



“ทุกมื้อ จัดเต็มด้วยใจ”

HOT POT PLC

Registration No. 0107554000160

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HPIR015/2017

Aug 10, 2017

Subject : Management Discussion and Analysis for the period ended

June 30,2017

To : The President
The Stock Exchange of Thailand

Duplicate : The Secretary General
The Securities and Exchange Commission

Hot Pot Public Company Limited (the “the Company”) would like to clarify the operating results for the period ended June 30, 2017 which decreased from the same period last year more than 20% as follows:

1. Operating Results

| | Q2 | Q2 | Change | | 6 | 6 | Change | |
|----------------------------|--------|---------|---------|----------|----------|--------|---------|----------|
| | 2016 | 2017 | Amount | % | months | months | Amount | % |
| Unit : Million baht | | | | | | | | |
| Revenue from sales | 571.55 | 473.58 | (97.97) | -17.14% | 1,043.10 | 993.18 | (49.92) | -4.79% |
| Other income | 3.65 | 3.51 | (0.14) | -3.84% | 8.36 | 6.19 | (2.17) | -25.96% |
| Total revenue | 575.20 | 477.09 | (98.11) | -17.06% | 1,051.46 | 999.37 | (52.09) | -4.95% |
| Cost of sales | 281.33 | 227.95 | (53.38) | -18.97% | 506.06 | 497.14 | (8.92) | -1.76% |
| Gross profit | 290.22 | 245.63 | (44.59) | -15.36% | 537.04 | 496.04 | (41.00) | -7.63% |
| % Gross profit | 50.78% | 51.87% | | | 51.48% | 49.94% | | |
| Selling and admin expenses | 299.76 | 277.65 | (22.11) | -7.38% | 582.69 | 565.09 | (17.60) | -3.02% |
| Other expenses | 1.13 | 18.53 | 17.40 | 1539.82% | 2.51 | 27.39 | 24.88 | 991.24% |
| Finance costs | 5.13 | 3.21 | (1.92) | -37.43% | 9.14 | 6.71 | (2.43) | -26.59% |
| EBITDA | 27.04 | (18.10) | (45.14) | -166.94% | 28.27 | -30.55 | | -208.07% |



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|-----------------------------|---------|---------|---------|---------|---------|--------|---------|---------|
| | | | | | | | (58.82) | |
| EBITDA Margin (%) | 4.70% | -3.79% | | | 2.69% | -3.06% | | |
| Profit(Loss) for the period | (11.71) | (51.31) | (39.60) | 338.17% | (48.22) | -99.13 | (50.91) | 105.58% |
| % Profit (Loss) | -2.04% | -10.75% | | | -4.59% | -9.92% | | |

Revenue

Q2 2017, the Company's revenue from sales Baht 473.58 million, decreased by Baht 97.97 million or down 17.14% as compared to Q2 2016. The revenue is down reflecting from stores closed from 138 stores to 121 stores. Net selling price of Q2 2017 is higher than Q2 2016 by 5%. As a result, revenue is down due to the customer price sensitivity in many stores of Hot Pot.

Gross Profit

Gross profit of Q2 2017 decreased by Baht 44.59 million or down by 15.36 %, but the percentage of gross profit margin changing from 50.78% to 51.87% due mainly to the efficiency of food waste control and raw material purchasing in term of better price and volume deal.

Selling and Admin Expenses

% Selling and admin expenses to revenue of Q2 2017 and Q2 2016 are 58.20% and 52.11% respectively. The no. of staff has to be retained in order to maintain the standard of service. Thus, this expense will become the higher percentage of expense compared to the revenue.

Other Expenses

Q2 of year 2017, the company has closed 14 stores of which low revenue with the net losses or small profits with the loss of stores closed by 17.1 million baht. Since the beginning of this year, the company has reported loss of 25.5 million baht from 20 stores closed.

Net Profit

For 3 months of Q2 year 2017, the company reports loss 51.31 million baht ; higher loss than Q2 year 2016 by 39.60 million baht. Without the loss from stores closed, net loss for Q2 2017 and Q2 2016 are Baht 34.20 million and 10.66 million respectively.

Even the customer price sensitivity has effected to the sales of Q2 year 2017, the company has continued provided the good foods and services with the current price. New product have been scheduled for launching for the rest of this year. And the company has communicated the QSSC policy (Quality /Standard/Service/Cleanliness) to all employee level for policy compliance. Marketing campaigns to reach more new clients have been discussed and implemented in Q3 – Q4 this year i.e. ^{คู่}คู่ชื้อยกชด through online media.

We have the confidence that in the near future the existing and new customers will gain more enjoyable time and good food experience with Hot Pot which will reflect to sales increase.

2. Financial Position

| Unit : Million baht | 31 Dec 2016 | 30 Jun 2017 | Change | |
|--|---------------|---------------|----------------|----------------|
| | | | Amount | % |
| Cash and cash equivalents | 16.05 | 7.36 | (8.69) | -54.16% |
| Trade accounts receivable | 0.54 | 1.18 | 0.64 | 118.52% |
| Other accounts receivable | 7.12 | 14.80 | 7.68 | 107.87% |
| Inventories | 53.04 | 40.96 | (12.08) | -22.78% |
| Other current assets | 19.45 | 18.84 | (0.61) | -3.14% |
| Total current assets | 96.20 | 83.14 | (13.06) | -13.58% |
| Property, plant and equipment | 443.57 | 362.10 | (81.47) | -18.37% |
| Leasehold rights | 44.95 | 40.72 | (4.23) | -9.41% |
| Refundable deposits and others | 102.65 | 103.05 | 0.40 | 0.39% |
| Other non - current assets | 8.11 | 7.96 | (0.15) | -1.85% |
| Total non - current assets | 599.28 | 513.83 | (85.45) | -14.26% |
| Total assets | 695.48 | 596.97 | (98.51) | -14.16% |
| Bank overdrafts and short-term loan from financial | 41.18 | 52.94 | 11.76 | 28.56% |



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| | | | | |
|---|---------------|---------------|---------|---------|
| institutions | | | | |
| Trade accounts payable | 167.94 | 146.78 | (21.16) | -12.60% |
| Current portion of long term liabilities - loan from financial institutions | 22.75 | 18.00 | (4.75) | -20.88% |
| Other current liabilities | 220.77 | 244.24 | 23.47 | 10.63% |
| Total current liabilities | 452.64 | 461.96 | 9.32 | 2.06% |
| Long - term loan from financial institutions | 58.75 | 51.25 | (7.50) | -12.76% |
| Provision for asset dismantling | 38.38 | 34.92 | (3.46) | -9.02% |
| Other non-current liabilities | 22.37 | 24.63 | 2.26 | 10.10% |
| Total non - current liabilities | 119.50 | 110.80 | (8.70) | -7.28% |
| Total liabilities | 572.14 | 572.76 | 0.62 | 0.11% |
| Total shareholders' equity | 123.34 | 24.21 | (99.13) | -80.37% |
| Total liabilities and shareholders' equity | 695.48 | 596.97 | (98.51) | -14.16% |

As of June 30, 2017, total assets decreased by Baht 98.51 million or down by 14.16% is due mainly from stores closed and depreciation of Baht 55 million.

Debt to Equity Ratio (D/E Ratio) as of June 30, 2017 is 23.66 : 1

According to the Board of Directors' Meeting No.5/2017 dated June 27,2017, The Board of Directors had approved the significant matter that will be presented for the approval from the Extraordinary Meeting of the shareholders No.1/2017 on Sept 8, 2017 as follows :

1. To cancel the company's registered capital increase and allocate the ordinary share increase by General Mandate for Baht 20.3 million from the registered capital Baht 121.80 million to Baht 101.50 million.
2. To increase the company's registered capital in the amount of Baht 30.45 million from the registered capital Baht 101.50 million to Baht 131.95 million by issuing the ordinary shares of 121.80 million shares at Baht 0.25 per share.
3. To allocate the ordinary shares increase by defining the objective in using the capital for 121.80 million shares at Baht 0.25 per share by right offering to the existing shareholders in accordance with the shareholding proportion for 81.20 million shares and through private placement of 40.60 million shares.



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4. To consider approving the waiver application for the bidding of all securities of the company by relying on the resolution of the company’s shareholders ‘ meeting
(Whitewash) to Mr. ApichaiTechabol.

This share capital increase will help to improve the D/E ratio.

3. Statements of Cash Flows

| Unit : Million Baht | 6 Months Year 2017 | 6 Months Year 2016 | Change | |
|------------------------------|-----------------------|-----------------------|---------|----------|
| | | | THB | % |
| Cash flows from operating | (8.34) | 35.95 | (44.29) | -123.20% |
| Cash flows from investing | (10.99) | (16.85) | 5.86 | -34.78% |
| Cash flows from financing | 10.64 | (8.13) | 18.77 | -230.87% |
| Net cash increase (decrease) | (8.69) | 10.97 | (19.66) | -179.22% |
| Cash at beginning of period | 16.05 | 16.90 | (0.85) | -5.03% |
| Cash at end of period | 7.36 | 27.87 | (20.51) | -73.59% |

1. Net cash flows used in operating activities showing negative cash flow in amount of Baht 8.34 Million, consisted of operating loss of Baht 99.13 Million added back with major items of depreciation of Baht 56.77 Million, financing cost of Baht 6.71 Million, loss from branch closing and renovation of Baht 25.52 Million
2. Net cash flows used in investing activities of Baht 10.99 Million is mainly from cash payment for accounts payable-purchases of fixed assets of Baht 8.82 Million.
3. Net cash flows provided by financing activities of Baht 10.64 Million which is mainly from cash flow used for loan payment to financial institutions of Baht 12.25 Million, interest payment of Baht 6.70 Million and cash from bank overdrafts and S/T loan from financial institutions increased of Baht 11.76 and short term loan from related party of 25.00 million baht.

Please be informed accordingly.



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Sincerely yours,

(Mr. SomponRoekwibunsi)

Chief Executive Officer

Authorized to sign on behalf of the Company