



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



Ref: NEP047/2021

November 19, 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 third quarter ended September 30, 2021. The Company arranged the meeting on November 19, 2021. The summary of the meeting has details as below:

Causes:

1. The Company had continued the loss in operating results. Since 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 sales 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.

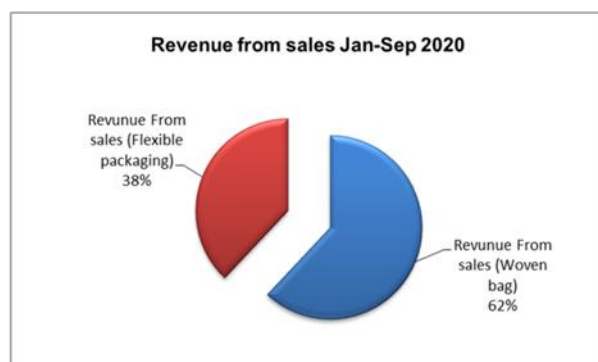
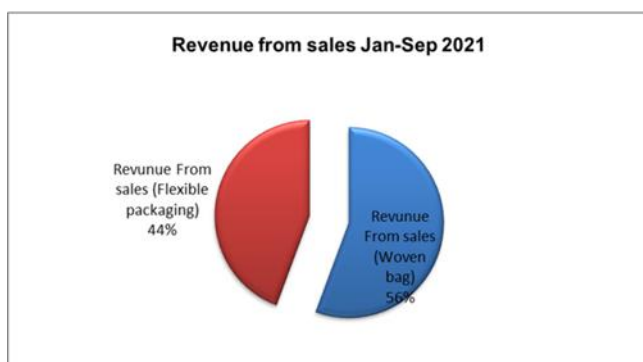
2. The Company has restructured the Company organization to reduce management cost and develop working process rapidly.

3. The Company has restructured the Board of Directors and directors' remuneration in accordance with the Company's operating result.

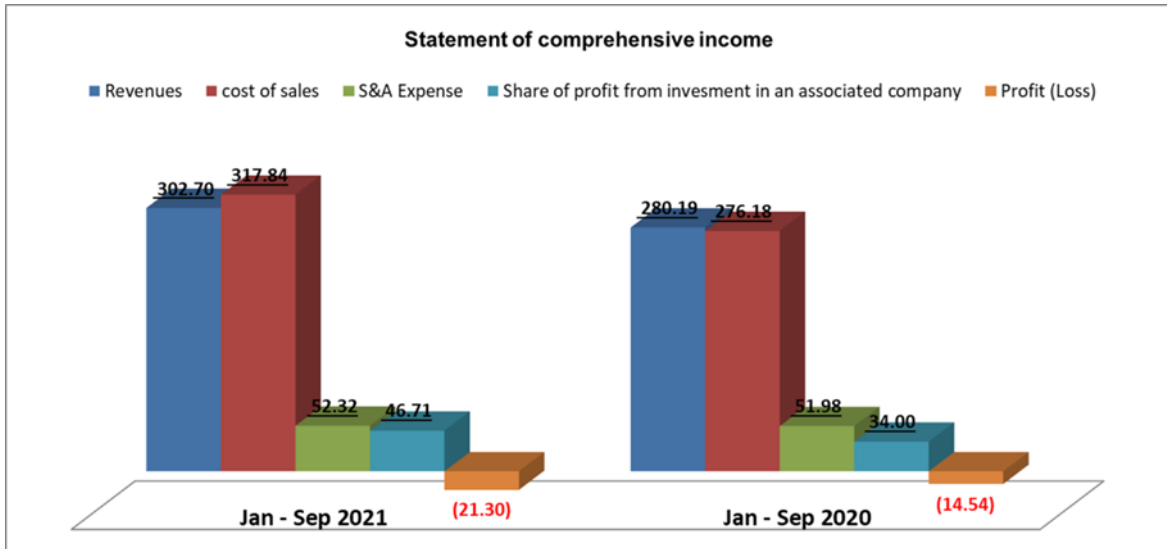
4. The Company has controlled all expenses and budget in order to reduce the operating costs.

The Sales revenue for the nine-month period ending of September 30, 2021 comparing with the same period of previous year are as follows:

| | million baht | |
|---|---------------|---------------|
| for the past 9 months | Jan-Sep 2021 | Jan-Sep 2020 |
| Revunue From sales (Woven bag) | 167.56 | 171.96 |
| Revunue From sales (Flexible packaging) | 133.33 | 105.32 |
| Total Revunue From sales | 300.89 | 277.28 |



The Company had sales revenue for the nine-month period ending of September 30, 2021 at 300.89 million baht, comparing with the same period of previous year with amount of 277.28 million baht which increased by 23.61 million baht or 8.52%, due to the increase of revenue from the sales of plastic woven bag together with the economic recovery. Besides, the Company won the auction of the large customers in Q3/2021. Also, the sales of Flexible Packaging tend to increase from penetrating the new market by launching the new type of products.



Due to the sales volume below the target causing the production capacity does not cover fixed cost, plus the waste control does not meet the specified standard. Also, another important factor is the price of raw materials such as plastic granules, plastic films, printing colors that has continued to rise by 15-20% since Q4/2020. The price of raw materials is likely to rise further with higher oil prices while the Company cannot adjust the selling price in accordance the competition conditions. However, the Company can effectively control expenses. At the same time, the Company gain more profit sharing from the associated company which is better than the same period of last year.

Future Direction of the Company

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 operating results not to drop over the 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. These types of products are regularly produced by our factory which will help in waste controls and effectively manage the raw materials. In addition, the Company will add new product category of Flexible Packaging that will help to expand the group of customers and lift up the production to reach the high-ended of customers. Moreover, the Company can increase order to reach the maximum capacity of production in order to reduce cost per unit.

Please be informed accordingly.

Yours sincerely,

(Mr. Weerachart Lohsiri)
 Managing Director