	0.8	100.0
Income tax expense	3.7	5.3	1.7	55.6
Net profit	11.0	16.0	5.0	57.2
<i>(Loss) attributable to Non-controlling interests of subsidiary</i>	0.1	(0.2)	(0.3)	(300.0)
Profit attributable to owners of the parent company	10.9	16.2	5.3	48.4
<i>Net profit margin (%)</i>	5.0	6.2	1.2	24.0
Earnings per share (Baht)	0.05	0.07	0.02	40.0

Revenue Structure Categorized by Product Grade

(Million Baht)

	three-months period ended March 31, 2022		three-months period ended March 31, 2023	
		%		%
Premium	94.0	43.1	105.8	40.6
Growth (%)	-		12.6	
Standard	61.1	28.0	83.1	31.9
Growth (%)	-		36.0	
Economy	62.9	28.9	71.4	27.4
Growth (%)	-		13.4	
Revenue from sales and services	218.1	100.0	260.3	100.0
% Growth	-		19.4	

Revenue from sales and services

For the three-months ended March 31, 2022 and 2023, The company had revenue from sales and services amount of THB 218.1 million and THB260.3 million, respectively, which increased THB42.3 million, or 19.4%. 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 40.6 percent, 31.9 percent, and 27.4 percent respectively.

Cost of Sales and Services

For the three-months ended March 31, 2022 and 2023, The company had Cost of Sales and Services amount to THB137.7 million and THB158.5 million, respectively, which increased THB20.3 million, or 15.2%. The increase was primarily attributable to an increased sales volume.

Gross Profit

For the three-months ended March 31, 2022 and 2023, The company had gross profit amount to THB80.4 million and THB101.8 million, respectively, or as a percentage of sales revenue, 36.9% and 39.1%, respectively. The increase in gross profit margin was primarily mainly due to Selling high-quality group products which has a high gross profit margin compared to other product groups and price increases of goods.

Other Revenues

For the three-months ended March 31, 2022 and 2023, The company had other Revenues amount of THB2.1 million and THB2.8 million respectively, which increased THB 0.7 million, or 34.3%.

Selling Expenses

For the three-months ended March 31, 2022 and 2023, The company had distribution cost amount to THB54.0 million and THB66.2 million respectively, which increased THB12.2 million, or 22.6%. The increase was primarily due to higher commission and incentive expense from increased number of salespersons.

Administrative Expense

For the three-months ended March 31, 2022 and 2023, The company had administrative expense amount to THB12.9 million and THB16.6 million respectively, which increased THB3.7 million, or 29.0%. The increase was primarily from allowance for doubtful accounts based on the increase in sales and executive compensation increased from the same period last year due to recruiting new executives.

Net Profit

For the three-months ended March 31, 2022 and 2023, The company had profit amount to THB10.9 million and THB16.2 million respectively, which increased THB5.3 million, or 40.0%. The increase was primarily from higher sales.

Balance Sheet

(Million Baht)

	As of	As of	Change	
	December 31, 2022	March 31, 2023	Amount	Amount
Total Assets	1,085.8	1,212.5	126.7	11.7
Total Liabilities	432.0	542.7	110.7	25.6
Total Shareholder's Equity	653.8	669.8	16.0	2.4
Debt to Equity Ratio (Time)	0.6	0.8	0.2	33.3

Assets

As of March 31, 2023, the Company and its subsidiaries had total assets of Baht 1,212.5 million, an increase from total assets as of 31 December 2022 by Baht 126.7 million due to:

- Decreased in cash and cash equivalents of Baht 27.5 million.
- Increased in trade and other current receivables of Baht 52.2 million due to sales increasing.
- Increased in inventory of Baht 18.2 million to support a higher sale.
- Increased in land, building and equipment's of Baht 9.7 million due to investment in equipment for new distribution channels.

- Increased in Investment in Associated Companies of Baht 75.2 million.

Liabilities

As of March 31, 2023, the Company and its subsidiaries had total liabilities of Baht 542.7 million, an increase of Baht 110.7 million from 31 December 2022, an increase of 25.6 percent due to:

- Increased in bank overdrafts and short-term loans from financial institutions in the amount of Baht 125.5 million
- Decreased in Trade and other current payables in the amount of Baht 21.3 million

Equity

As of March 31, 2023, the Company and its subsidiaries had shareholders' equity of Baht 669.8 million, an increase of Baht 16.0 million from 31 December 2022, an increase of 2.4 percent, was primarily attributable to an increase in unappropriated retained earnings for our operations.

Debt to Equity Ratio

As of March 31, 2023, compared to the year ended December 31, 2022, the Company and its subsidiaries' debt to equity ratio at 0.6 and 0.8 respectively.

Yours sincerely

(Mr.Athapon Tangkaravakoon)
Chief Financial Officer
Delta Paint Public Company Limited