

November 11, 2023

Subject: Management Discussion and Analysis For the three-month period ended September 30, 2023
 To: The President,
 The Stock Exchange of Thailand

Home Pottery Public Company Limited (“The Company”) would like to submit the Management Discussion and Analysis of the Company’s operation for the three-month period ended September 30, 2023 with details as follows:

Unit: Million Baht

	Consolidated financial statements		Separate Financial Statement		Changes	
					(separate financial statement)	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022	(Million Baht)	%
Revenue from Sales	70.99	83.85	58.81	68.41	-9.60	-14.03
Other income	0.61	3.21	0.52	3.08	-2.56	-83.12
Total Revenue	71.60	87.06	59.33	71.49	-12.16	-17.01
Cost of Sales	52.69	59.31	44.17	47.51	-3.34	-7.03
Cost of distributions	6.26	6.07	4.92	5.07	-0.15	-2.96
Administrative Expenses	4.98	5.68	3.42	4.24	-0.82	-19.34
Loss from fair value measurement of derivatives - net	0.32	0.00	0.32	0.00	0.32	100.00
Total Expenses	64.25	71.06	52.83	56.82	-3.99	-7.02
Profit from operating activities	7.35	16.00	6.50	14.67	-8.17	-55.69
Financial costs	-0.15	-0.18	-0.07	-0.14	-0.07	-50.00
Profit before income tax expense	7.20	15.82	6.43	14.53	-8.10	-55.75
Income tax expense	-0.13	-2.89	0.03	-2.89	-2.92	-101.04
Profit for the periods	7.07	12.93	6.46	11.64	-5.18	-44.50
<u>Profit attributable to :</u>						
Equity holders of the parent	7.05	12.91				
Non- controlling interests	0.01	0.02				

The separate Financial Statement of Home Pottery Public Company Limited (“the Company”) for the three-month period ended 30 September 2023 showed total revenue of 59.33 million Baht. The cost of sales amounted to 44.17 million Baht, while cost of distributions and administrative expenses and financial costs were 8.41 million Baht, showing a total net profit of 6.46 million Baht. The changes are explained as follows.

Sales Revenues:

For the three-month period ended 30 September 2023, the Company generated a revenue from sales of 58.81 million Baht, decreasing by 14.03% when compared to the same period in the previous year, which had a total revenue of 68.41 million Baht. This is due to the decrease in the volume of product exports. Especially the type of products bought and sold, because 2022 is the time to launch new products. Customers are already ordering and stocking products in large quantities, causing orders to decrease in 2023.

Other Income:

For the three-month period ended 30 September 2023, the Company generated other income was 0.52 million Baht, a decrease from the same period of the year 2022 which had other income of 3.08 million Baht or a decrease of 83.12%, mainly from gain on exchange rate and decrease in commission income that the company been a trading of ceramic home decoration products such as vases jars.

Cost of sales, Cost of distributions and Administrative Expenses:

For the three-month period ended 30 September 2023, the cost of sales was 44.17 million Baht, decrease by 7.03% when compared to the same period in the previous year, which had a cost of sales of 47.51 million Baht. resulting in the company's gross profit equal to 14.64 million Baht, or representing a gross profit margin of sales revenue of 24.89%. This was lower than the previous year with a gross profit margin of 30.55% due to higher prices of main raw materials. Therefore, the production department has tried to adjust the new production formula to switch to cheaper raw materials. It is expected to see results in the Q3 -Q4 of 2023 and in terms of energy costs. Gas has adjusted its unit price compared to the same quarter of 2022, so the company is looking for the cheaper supplier. The price of electricity per unit has been adjusted higher. But the company has invested in installing solar roofs. Thus, reducing the amount of electricity used causing the electricity bill to remain at a similar level and the sales price adjustment has been notified to the customer. It will begin to take effect in the Q4 of 2023, which is expected to cause gross profits to adjust to a higher rate.

For the three-month period ended 30 September 2023, the cost of distribution and administrative expenses was 8.34 million Baht, decrease from the same period which was 9.31 million Baht, which mainly arises from export expenses and commission that decreases according to sales volume.

Net profit and Net profit margin

For the three-month period ended 30 September 2023, the Company Net profit for the period was 6.46 million Baht or 10.89% of total revenue. Net profit decreased by 44.50% compared to the same period of the previous year with net profit equal to 11.64 million Baht. The reason is due to the decrease in income from the sale of bought and sold products. and an increase in cost of sales Compared to the same period last year. As a result, it affects the recognition of income, profits, and profit rates that decrease.

In consolidated financial statements for the three-month period ended 30 September 2023 have revenue from the sales of 70.99 million Baht, cost of sales of 52.69 million Baht, and Net profit for the period of 7.07 million Baht, Due to a decrease in profits from the same period last year. Because the company and its subsidiaries decreased income and has sales costs, distribution costs rising.

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Best Regards,

Home Pottery Public Company Limited

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