

14 March 2022

Subject Report on the guidelines and progress on the correction of the financial. In the case of being boarded with a C because the shareholders' equity is less than 50%

Attention The President
The Stock Exchange of Thailand

PP Prime Public Company Limited (The Company) has arranged the meeting to investors and related people (Public Presentation) on 14 March 2022 at 10.30 hrs. at the company's meeting room, No. 486 People Park, Building E1, 3/F, Onnut Road, Kwaeng Onnut, Khet Suanluang, Bangkok due to the "C" sign caution as the Company has the shareholder equity less than 50% of the paid-up registered capital for **year ended 2021**, 31 December 2021. We would like to inform of the implementation plan as follows:

As the company has a registered and paid-up capital of 2,133.64 million baht and a share less than the value of ordinary shares of 1,263.17 million baht, the company has a registered and paid-up capital after adjusting with a discount of 870.47 million baht. For the financial statements as of December 31, 2021, the Company has shareholders' equity equal to 98.82 million baht or equivalent to 11% of the paid-up capital. Which is lower than the threshold set by the Stock Exchange of Thailand, must be higher than 50% , resulting in the SET showing the "C" sign, which has the main reasons as follows.

1. The impact of the Covid-19 situation from reduced cash flow but fixed costs (Fixed Cost) do not vary according to income. causing the company to lack working capital.
2. Lack of working capital, working capital, making it impossible to produce at full capacity is the reason why sales decline. while the company still has production capacity and production capacity remaining.
3. Impairment of assets in Japan in the case of litigation assets, the cost approach is used instead of the discounted cash flow method.
4. High interest burden from debentures and borrowings

The Company would like to inform of the implementation plan to resolve such problem as follows:

1. Restructuring debt by selling non-operating assets to reduce interest burden

The company has a way to sell unused assets in debt restructuring. To reduce the burden of financial expenses land with buildings in Samut Songkhram land (an aquaculture farm), land in Surat Thani province and investments in ordinary shares, etc.

In July-August 2021, the Company was able to sell land and buildings in Samut Songkhram Province. (the old factory) ,The company has used the proceeds from the sale of such assets to pay off the debt of a bank about 154.70 million bath , which can reduce the interest burden of the company. As for the remaining land in Samut Songkhram Province and Land in Surat Thani Province and the remaining investment in ordinary shares. The company plans to sell in the near future. At present, there is no contract to buy and sell such assets.

2. **Negotiate with banks or find strategic partners to resolve the lack of working capital (Working Capital)**

Covid-19 pandemic crisis affecting the company resulting in lower sales revenue. The company's cash inflows are decreasing. While the company still has to bear various expenses, causing the company to lack cash flow. The company has extended the loan repayment period due in early 2022 with the bank for another year and finding a strategic partner to resolve the lack of cash flow which, if it is clear. The company will inform further.

3. **Issue Convertible Debenture Convertible Debentures**

The company to offer convertible debentures (PP10) in a limited way (PP10) in the amount of not more than 300 million baht. The convertible debentures are valid for 3 years from the offering date. The company's objective is to use as working capital in the company. to enhance liquidity in business operations to support normal operations in core businesses related business Including the extension and expansion of the company's business in the future and for repaying the company's loan debt

On November 24, 2021, the Extraordinary General Meeting of Shareholders No. 3/2021 has approved the issuance of the convertible debentures. As of December 31, 2021, the Company received money from the issuance of convertible debentures totaling 100 million baht and converted into ordinary shares in the amount of 50 million baht, or 69,444,444 shares.

As of March 14, 2022, the Company received additional money from the issuance of convertible debentures from December 31, 2021 in the amount of 60 million baht and converted into ordinary shares in the amount of 85 million baht, representing 166,055,024 shares, totaling 235,499,468 shares.

4. **Improvement of business strategy**

The company adjusts its marketing strategy. There are plans to increase sales as follows:

- 1) Focus on the main business is the production of aquatic feed. This year, it started to produce shrimp food for sale to customers with good payment history. and shorter payment term credit To strengthen liquidity faster and reduce bad debt The sales department will focus on service and follow customers

more closely. The company has more than 20 years of experience in the aquatic feed business and the company's products still gain confidence from customers, making them confident that sales will gradually increase and come back to meet the sales target

- 2) Orders from pet food manufacturing contracts have increased.
- 3) Manage production costs to be more efficient, especially fuel costs.
- 4) Reduce the burden of interest expenses by using the proceeds from the issuance and offering of convertible bonds to repay the bonds. and loan

In addition, the company is able to extend the debt from short term to long term in order to increase liquidity in order to increase the sales volume. The progress to settle the debt of Q4, 2021 is as following:

Details of Debt	Amount and Due Date	Progress of Debt Settlement
Short term loan from financial institution 1) Export- Import Bank of Thailand (EXIM Bank)	Baht 333.31 million Due date 16 February 2022	
2. Kasikorn Bank Public Company Limited (KBank)	Baht 47 million Due date on 28 January 2022	At present, the company has outstanding debt of 45 million baht and had approved to extend the due date on 25 March 2022) and request to renew the new edition on a quarterly basis by the bank to gradually pay back each quarter until the full amount in 2023 by using working capital (Working Capital) to pay
Debenture 1) TLUXE198A	Baht 250.80 million Due date on 2 July 2023	The Company had arranged the debenture holder meeting on 5 February 2021. The meeting resolved to approve the extension of the due date

<p>2) TLUXE205A</p>	<p>Baht 138 million Due date on 8 May 2023</p>	<p>by dividing into 2 installments as following: 1st installment – 10% payment due date will be on 2 July 2022 2nd installment – installment pays all the rest on July 2, 2023.</p> <p>The Company had arranged the debenture holder meeting on 1 February 2021. The meeting resolved to approve the extension of the due date by dividing into 2 installments as following: 1st installment – 10% payment (Baht 17 million) on 8 May 2022 2nd installment – the remaining amount (Baht 153 million on 8 May 2023)</p> <p>On November 30, 2021, the Company will partially pay off the debentures of 32 million baht, resulting in the remaining value after partial payment of 138 million baht. full maturity.</p>
<p>3) PPPM213A</p>	<p>Baht 207.60 million Due date on 18 March 2023</p>	<p>The Company had arranged the debenture holder meeting on 1 February 2021. The meeting resolved to approve the extension of the due date</p>

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		<p>by dividing into 2 installments as following:</p> <p>1st installment – 10% payment on 18 March 2022, By using the money received from the issuance of convertible debentures to pay</p> <p>2nd installment – the remaining amount on 18 March 2023</p>
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Please be informed accordingly.

Yours faithfully,

PP Prime Public Company Limited

(Mrs. Supattra Nakmontanakum)

Chief Executive Officer

Corporate Secretary Office

Tel: 02 029 1480

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