



TOA Paint (Thailand) Public Company Limited

Management Discussion & Analysis

For the 3rd quarter ended September 30th, 2023



- Translation -

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Subject: Management Discussion and Analysis for the three months and nine months ended September 30, 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 and nine months ended September 30, 2023 as follows:

Management Discussion and Analysis

Results of Operations for the 3rd Quarter of Year 2023

Sales Revenue

For the three months ended September 30, 2022 and 2023, our sales revenue amounted to THB 5,037.9 million and THB 5,379.2 million, respectively, which increased THB 341.3 million, or 6.8%. The increase was primarily attributable to an increase in decorative paint and coating products sales revenue respectively. The increase in sales volume from the acceleration of demand for paints and construction material was due to the recovery of tourism and the need for residential renovation in urban area, which trended to increase. An increased sales mostly came from domestic sales by retail channel.

Gross Profit

For the three months ended September 30, 2022 and 2023, gross profit amounted to THB 1,401.0 million and THB 1,819.1 million, respectively, or as gross profit margin of 27.8% and 33.8%, respectively. The increase in gross profit margin was primarily attributable to price adjustment last year, along with better management of raw materials and production cost, and a decrease in packaging cost.

Selling Expenses

Total selling expenses increased THB 50.9 million, or 7.8%, from THB 649.9 million for the three months ended September 30, 2022 to THB 700.8 million for the three months ended September 30, 2023. The increase was primarily attributable to an increase in employee costs of sales and marketing team, and advertising expenses.

Selling expenses to sales revenue margin slightly increased from 12.9% in 3rd Quarter of 2022 to 13.0% in 3rd Quarter in 2023

Administrative Expenses

Total administrative expenses increased THB 20.7 million, or 5.8%, from THB 360.4 million for the three months ended September 30, 2022 to THB 381.2 million for the three months ended September 30, 2023. The increase was primarily attributable to an increase in depreciation.

However, total administrative expenses to sales margin slightly decreased from 7.2% in 3rd Quarter of 2022 to 7.1% in 3rd Quarter of 2023.

Profit for the period

Our profit attributable to equity holders of the company for the period increased THB 300.4 million, or 85.6%, from THB 350.8 million for the three months ended September 30, 2022 to THB 651.2 million for the three months ended September 30, 2023. The increase was primarily attributable to an increase in gross profit. Moreover, in 3rd Quarter of 2022 and 2023, the changes in fair value of financial assets and the differences in exchange rate resulted in gains of THB 1.1 million and THB 57.4 million, respectively.

Our net profit margin increased from 6.9% for the three months ended September 30, 2022 to 11.9% for the three months ended September 30, 2023.

Income statement (THB million)	For the three months ended September 30,	
	2022 (Restated)	2023
Sales revenue	5,037.9	5,379.2
Total revenues	5,104.9	5,454.4
Cost of sales	3,636.9	3,560.1
Selling and administrative expenses	1,010.3	1,082.0
Gains (Losses) on exchange rates and fair value of financial assets measured at fair value through profit or loss	1.1	57.4
Profit before finance cost and income tax	458.8	869.8
Profit for the period	350.8	651.2

Notes: Income statement for the three months ended September 30, 2022 (Restated) due to allocation of depreciation and amortization for fair value of net assets from the business acquisition of Gymantech Co., Ltd. and Fast-Mix Co., Ltd.

Results of Operations for Nine Month Period of Year 2023

Sales Revenue

For the nine months ended September 30, 2022 and 2023, our sales revenue amounted to THB 15,204.2 million and THB 16,490.6 million, respectively, which increased THB 1,286.4 million, or 8.5%. The increase was primarily from an increase in decorative paint and coating products sales revenue respectively. An increase in sales volume was from the acceleration of demand for paints and construction material along with an increase in average price per unit from price adjustment last year, and an increase in proportion of premium-grade product sales. Sales revenue increased mainly from products sold to customers in Thailand by all main channels.

Gross Profit

For the nine months ended September 30, 2022 and 2023, gross profit amounted to THB 4,407.4 million and THB 5,562.4 million, respectively, or as gross profit margin of 29.0% and 33.7%, respectively. The increase in gross profit margin was primarily attributable to the same reason explained in 3rd Quarter (3 months) and an increase in premium grade product sales which had higher gross margin.

Selling Expenses

Total selling expenses increased THB 173.1 million, or 9.2%, from THB 1,878.6 million for the nine months ended September 30, 2022 to THB 2,051.7 million for the nine months ended September 30, 2023. The increase was primarily attributable to an increase in employee cost of sales and marketing team and freight cost.

However, the selling expense to sales revenue margin remained unchanged at 12.4% for both the nine months of 2022 and the nine month of 2023.

Administrative Expenses

Total administrative expenses increased THB 63.8 million, or 6.2%, from THB 1,031.6 million for the nine months ended September 30, 2022 to THB 1,095.4 million for the nine months ended September 30, 2023. The increase was primarily attributed to an increase in depreciation.

However, administrative expenses to sales revenue margin slightly decreased from 6.8% for the nine month of 2022 to 6.6% for the nine month of 2023.

Profit for the period

Our profit attributable to equity holders of the company for the period increased THB 899.0 million, or 79.9%, from THB 1,125.5 million for the nine months ended September 30, 2022 to THB 2,024.5 million for the nine months ended September 30, 2023. The increase was primarily attributable to an increase in gross profit. Moreover, in the first nine months of 2022, the changes in fair value of financial assets and the differences in exchange rates resulted in a loss of THB 141.2 million, while in the first nine months of 2023, they resulted in a gain of THB 86.2 million.

Our net profit margin increased from 7.3% for the nine months ended September 30, 2022 to 12.1% for the nine months ended September 30, 2023.

Income statement (THB million)	For the nine months ended September 30,	
	2022 (Restated)	2023
Sales revenue	15,204.2	16,490.6
Total revenues	15,336.5	16,666.5
Cost of sales	10,796.8	10,928.3
Selling and administrative expenses	2,910.2	3,147.1
(Gains) Losses on exchange rates and fair value of financial assets	(141.2)	86.2
Profit before finance cost and income tax	1,488.4	2,677.2
Profit for the period	1,125.5	2,024.5

Notes: Income statement for the nine months ended September 30, 2022 (Restated) due to allocation of depreciation and amortization for fair value of net assets from the business acquisition of Gympantech Co., Ltd. and Fast-Mix Co., Ltd.

Financial Position

Total Assets

As of December 31, 2022 and as of September 30, 2023, the company had total assets of THB 19,352.4 million and THB 20,800.4 million, respectively. As of September 30, 2023, our total assets increased THB 1,448.0 million, which mainly consisted of cash and cash equivalents, property, plant and equipment, advance payments for property, plant and equipment, and other non-current financial assets, while inventories decreased.

Total Liabilities

As of December 31, 2022 and as of September 30, 2023, the company had total liabilities of THB 5,862.7 million and THB 6,387.6 million, respectively. As of September 30, 2023, our total liabilities increased THB 524.9 million, which mainly consisted of trade and other payables, and long-term loans from financial institutions.

Total Shareholders' Equity

As of December 31, 2022 and as of September 30, 2023, the company had total shareholders' equity of THB 13,489.7 million and THB 14,412.8 million, respectively. The increase in total shareholders' equity as of September 30, 2023 was primarily attributable to an increase in unappropriated retained earnings from the operations.



Statement of financial position (THB million)	As of December 31, 2022 (Restated)	As of September 30, 2023
Total assets	19,352.4	20,800.4
Total liabilities	5,862.7	6,387.6
Total shareholders' equity	13,489.7	14,412.8
Total liabilities and shareholders' equity	19,352.4	20,800.4

Please be informed accordingly,

Yours Sincerely,

(Acting Sub Lt. Surasak Mandaeng)
Chief Financial Officer