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HOME POTTERY

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Sep 28, 2026

Subject: Management Discussion and Analysis For the three-month period ended March 31, 2026

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 31 March, 2026 with details as follows:

Unit: Million Baht

	Consolidated financial statements		Separate Financial Statement		Changes (separate financial statement)	
(Unit: Million Baht)	31/3/2026	31/3/2025	31/3/2026	31/3/2025	(Million Baht)	%
Revenue from Sales	78.30	69.87	67.75	62.17	5.58	8.98
Gain on exchange	1.51	0.43	1.42	0.45	0.97	215.56
Other income	0.87	0.70	0.80	0.39	0.04	5.26
Total Revenue	**80.68**	**71.00**	**69.97**	**63.01**	6.59	**10.40**
Cost of Sales	67.97	53.06	63.78	49.55	14.23	28.72
Cost of distributions	8.03	6.10	5.41	4.60	0.81	17.61
Administrative Expenses	7.38	6.37	5.37	4.58	0.79	17.25
Loss from fair value measurement of derivatives - net	0.83	0.03	0.83	0.03	0.80	2,666.67
Total Expenses	**84.21**	**65.56**	**75.39**	**58.76**	**16.63**	**28.30**
Profit from operating activities	**-3.53**	**5.44**	**-5.42**	**4.25**	**-10.04**	**-217.32**
Financial costs	-1.07	-0.36	-0.99	-0.33	0.29	41.43
Profit before tax	**-4.60**	**5.08**	**-6.41**	**3.92**	**-10.33**	**-263.52**
Tax expense	-0.24	-0.42	0.20	-0.18	-0.38	-211.11
Profit for the periods	**-4.84**	**4.66**	**-6.21**	**3.74**	**-9.95**	**-266.04**
Profit attributable to :						
Equity holders of the parent	-4.88	4.64				
Non- controlling interests	0.03	0.02				

The company's financial statements for the three-month period ended March 31, 2026, based on the separate financial statements, reported total revenue of 69.97 million baht, total cost of sales of 63.78 million baht, and total selling expenses, administrative expenses, loss from fair value measurement of derivative instruments – net, and finance costs amounting to 12.60 million baht. The net profit for the period was 6.21 million baht. The changes can be explained as follows:

Revenue from Sales:

In the second quarter of 2026, the company recorded sales revenue of 67.75 million baht, an increase from the same period in 2025, which had sales revenue of million baht. This represents a growth of 8.96 percent, driven by an increase in sales volume.

Cost of sales, Cost of distributions and Administrative Expenses:

In the second quarter of 2026, the company reported a cost of sales of 63.78 million baht, an increase from the same period in 2025, which recorded a cost of sales of 49.55 million baht — representing a rise of 28.72 percent. The increase in cost of sales was primarily attributable to costs incurred in modifying the production process to accommodate the manufacture of new stoneware products, in line with the Company's long-term product development and production capacity enhancement plan.

During the quarter, the Company undertook upgrades to its machinery, kilns, and production lines while continuing to manufacture existing products and commencing stoneware production. These activities constrained capacity utilisation and production efficiency, resulting in lower production output. As fixed manufacturing overheads continued to be incurred, average production costs per unit increased. In addition, the production process for the new products remained in the initial phase of operational refinement and efficiency improvement. These factors adversely affected the Company's cost of sales and profitability in the short term.

As a result of the aforementioned factors, the Company recorded a gross profit of Baht 3.97 million, representing a gross profit margin of 5.86% of sales revenue, down from 20.30 percent in the corresponding period of the previous year. The Company is improving production process efficiency, capacity management, and cost control to support the production of both existing and new products. Once the production process improvements are fully implemented and production volumes increase steadily, unit production costs are expected to decline, supporting a recovery in the gross profit margin in subsequent periods.

In the second quarter of 2026, selling and administrative expenses amounted to 10.78 million baht, decline from 9.18 million baht in the same period of the previous year. The increase was partly attributable to higher freight expenses resulting from rising fuel prices.

Net Profit and Net Profit Margin:

In the second quarter of 2026, the company recorded a net profit of 6.21 million baht, representing a net profit margin of 8.88 percent of total revenue. This represents a decrease compared to the same period of the previous year, when the net profit was 3.74 million baht. This was primarily attributable to higher cost of sales during the transition to a production process capable of accommodating stoneware products.

The Company undertook upgrades to its machinery and production lines while continuing to manufacture existing products, resulting in lower overall production output and higher average production costs per unit. In addition, the appreciation of the Thai baht reduced export revenue when translated into Thai baht. These factors exerted pressure on the Company's gross profit margin and operating results for the quarter.

However, these production process improvements form part of the Company's strategy to enhance its production capabilities and expand its product portfolio. The Company remains focused on improving production efficiency, controlling costs, and optimising capacity utilisation to support business growth and strengthen its long-term competitiveness.

The consolidated financial statements for Q1 2026 show total sales revenue of 80.68 million baht and a cost of sales of 67.97 million baht, resulting in a net profit of 4.84 million baht for the period. The subsidiary's effective management of costs and expenses resulted in a higher net profit (loss) margin in the consolidated financial statements than in the separate financial statements.

Best Regards,

Home Pottery Public Company Limited

(Mr.Nipat Chourkittisopon)

Co-Managing Director