



“ทุกมื้อ จัดเต็มด้วยใจ”

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HPIR016/2017

November 13, 2017

Subject : Management Discussion and Analysis for the period ended
September 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 September 30, 2017 as follows:

1. Operating Results

Revenue

Q3 2017 sales revenue of Baht 445.10 million decreased by Baht 60.44 million or down by 11.96% as compared to Q3 2016 which is reflecting from the company’s policy to close the stores with operating loss. (117 stores in year 2017 vs 140 stores in year 2016)

Gross Profit

Q3 2017 gross profit decreased by Baht 34.63 million or down by 13.03%, and the percentage of gross profit margin changing from 52.56% to 51.91%. However, Q3 2017 the percentage of gross profit has been continuously improved; from 49.69% in Q4 2016 to be 48.5%, 51.87%, 51.91% in Q1, Q2 and Q3 of year 2017 respectively which is reflecting from the company’s policy to close the stores with operating loss as mentioned above.

However, the company continues to closely monitor to reduce the food waste and for purchasing to deal with new suppliers for better deal in term of better price, volume and credit term.



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Selling and Admin Expenses

% Selling and admin expenses to revenue of Q3 2017 and Q3 2016 are 55.98% and 56.10% respectively which is resulting from the proper management of manpower at stores and back office including the better results from the process improvement project and more staff training programs.

Since the beginning of the year, selling and admin expenses have been reduced from Baht 287 million to Baht 277 million and Baht 249 million or in term of the percentage to revenue, it has been also reduced from 59.87%, 58.62% and 55.98% in Q1, Q2 and Q3 2017.

Net Profit

For 3 months of Q3 year 2017, the company reports loss Baht 29.36 million; higher loss than Q3 year 2016 by Baht 7.76 million which is due mainly to the increase of the assets impairment from stores with operating loss. However, the company performance shows the better results since the beginning of year 2017; loss of Baht -47.86 million, Baht -50.16 million and Baht -29.12 million in Q1, Q2 and Q3 2017 respectively.

Considering the sustainable growth, the company is in the process of launching the new business concept with high profit margin as compared to buffet business which is expected to be launched in Q4 2017 or Q1 2018.

2. Financial Position

As of September 30, 2017, total assets decreased by Baht 116.00 million or down by 16.68% as compared to the same period of last year which is from the decrease of assets from stores closed. The liabilities increased by Baht 12.48 million or 2.18%.

As of September 30, 2017, shareholders' equity was Baht - 5.15 million. However, capital increase incurred in October 2017 by offering the existing shareholders and private placement amounting to Baht 129.92 million in order to use for working capital in the operation and to repay some parts of existing debts. The current shareholders' equity is approximately at the amount of Baht 124.77 million.



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Please be informed accordingly.

Sincerely yours,

(Mr. Sompon Roekwibunsi)

Chief Executive Officer

Authorized to sign on behalf of the Company