



บริษัท เอ็นอีที อสังหาริมทรัพย์และอุตสาหกรรม จำกัด (มหาชน)
NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED
Public Company Registration No. 0107537000831



(Translation)

NEP-AC 002/2564

13 May 2021

Subject: Management Discussion and Analysis for Q1 end of 31 March 2021

To : The President

The Stock Exchange of Thailand

Operating Result

NEP Realty and Industry Public company Limited would like to explain the operating result for Quarter 1 ended of March 31, 2021 compare with the same period of the previous year as follows

The operating result for Quarter 1 of the year 2021 of the company show a net loss of 10.17 million baht, compare to the same period of previous year which a net loss of 6.21 million baht, the increased loss of 3.96 million due to the main reasons as follow;

1. Revenue from sale , Other income

The company had sale revenue at the end of Quarter 1 ended of March 31, 2021 at 97.57 million baht, compare with the same period of previous year with amount of 98.14 million baht which decrease by 0.57 million baht or 0.58%, due to the impact of Covid-19 pandemic outbreak that causing regression in overall economic but the company still maintain the sales compare with previous year.

Other income for Q1, 2021 are 0.62 million baht with slightly reduction compare to last year, main lost came from Waste from production, general waste and unused materials.

2. Cost of sale , Profit margin

For Quarter 1 of the year 2021, the company had cost of sale of 103.42 million bath compare to 98.36 million baht last year with the increasing of 5.06million bath or 5.14%

increased, while sale revenue decrease by 0.57% this reveal that the company has higher cost per unit results in negative gross loss profit margin of 6.00%

The reasons behind the loss in gross margin in Q1, 2021 are lower sales order that cannot cover the production fix cost plus the problem of controllable wastes during production process still higher than standard setting. With the main affected of increasing of raw materials cost such as Plastic resin, plastic films, colors that continue to rise since quarter 4 of the year 2020. The increasing cost of raw materials show 15-20% increase during the periods of January – March 2021, while the selling price can only increase by 8-10% to maintain in market competition and regression of economic.

3. Selling expenses

For Quarter 1 of the year 2021, the selling expenses was 2.76 million baht or 2.83% from sale revenue compare to 3.00 million baht that reduce in the same proportion to the decrease in sale revenue.

4. Administrative expenses

For Quarter 1 of the year 2021, the administration expenses was 12.37 million baht compared to the same period last year at 11.96 million baht increased by 0.41million baht or 3.42% increased. This slightly increase still show a better control in administrative expenses of the company.

5. Management benefit expenses

For Quarter 1 of the year 2021, the management benefit was 3.33 million baht compare to 2.98 million baht, increase by 0.35 million or 11.74% increased due to the company decided to hire an expertise management in Research and Development of packaging to focus on product developments, cost reductions and new product developments according to new business plan.

6. Financial cost

For Quarter 1 of the year 2021, the financial cost was 0.18 million baht compare to 0.21 million bath last year, decrease by 0.03 million baht or 14.28 % decreased. The financial cost came from the Interest from hire purchase contract and the interest payment from the payment through banking of raw materials purchased (TR) without the long-term debts from financial institutions.

7. Share of profit (loss) from investment in associated company

For Quarter 1 of the year 2021, share of profit from investment in associated company was 13.70 million baht compare to 11.39 million bath last year, increased by 2.31 million baht or 20.28% increased because the associated company had better earning than previous year.

Company Financial status

1. Total asset, the company had total asset as of March 31, 2021 with amount of 810.71 million bath increase from December 31, 2020 by 21.04 million baht or 2.66% increased, the details of the change are as follows:

1.1 Current asset as of March 31, 2021 with amount of 148.65 million bath decreased from 2020 by 0.37 million bath or 0.25% with slightly decreased.

1.2 Non-current asset as of March 31, 2021 with amount of 662.06 million bath increase by 21.41 million bath or 3.34% increase due to the increasing in investment in associated company of 17.85 million baht from better earning of associated company and the increasing investment in associated company. With the decreasing in land properties and equipment of 1.49 million baht due to the purchase of new machine following the business plan.

2. Total liability, the company had total liability as of March 31, 2021 at 118.78 million bath increase from December 31, 2020 at 31.21 million bath or 35.64% increase, the details of the change are as follows:

2.1 Current liability as of March 31, 2021 with amount of 107.38 million bath increase by 31.16 million bath or 40.88% increase, is an increasing from trade payables and other payables increased at 26.16 million baths, due to the requested to extended the credit term from

suppliers (45-90 days) to manage current cash for operation plus the effect from raw materials stocks in the higher cost increasing of the raw materials.

2.2 Non-current liability as of March 31, 2021 with amount of 11.40 million baht increase by 0.05 million bath or 0.44% increase with no significant changes.

3. Shareholder equity as of March 31, 2021 with amount of 691.94 million bath decrease from December 31, 2020 by 10.17 million bath or 1.45% decreased, since the company loss from operation in Q1 by 10.17 million baht.

Future Trends

For the direction of sales in 2021, during the economic regression all over the country and the world from the Covid-19 pandemic outbreak, The Company will try our best to maintain the sales and revenue to compare with previous year. The Company will continue to focus on expanding Flexible Packaging customers into the Rice industry, Pet food industry, because it is a group that the company has the opportunity to receive an order of sacks, printed sacks or gravure sacks as well, and is a product that is not very complicated. This type of products are regularly produces by the factory which will help in waste controls and effectively manage the raw materials.

In the Year 2021, the Company has direction to develop new varieties of Packaging in Flexible packaging production lines that will help to expand the customer group and lift up the production to reach a higher level of customer, this project should be done and will be ready to start production and distribute in Quarter 2 of the year 2021.

Please be informed accordingly,

Sincerely yours,

Mr. Weerachart Lohsiri

Managing director