



Ref : NEP047/2020

November 20, 2020

Subject: Plan and Progress Report in Solving C Caution
To: The President
The Stock Exchange of Thailand

NEP Realty and Industry Public Company Limited (“the Company”) arranged a Public Presentation to provide information to investors and related parties as the Company has been remarked as C (Caution) sign due to the Company’s shareholder’s equity is less than 50% of paid-up capital for the financial statement for the Quarter 3 ended of September 30, 2020. The Company arranged the meeting on November 20, 2020. The summary of the meeting has details as below:

Causes:

1. The Company had continued the loss in operating results. Until the Company canceled the operation line of sack and the real estate business unit, the Company had only the operation line of plastic woven bag that is not sufficient to get more revenue.
2. Production Cost efficiency
3. During 2014-2015, the Company had the loss recognition from investment in associated company (Navanakorn Public Company Limited) due to the flood. The accumulated deficit had been increased.

Solutions:

The Company recognized the situation of the Company and already set a recovery plan in order to improve our performance. The solutions are as the following:

Generating the sources of revenues:

1. In 2017, the Company had launched the new production line of Flexible Packaging to increase the revenue.
2. In 2018, the Company had expanded the production line of Flexible Packaging. As a result, the operating result has been improved. The revenue from sale increased and the loss of operation result decreased.
3. The Company has improved sales strategies and marketing plan to keep our customers and increase the new customers.

4. The Company has a business partner from the capital increase in the form of private placement. At the beginning of 2018, Vava Pack has been our business partner by supporting the production and introducing new customers to the Company.

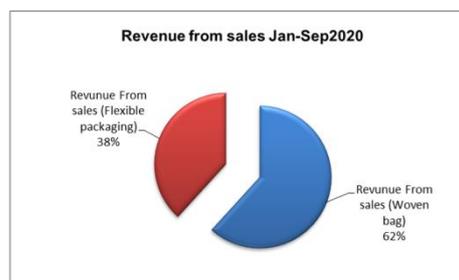
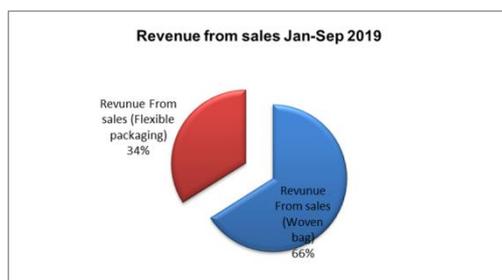
5. The associated company (Navanakorn Public Company Limited) has better operating result from the power plant project and the utility revenue. So, the Company received more dividend and more profit recognition.

Reducing operating costs:

1. The Company has improved the potential of the production of plastic woven bags and Flexible Packaging for product quality, reducing the production costs and waste.
2. The Company has restructured the Company organization to reduce management cost and develop working process rapidly.
3. The Company has restructured the Board of Directors and directors' remuneration in accordance with the Company's operating result.
4. The Company has controlled all expenses and budget in order to reduce the operating costs.

The Sales revenue in Q3/2020 compare with the same period of previous year are as follows:

		million baht
	Jan-Sep 2019	Jan-Sep2020
Revunue From sales (Woven bag)	201.1	171.14
Revunue From sales (Flexible packaging)	103.67	106.14
Total Revunue From sales	304.77	277.28



The decreased sales of plastic woven bag is decreased from the recessions of economic plus the baht appreciated results in our main customers in Exporter of Tapioca flour has less order. In additional, the sale of gravure packaging of rice industry also reduces. The Company solves the problem by trying to increase the order from Pet food industry instead.

On the contrary, the sales of Flexible Packaging still continue growing compared to last year, due to the market expansion of the Company in the past few months, plus the Company have more varieties of customers group. The results of the expanding production line into Flexible Packaging help reducing impact from uncontrollable external environmental risks for the Company and allowing the Company to sustain the sales from dramatically fall in the economic crisis.

However, even the sales and gross profit margin of 2020 is less than the same periods of last year, the Company still has a less negative loss compare to 2019 due to better cost control and improvement of production efficiency.

Future Direction of the Company

For the direction of sales in 2020 in the Economic regression of Thailand and all over the world from the Pandemic of Covid-19 situation, the Company try to maintain the sales and financial results, and continue to focus on expanding Flexible Packaging customers into the Rice manufacturers, Pet food (Feed) manufacturer, because they are the potential customers that the Company has the opportunity to receive an order of woven bag, printed sacks or gravure sacks as well. These products are not too complicated. These types of products are regularly produced by the factory which will help in waste controls and effectively manage the raw materials. Apart from maintain the sales and revenue, the Company also working on continuously reducing the management and executive expenses which results in better performance (less loss of the Company) even the Company has less revenue.

For the year 2021, the Company will focus on improving new products for Flexible Packaging line to increase varieties of products to expands into new customers group and also to elevate production line to reach top-level customers' needs by the end of Quarter 1 for the year 2021.

Please be informed accordingly.

Yours sincerely,

(Mr. Weerachart Lohsiri)

Managing Director