



Ref : NEP009/2021

March 5, 2021

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 Year ended of December 31, 2020. The Company arranged the meeting on March 5, 2021. 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.

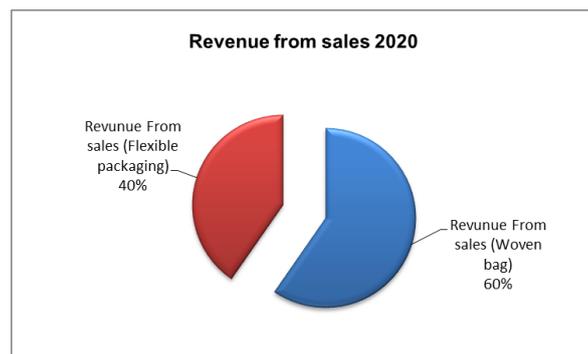
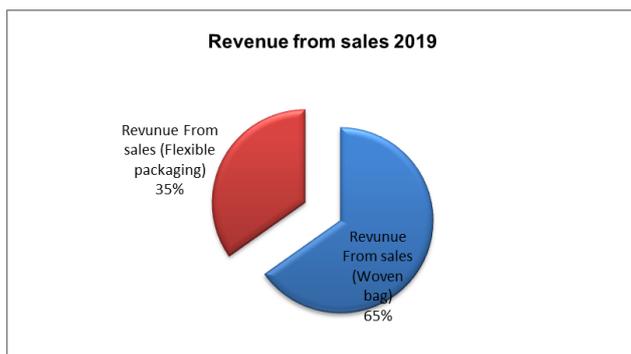
5. The associated company (Navanakorn Public Company Limited) has better operating result from the power plant project and the utility revenue. So, the Company received more dividend and more profit recognition.

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 for year end of 2020 compare with the same period of previous year are as follows:

		million baht
	2019	2020
Revunue From sales (Woven bag)	265.11	216.95
Revunue From sales (Flexible packaging)	141.53	146.88
Total Revunue From sales	406.64	363.83



The Company had sale revenue for year end of 2020 at 363.83 million baht, compare with the same period of previous year with amount of 406.64 million baht which decrease by 42.81 million baht or 10.53 % decrease, which resulted from revenue decreased from the sale of Plastic woven sack which decreased by 48.15 million baht from the effects of the recessions of economic circumstance throughout the 2020 year from Covid-19 pandemic in the country results in usage reduction of larger size packaging

customers who supply their products to restaurants and hotels, combine with the which affected by Thai baht strengthened also slowdown the exporter of agricultural sectors such as flours and rice as well.

The revenue of Flexible Packaging line is increased by 5.36 million baht or 3.79% increase compared to the same period of the year 2019 although it has been affected by the economic recession from the pandemic situations of Covid-19 but the sale of Flexible Packaging still performed great due to Flexible Packaging has wider, bigger consumable customer groups which mainly in consumable and required in daily used compared to plastic woven sacks. In addition, the announcement from Government to lock down various services throughout the country results in more ordered from the smaller packing sizes of rice producers follow consumer behaviors to cook more in their own household, as a result, the company is able to maintain higher sales compared to last year even has not meet the expected goal yet.

However, even the sale and gross profit margin of 2020 is less than the same periods of last year, the company still has a better control of expense which can be seen that the sales & administrative expenses decrease by 19.25 million baht and the share of profit from investment in associated company increase by 12.95 million baht, as a result, the Company has decreased loss of 29.01 million baht compare to the previous year.

Future Direction of the Company

Operating result for the year end of 2020 in the Economic regression of Thailand and all over the world from the Pandemic of Covid-19 situation, the company will try to maintain the sale and financial results, and will continue to focus on expanding Flexible Packaging customers into the Rice manufacturers, Pet food (Feed) manufacturer , because it is a group that the company has the opportunity to receive an order of woven bag, printed sacks or gravure sacks as well, and is a product that is not very complicated. These types of products are regularly producing 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 expand 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