



## TOA Paint (Thailand) Public Company Limited

Management Discussion & Analysis of Business Operation

For the 2<sup>nd</sup> quarter ended June 30<sup>th</sup>, 2021

A stylized city skyline background with various skyscrapers in shades of gray and blue.

**Powerful Integration**

TOA PAINT (THAILAND) PUBLIC COMPANY LIMITED



- Translation -

No. TOA 18/2021

August 13, 2021

Subject : Management Discussion and Analysis for the three months and six months ended June 30, 2021

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 six months ended June 30, 2021 as follows:

#### Management Discussion and Analysis

#### Results of Operations for the 2<sup>nd</sup> Quarter of Year 2021

##### **Sales Revenue**

For the three months ended June 30, 2020 and 2021, our sales revenue amounted to THB4,007.0 million and THB4,496.1 million, respectively, which increased THB489.1 million, or 12.2%. The increase derived mainly from an increase in decorative paint and coating products sales revenue and an increase in non-decorative paint and coating products sales revenue due to the increased sales volume. By distribution channel, the increase in sales revenue derived particularly from modern trade channel and retail channel due mainly to the increased sales volume. By customer location, sales revenue increased from both products sold to customers in Thailand and overseas countries sales revenue, which were primarily attributable to the increased sales volume.

##### **Cost of Sales**

Our cost of sales increased THB426.9 million, or 16.7%, from THB2,549.5 million for the three months ended June 30, 2020 to THB2,976.4 million for the three months ended June 30, 2021. This 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 three months ended June 30, 2020 and 2021, gross profit amounted to THB1,457.5 million and THB1,519.7 million, respectively, or as a percentage of sales revenue, 36.4% and 33.8%, respectively. The decrease in gross profit margin was primarily attributable to some raw materials used in our production process increased.



### Selling Expenses

Total selling expenses increased THB10.9 million, or 2.1%, from THB530.4 million for the three months ended June 30, 2020 to THB541.3 million for the three months ended June 30, 2021. This increase was primarily attributable to the increased freight expenses due to an increase in sales revenue.

### Administrative Expenses

Total administrative expenses increased THB60.3 million, or 19.8%, from THB304.7 million for the three months ended June 30, 2020 to THB365.0 million for the three months ended June 30, 2021. This increase was primarily attributable to an increase in depreciation and amortization due to an increase in new assets.

### Profit for the period

Our profit for the period decreased THB48.9 million, or 8.2%, from THB593.0 million for the three months ended June 30, 2020 to THB544.1 million for the three months ended June 30, 2021. This decrease was primarily attributable to the increased selling and administrative expenses, partially offset by an increased gross profit. Our net profit margin decreased from 14.7% for the three months ended June 30, 2020 to 12.0% for the three months ended June 30, 2021.

Income statement (THB million)	For the three months ended June 30,	
	2020	2021
Sales revenue	4,007.0	4,496.1
<b>Total revenues</b>	<b>4,046.8</b>	<b>4,536.6</b>
Cost of sales	2,549.5	2,976.4
Selling and administrative expenses	835.1	906.3
Losses (gains) on exchange rates and fair value of financial assets	(68.6)	(0.2)
<b>Profit before finance cost and income tax</b>	<b>730.8</b>	<b>654.1</b>
<b>Profit for the period</b>	<b>593.0</b>	<b>544.1</b>



## Results of Operations for Six Month Period of Year 2021

### **Sales Revenue**

For the six months ended June 30, 2020 and 2021, our sales revenue amounted to THB8,107.9 million and THB8,918.4 million, respectively, which increased THB810.5 million, or 10.0%. The increase derived primarily from an increase in decorative paint and coating products sales revenue and an increase in non-decorative paint and coating products sales revenue due to the increased sales volume. By distribution channel, the increase in sales revenue derived particularly from modern trade channel and retail channel due mainly to the increased sales volume. By customer location, sales revenue increased from both products sold to customers in Thailand and overseas countries sales revenue, which were primarily attributable to the increased sales volume.

### **Cost of Sales**

Our cost of sales increased THB686.4 million, or 13.5%, from THB5,099.6 million for the six months ended June 30, 2020 to THB5,786.0 million for the six months ended June 30, 2021. This increase was primarily attributable to an increased sales volume and average cost per unit of some raw materials used in our production process increased.

### **Gross Profit**

For the six months ended June 30, 2020 and 2021, gross profit amounted to THB3,008.3 million and THB3,132.4 million, respectively, or as a percentage of sales revenue, 37.1% and 35.1%, respectively. The decrease in gross profit margin was primarily attributable to some raw materials used in our production process increased.

### **Selling Expenses**

Total selling expenses decreased THB15.4 million, or 1.4%, from THB1,078.5 million for the six months ended June 30, 2020 to THB1,063.1 million for the six months ended June 30, 2021. This decrease was primarily attributable to the decreased sales promotion expenses and advertising expenses, partially offset by the increased freight expenses and commission and incentive.

### **Administrative Expenses**

Total administrative expenses increased THB18.5 million, or 2.8%, from THB654.4 million for the six months ended June 30, 2020 to THB672.9 million for the six months ended June 30, 2021. This increase was primarily attributable to an increased depreciation and amortization due to an increase in new assets.

### **Profit for the period**

Our profit for the period increased THB199.8 million, or 19.7%, from THB1,014.6 million for the six months ended June 30, 2020 to THB1,214.4 million for the six months ended June 30, 2021. This increase was primarily attributable to an increased gross profit and a decreased selling expenses, partially offset by an



increased administrative expenses. Our net profit margin increased from 12.4% for the six months ended June 30, 2020 to 13.5% for the six months ended June 30, 2021.

Income statement (THB million)	For the six months ended June 30,	
	2020	2021
Sales revenue	8,107.9	8,918.4
<b>Total revenues</b>	<b>8,178.0</b>	<b>8,992.9</b>
Cost of sales	5,099.6	5,786.0
Selling and administrative expenses	1,732.9	1,736.0
Losses (gains) on exchange rates and fair value of financial assets	16.8	(55.1)
<b>Profit before finance cost and income tax</b>	<b>1,328.7</b>	<b>1,526.0</b>
<b>Profit for the period</b>	<b>1,014.6</b>	<b>1,214.4</b>

## Financial Position

### Total Assets

As at December 31, 2020 and as at June 30, 2021, we had total assets of THB16,486.3 million and THB18,384.3 million, respectively. 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 right-of-use assets. The increase in our total assets as at June 30, 2021 was primarily attributable to the increased cash and cash equivalents, financial assets measured at fair value through profit or loss due to an increase in operating profit.

### Total Liabilities

As at December 31, 2020 and as at June 30, 2021, we had total liabilities of THB5,080.9 million and THB6,217.4 million, respectively. Our liabilities were mainly consisting of trade and other payables, lease liabilities and employee benefit obligations. The increase in our total liabilities as at June 30, 2021 was primarily attributable to an increased trade and other payables due to an increased raw materials price.



### Total Shareholders' Equity

As at December 31, 2020 and as at June 30, 2021, we had total shareholders' equity THB11,405.4 million and THB12,166.9 million, respectively. The increase in total shareholders' equity as at June 30, 2021 was primarily attributable to an increase in unappropriated retained earnings from our operations.

Statement of financial position (THB million)	As at December 31, 2020	As at June 30, 2021
<b>Total assets</b>	<b>16,486.3</b>	<b>18,384.3</b>
Total liabilities	5,080.9	6,217.4
Total shareholders' equity	11,405.4	12,166.9
<b>Total liabilities and shareholders' equity</b>	<b>16,486.3</b>	<b>18,384.3</b>

Please be informed accordingly,

Yours Sincerely,

(Ms. Taweepon Patanakitraung)

Chief Financial Officer