

Date February 29, 2024

Subject: Management Discussion and Analysis for the three months and nine months period ended December 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 and year ended December 31, 2023 with the following details:

**Results of Operations for the 4<sup>th</sup> Quarter of the Year 2023**

**Income Statement**

(Million Baht)

	three-months	three-months	Change	
	period ended	period ended	Amount	Percentage
	December 3,	December 31,		
	2022	2023		
Revenue from sales and services	250.3	271.0	20.7	8.2
Cost of sales and services	157.0	186.3	29.3	18.6
<b>Gross profit</b>	<b>93.3</b>	<b>84.7</b>	<b>(8.6)</b>	<b>(9.3)</b>
<i>Gross profit margin (%)</i>	<i>37.3</i>	<i>31.1</i>	<i>(6.0)</i>	<i>(16.0)</i>
Other revenues	2.9	0.9	(2.0)	(68.9)
Distribution Costs	57.4	68.3	10.9	19.0
Administrative expenses	15.9	18.1	2.2	13.9
Financial cost	0.9	2.8	1.9	211.2
Share of profit (loss) of associated companies using the equity method	-	-	-	-
Income tax expense	5.6	0.8	(4.8)	(85.7)
<b>Net profit</b>	<b>16.5</b>	<b>(4.4)</b>	<b>(20.9)</b>	<b>(126.7)</b>
<i>(Loss) attributable to Non-controlling interests of subsidiary</i>	<i>(0.4)</i>	<i>(0.0)</i>	<i>0.4</i>	<i>100.0</i>
<b>Profit attributable to owners of the parent company</b>	<b>16.9</b>	<b>(4.4)</b>	<b>(21.3)</b>	<b>(126.0)</b>
<i>Net profit margin (%)</i>	<i>6.8</i>	<i>(1.6)</i>	<i>(8.4)</i>	<i>(123.5)</i>
<b>Earnings per share (Baht)</b>	<b>0.07</b>	<b>(0.02)</b>	<b>(0.09)</b>	<b>(128.6)</b>

### Revenue Structure Categorized by Product Grade

(Million Baht)

	three-months period ended December 31, 2022	Sale Proportions	three-months period ended December 31, 2023	Sale Proportion
Premium	93.9	37.5	68.4	25.2
Growth (%)	-		(27.2)	
Standard	78.5	31.4	142.1	52.4
Growth (%)	-		81.0	
Economy	77.9	31.1	60.6	22.4
Growth (%)	-		22.2	
<b>Revenue from sales and services</b>	<b>250.3</b>	100.0	<b>271.1</b>	100.0
% Growth	-		8.4	

#### Revenue from sales and services

For the three-months ended December 31, 2022 and 2023, The company had revenue from sales and services amount of THB 250.3 million and THB 271.1 million, respectively, which increased THB 20.8 million, or 8.4%. This is due to sales income from recently launched construction materials to support the expansion of construction materials industry. Revenue can be categorized in to premium, standard, and economy in the proportion of 25.2 percent, 52.4 percent, and 22.4 percent respectively. Such temporary changes in revenue structure resulted from the adjustment in sales strategy to cope with current market situation

#### Gross Profit

For the three-months ended December 31, 2022 and 2023, The company had gross profit amount to THB 93.3 million and THB 84.7 million, respectively, or as a percentage of sales revenue, 37.3% and 31.3%, respectively. The decrease in gross profit margin was primarily attributable to change in sales proportion which included the new revenue from new sales of construction materials products, which have a lower gross profit margin comparing to decorative paint product and changes in revenue structure from the adjustment in sales strategy to cope with the current market situation as mentioned above.

#### Other Revenues

For the three-months ended December 31, 2022 and 2023, The company had other Revenues amount of THB 2.9 million and THB 0.9 million, respectively, which decrease THB 2.0 million, or 68.9%.

### Selling Expenses and Administrative Expenses

For the three-months ended December 31, 2022 and 2023, The company had expense amount to THB73.3 million and THB86.4 million respectively, which increased THB13.1 million, or 17.8%. The is mainly due to the higher in both personnel and management expenses from the investment in major company's reorganization in order to support the sustainable long-term growth in the future.

### Net Profit

For the three-months ended December 31, 2022 and 2023, The company had profit amount to THB16.9 million and THB (4.4) million respectively, which decreased THB21.3 million, or 126.0%, The decrease was primarily from the adjustment in sales strategy to cope with current market situation and expenses from the investment in major company's reorganization in order to support the sustainable long-term growth in the future.

## Results of Operations for the Year 2023

### Income Statement

(Million Baht)

	period ended	period ended	Change	
	December 31, 2022	December 31, 2023	Amount	Percentage
Revenue from sales and services	899.7	1,016.0	116.3	13.0
Cost of sales and services	554.0	653.3	99.3	18.0
<b>Gross profit</b>	<b>345.7</b>	<b>362.7</b>	<b>17.0</b>	<b>5.0</b>
<i>Gross profit margin (%)</i>	<i>38.4</i>	<i>35.7</i>	<i>(2.7)</i>	<i>(7.1)</i>
Other revenues	9.5	5.2	(4.3)	(45.3)
Distribution Costs	222.5	272.6	50.1	22.6
Administrative expenses	55.9	68.9	13.0	23.3
Financial cost	3.8	7.9	4.1	107.9
Share of profit (loss) of associated companies using the equity method	-	3.2	3.2	100.0
Income tax expense	18.2	8.7	(9.5)	(52.2)
<b>Net profit</b>	<b>54.8</b>	<b>13.0</b>	<b>(41.8)</b>	<b>(76.3)</b>
<i>(Loss) attributable to Non-controlling interests of subsidiary</i>	<i>(0.8)</i>	<i>(0.7)</i>	<i>(0.1)</i>	<i>(12.5)</i>
<b>Profit attributable to owners of the parent company</b>	<b>55.6</b>	<b>13.7</b>	<b>(41.9)</b>	<b>(75.4)</b>
<i>Net profit margin (%)</i>	<i>6.2</i>	<i>1.4</i>	<i>(4.8)</i>	<i>(77.5)</i>
<b>Earnings per share (Baht)</b>	<b>0.24</b>	<b>0.06</b>	<b>(0.18)</b>	<b>(75.0)</b>

**Revenue Structure Categorized by Product Grade**

(Million Baht)

	period ended December 31, 2022	Sales Proportion	period ended December 31, 2023	Sales Proportion
Premium	316.6	35.2	319.1	31.4
Growth (%)	-		(6.9)	
Standard	316.5	35.2	393.4	38.7
Growth (%)	-		24.3	
Economy	266.6	29.6	303.5	29.9
Growth (%)	-		13.9	
<b>Revenue from sales and services</b>	<b>899.7</b>	<b>100.0</b>	<b>1,016.0</b>	<b>100.0</b>
% Growth	-		13.0	

**Revenue from sales and services**

For the year ended December 31,2022 and 2023, The company had revenue from sales and services amount of THB 899.7 million and THB1,016.0 million, respectively, which increased THB116.3 million, or 13.0%. This is due to sales income from recently launched construction materials to support the expansion of construction materials industry. Revenue can be categorized in to premium, standard, and economy in the proportion of 31.4 percent, 38.7 percent, and 29.9 percent respectively. Such temporary change in revenue structure resulted from the adjustment in sales strategy to cope with the current market situation.

**Gross Profit**

For the year ended December 31,2022 and 2023, The company had gross profit amount to THB345.7 million and THB362.7 million, respectively, or as a percentage of sales revenue, 38.4% and 35.7%, respectively. The decrease in gross profit margin was primarily attributable to temporary change in sales to cope with the current market situation

**Other Revenues**

For the year ended December 31,2022 and 2023, The company had other Revenues amount of THB9.4 million and THB5.2 million respectively, which decreased THB4.3 million, or 45.3%.

**Selling Expenses and Administrative Expenses**

For the year ended December 31,2022 and 2023, The company had distribution cost amount to THB222.5 million and THB272.6 million respectively, which increased THB50.1 million, or 22.6%. The is mainly due to the higher in both personnel and management expenses from the investment in major company's reorganization in order to support the sustainable long-term growth in the future.

### Net Profit

For the year ended December 31, 2022 and 2023, The company had profit amount to THB55.6 million and THB13.7 million respectively, which decreased THB41.9 million, or 75.4%, The decrease was primarily from the adjustment in sales strategy to cope with current market situation and expenses from the investment in major company's reorganization in order to support the sustainable long-term growth in the future.

### Balance Sheet

(Million Baht)

	As of December 31, 2022	As of December 31, 2023	Change Amount	Change Amount
Total Assets	1,085.8	1,225.1	139.3	12.9
Total Liabilities	432.0	595.5	163.5	37.9
Total Shareholder's Equity	653.8	629.6	(24.2)	(3.7)
Debt to Equity Ratio (Time)	<b>0.7</b>	<b>0.9</b>	<b>0.2</b>	<b>28.6</b>

### Assets

As of December 31, 2023, the Company and its subsidiaries had total assets of Baht 1,225.1 million, an increase from total assets as of 31 December 2022 by Baht 93.9 million due to:

- Decreased in cash and cash equivalents of Baht 43.7 million.
- Increased in trade and other current receivables of Baht 54.4 million due to sales increasing.
- Increased in inventory of Baht 53.0 million to support a higher sale.
- Increased in land, building and equipment's of Baht 36.0 million due to investment in equipment for new distribution channels.
- Increased in Investment in Associated Companies of Baht 78.1 million.

### Liabilities

As of December 31, 2023, the Company and its subsidiaries had total liabilities of Baht 595.5 million, an increase of Baht 163.5 million from 31 December 2022, an increase of 37.9 percent due to:

- Increased in bank overdrafts and short-term loans from financial institutions in the amount of Baht 174.3 million
- Increased in Trade and other current payables in the amount of Baht 11.1 million

### Equity

As of December 31, 2023, the Company and its subsidiaries had shareholders' equity of Baht 629.6 million, an decrease of Baht 24.2 million from 31 December 2022, an decrease of 3.7 percent, was primarily attributable to dividend payment



**Debt to Equity Ratio**

As of December 31, 2023, compared to the year ended December 31,2023, the Company and its subsidiaries' debt to equity ratio at 0.9 and 0.7 respectively.

Yours sincerely

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(Mr.Athapon Tangkaravakoon)

Chief Financial Officer

Delta Paint Public Company Limited