

February 27, 2024

Subject: Management Discussion and Analysis For the year ended December 31, 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 year 2023 ended 31 December, 2023 with details as follows:

Unit: Million Baht

	Consolidated financial statements		Separate Financial Statement		Changes (separate financial statement)	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	(Million Baht)	%
<i>(Unit: Million Baht)</i>						
Revenue from Sales	292.05	318.29	237.08	245.42	-8.34	-3.40
Other income	6.26	7.13	5.20	6.11	-0.91	-14.89
Profit from fair value measurement of derivatives - net	0.73	0.00	0.73	0.00	0.73	100.00
Total Revenue	299.04	325.42	243.01	251.53	-8.52	-3.39
Cost of Sales	226.16	237.14	184.25	178.14	6.11	3.43
Cost of distributions	25.48	23.04	20.44	19.36	1.08	5.58
Administrative Expenses	22.25	21.35	15.99	15.28	0.71	4.65
Loss from fair value measurement of derivatives - net	0.00	0.41	0.00	0.41	-0.41	-100.00
Total Expenses	273.89	281.94	220.68	213.19	7.49	3.51
Profit from operating activities	25.15	43.48	22.33	38.34	-16.01	-41.76
Financial costs	-0.53	-0.43	-0.29	-0.27	0.02	7.41
Profit before income tax expense	24.62	43.05	22.04	38.07	-16.03	-42.11
Income tax expense	-0.95	-7.89	-0.39	-7.70	-7.31	-94.94
Profit for the periods	23.67	35.16	21.65	30.37	-8.72	-28.71
<u>Profit attributable to :</u>						
Equity holders of the parent	23.63	35.08				
Non- controlling interests	0.04	0.09				

The separate Financial Statement of Home Pottery Public Company Limited (“the Company”) for the year ended 31 December, 2023 showed total revenue of 237.08 million Baht. The cost of sales amounted to 184.25 million Baht, while costs of distributions, administrative expenses were 36.43 million Baht in total. It was able to return to profit showing a total net profit of 21.65 million baht. The changes are explained as follows.

Sales Revenues:

For the year ended 31 December, 2023 the Company generated a revenue from sales of 237.08 million Baht, decreasing by 3.40% from the previous year, which had a total revenue of 245.42 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.

Cost of sales, Cost of distributions and Administrative Expenses:

For the year ended 31 December 2023, the cost of sales was 184.25 million Baht, increasing by 3.43% from the previous year which had a cost of sales of 178.14 million Baht. The Company's Gross Profit was 52.83 million Baht which had a Gross Profit Margin of 22.28%, decreasing from the same period of previous year which had a Gross Profit Margin of 27.41% 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 year 2024 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 will adjust to a normal rate.

For the year ended 31 December 2023, the cost of distributions and administrative expenses was 36.43 million Baht, increasing from the previous year which had 34.64 million Baht, due to an increase in distribution costs. This is caused by promotional costs. In 2023, there will be more international trade shows. As for administrative expenses, they increased from calculating bonuses for employees.

Net profit and Net profit margin

For the year ended 31 December 2023, the Company's Net Profit was 21.65 million Baht which had a Net Profit Margin of 8.91%, decrease 28.71% from the previous year which had Net Profit of 30.31 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.

The consolidated financial statements in the year ended 31 December 2023, show total sales revenue of 299.04 million baht, cost of sales of 226.16 million baht and show net profit for the period of 23.67 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

(Mr.Niran Chourkittisopon)

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