

17 May 2021

Attention: The President

The Stock Exchange of Thailand

Subject: Management Discussion and Analysis for the operational results of the 1Q2021

PP Prime Public Company Limited

PP Prime Public Company Limited would like to deliver the explanation and analysis of the management for the operating results of the 1Q2021 as follows:

Performance overview

In 1Q2021, PP Prime Public Company Limited (“the Company”) and its subsidiaries had sales revenues of Baht 143.98 million, consisting of revenue from animal feed business and electric power plant business were Baht 136.74 million and Baht 7.24 million, respectively. Revenue from animal feed business and electric power plant business are accounting for 94.97 percent and 5.03 percent of total sales revenue, respectively. The Company and its subsidiaries have decreased in total income by 65.31% compared to the previous year. The revenue of the main business decreased 66.35% compared to the previous year.

In 1Q2021, the Company and its subsidiaries had a total net loss of Baht 75.28 million, which decreased 1,152.58% compared to the previous year. The main reason was the performance of the Company.

Consolidated Financial Statements (Unit: Million Baht)	1Q2021	1Q2020	Change increase (decrease)	Percentage
Revenue from sales	143.98	427.92	(283.94)	(66.35)
Other incomes	13.13	25.01	(11.88)	(47.50)
Total Revenues	157.11	452.93	(295.82)	(65.31)
Cost of Sales	153.62	351.54	(197.92)	(56.30)
Selling and Administrative Expenses	61.80	78.21	(16.41)	(20.98)
Loss from Investment in Securities	-	0.02	(0.02)	(100.00)
Finance Costs	20.22	24.22	(4.00)	(16.52)
Total Expenses	235.64	453.99	(218.35)	(48.10)
Profit (Loss) before income tax expenses	(78.53)	(1.06)	(77.47)	(7,380.49)
Income tax expenses	(3.25)	4.95	(8.20)	(165.66)
Profit (Loss) for the period	(75.28)	(6.01)	(69.27)	(1,152.58)

Explanation and Analysis of Financial Status and Operating Results of 1Q2021

1.1 Income

Aquatic Feed Business

In 1Q2021, the Company's revenue from aquaculture feed business was Baht 30.94 million, a 91.79 percent decrease from the previous year.

Due to the situation of Coronavirus Disease 2019 (COVID-19) between 2020 and 2021 affect the company had to stop production and sales. As a result, the revenue from sales decreased in the amount mentioned above. The shrimp farming industry dropped by 90.51% compared to the same quarter of the previous year, and the fish farming industry dropped by 93.09% compared to the same quarter of the previous year

Pet Food Distribution Business

The Company had revenue from OEM pet food of Baht 105.80 million. Revenue increased approximately 132.27% compared to the same quarter of the previous year.

Electric Power Plant Business

The Company operates the business of producing and distributing electricity from geothermal energy in Japan. Revenue from electricity sales from subsidiaries in Q12021 amounted to Baht 7.2 million, a 36.35 percent increase compared to the same quarter of the previous year. Due to in 2021 there are repair and maintenance power plants therefore the revenue increased. The Company has 5 revenue-generating power plants out of 15 commercially operated power plants.

1.2 Cost of Sales

Most of the Company's cost of sales comes from raw material costs in production. In Q12021, the Company had cost of sales of Baht 153.62 million, a 56.30 percent decrease compared to the same quarter of the previous year. It was in line with the lower sales revenue.

1.3 Gross Profit (Loss)

Gross profit (loss) in Q12021 was Baht (9.64) million, a 112.62 percent decrease compared to the same quarter of the previous year with gross profit of Baht 76.38 million.

1.4 Selling and Administrative Expenses

Selling and administrative expenses in Q12021 was Baht 61.80 million, a decrease of 16.41 or 20.98 percent compared to the previous year. The lower administrative expenses of Baht 6.55 million mainly due to the allowance for doubtful accounts decreased of Baht 5.73 million for selling expenses decreased of Baht 9.86 million due to employee benefit expenses decreased in line with the number of employees.

1.5 Net profit (loss)

In Q12021, the Company and its subsidiaries had a net loss of Baht 75.28 million or a loss of Baht 0.11 per share.

Financial status

2.1 Assets

As of 31 March 2021, the Company and its subsidiaries had total assets of Baht 1,746.73 million, a decrease of Baht 142.91 million from as of 31 December 2020 or 7.56%, mainly decreased from trade accounts receivable and other receivables of Baht 66 million from the collection of the long outstanding debts, and depreciation and amortization of fixed assets amounting to 26.41 million baht.

2.2 Liabilities

As of 31 March 2021, the Company and its subsidiaries had total liabilities of Baht 1,745.67 million, a decrease of Baht 70.91 million or 3.90 percent from 31 December 2020 due to the company repayment of promissory notes for Baht 10 million and loan-term loans from institutions for Baht 32.05 million baht.

The ratio of debt to equity as of 31 March 2021 and 31 December 2020 are 1,653.10 times and 24.86 times, respectively. The major cause is the operating loss of Baht 75 million in Q12021.

2.3 Shareholders' Equity

As of 31 March 2021, the Company and its subsidiaries had shareholders' equity of Baht 1.06 million, a decrease of Baht 72 million or 98.55%, mainly from the operating loss of Baht 75 million.

Liquidity

In Q12021, the Company and its subsidiaries had net cash flow from operating activities of Baht 1.69 million, cash flow from investing activities of Baht 9.45 million and cash flow used in financing activities of Baht 43.58 million, and an increase from the effect of exchange rate of Baht 6.17 million, the Company had cash and cash equivalents decreased by Baht 26.27 million. As a result, as of 31 March 2021, the Company and its subsidiaries had cash and cash equivalents at the end of the period of Baht 12.12 million.

Legal Progress Report

Case 1 (Debentures)

On 27 August 2019, the bondholder filed a lawsuit against the Civil Court. The company pay the principal and default interest in the total amount of Baht 4,098,438.39.

Subsequently, on 20 December 2019, the Civil Court ordered the Company to make a payment of Baht 4,000,000 with interest at the rate of 9.25 percent per annum from the date of filing onwards until the payment is complete.

On 19 May 2020, the Appeal Court ruled in accordance with the judgment of the Civil Court; however, amend the interest payment from the original, calculated from the date of filing as from 6 September 2019 onwards until the payment is complete. In addition to the amendment to comply with the judgment of the Civil Court, the charge of the appeal is folded with respect to the judgment of the Civil Court and the Appeal Court, the Company does not agree as the mentioned judgment does not consider the judgment according to the judgement of the Appeal Court in relation to what had approached. The Company will use the right to appeal such judgement.

On 10 February 2021, the Samut Songkhram Provincial Court read the order of the Supreme Court and issued an order not to allow the petition. Dismiss the request for relief of enforcement as a result of the said order, the judgment of the Court of Appeal Region 7 is finally legal on 10 February 2021, and the company, as the defendant, has the duty to pay interest at 9.25 percent per year from 6 September 2019 until 2 July 2020 of the principal of Baht 4,000,000 and interest payment of 9.25 percent per annum from 3 July 2020 on the principal of Baht 3,200,000 until payment is completed including deducting the interest paid

Case 2 (Debentures)

On 14 November 2019, the 2nd bond holder filed a lawsuit with the Civil Court asking the Company to pay the principal plus interest in default in the amount of Baht 2,012,835.61 and the appointment of witnesses to the plaintiff and the defendant on 23 March 2020

On 14 October 2020, the Civil Court ordered the defendant to pay the plaintiff Baht 1,600,000 with interest at the rate of 9.25 percent per annum from 3 July 2020 onwards until the payment is completed to the plaintiff. and interest at the rate of 9.25 percent per annum of the principal of Baht 2,000,000 from 2 August 2019 onwards until payment is completed to the plaintiff by taking the amount of interest that the defendant paid to the plaintiff and deducted from the interest the defendant paid to the plaintiff

On 3 February 2021, the Company submitted an appeal of the judgment. Currently it is being considered by the Appeal Court. The Company will then notify the progress later.

Case 3 (Geothermal Power Plant Project)

According to the company has passed a resolution on 15 May 2018 in the sale of geothermal power plants for 15 units in Japan, selling at a price of JPY 320 million per unit according to the preliminary agreement (Memorandum of Understanding, MOU) dated 21 June 2018, and later it appears that the Japanese subsidiary has entered into 3 contracts as following details:-

The first contract dated 25 February 2019, with the essence of that, Beppu Forest Power Co., Ltd. will pay a second deposit of JPY 400 million (about Baht 116.28 million) and will transfer 25% of the shares to PPSN Co., Ltd. and PPSN Co., Ltd. will transfer ownership of 4 power plants to Beppu Forest Power Co., Ltd. within 15 days of receiving payment.

The second contract, dated 5 April 2019, is a memorandum of agreement that Beppu Forest Power Co., Ltd. and PPSN Co., Ltd. agreed that Beppu Forest Power Co., Ltd. has the right to terminate the agreement if the property transfer agreement. (Contract 3) not approved by the Board of Directors

The third contract, dated 5 April 2019, has four parties: Beppu Forest Power Co., Ltd., PPSN Co., Ltd., Lena Power Station No. 1 LLC., and the company which this agreement was signed by Beppu Forest Power Co., Ltd. with PPSN Co., Ltd., which only mentioned the purchase of power plants at a price of JPY 200 million per unit, ownership of 2 PPSN Co., Ltd. and 2 plants of Lena Power Station No. 1 LLC. The total is four units worth JPY 800 million and did not mention a 25% share transfer, which is against the first contract.

The company consulted with a legal advisor in Japan In the case of the third contract. It will be binding on the company or not. The legal advisor has a legal opinion, with the following conclusions.

1. In the case of Lena Power Station No.1 LLC. If it can be proven that Lena Power Station No.1 LLC. has not authorized PPSN Co., Ltd. to sign an agreement on its behalf. It will not be binding on Lena Power Station No. 1 LLC.
2. In the case that the company can prove that the company does not authorize PPSN Co., Ltd. to sign an agreement on their behalf will not be binding on the company

PPSN Co., Ltd. by the former 2nd director at that time informed that in person he did not sign himself. but the former first director signed on his behalf by the Japanese legal advisor informed that according to Japanese law, this is the case of true intention, it is the real intent of the contract. If contrary to the intent of the signatory. This contract will be null and void. If it can be proven that the former 2nd director has not signed this contract, but the former director No. 1 has signed on behalf of this agreement, PPSN Co., Ltd. is not bound as well

In accordance with the resolution of the Board of Directors Meeting No. 22/2019 held on 23 December 2019, resolved to send a notice informing Beppu Forest Power Co., Ltd. to pay the remaining JPY 4,200 million to the company by date. 31 January 2020, if Beppu Forest Power Co., Ltd. ignores the remaining payment. The company exercise the right to terminate the contract and seize the deposit of JPY 600 million (or approximately Baht 176 million), as well as hurry to find other investors interested in the future. Along with

accelerating production efficiency improvements and acknowledge the arbitrary contract of the subsidiary in Japan

Later, on 25 December 2019, the company sent a letter according to the resolution of the meeting to Beppu Forest Power Co., Ltd., summarized as follows.

The company insisted on selling the power plants at a price of JPY 320 million per plant, rejecting the contract that Beppu Forest Power Co., Ltd. made later to buy four power plants at a price of JPY 200 million each and asked. Beppu Forest Power Co., Ltd. make the remaining payment according to Initial agreement (Memorandum of Understanding, MOU) of JPY 4,200 million by 31 January 2020, otherwise the company will cancel the contract and continue to seize the deposit.

Subsequently, on 24 January 2020 and 20 February 2020, the Company was notified by the subsidiary in the Electricity Generating Group that the Purchaser had informed the Subsidiary that the purchaser had taken the payment for the electricity they had to pay in 2020, four power plants comprised two P-Power and two Lena - 1 power plants the company had to receive from electricity sales revenue of JPY 11,383,944 and JPY 16,599,528 respectively. Oita Legal Affairs Bureau (Oita Legal Affairs Bureau) due to Beppu Forest Power Co., Ltd., which has entered into an agreement to buy 15 power plants from a group of power generating companies have asked the buyer of electricity Pay electricity bills to Beppu Forest Power Co., Ltd. Power buyers therefore have questions about their right to receive electricity bills. For the period January to July 2020 due in February to August 2020, placed at the Oita City Law Office (P-Power and Lena stopped producing electricity in August 2020 and June 2020, respectively).

According to the resolution of the Board of Directors Meeting No. 1/2020 held on 5 February 2020, it resolved to acknowledge the progress of the sale of 15 power plants. At present, Beppu Forest Power Co., Ltd. has not yet paid the rest with the company Therefore, the management will seize the deposit of JPY 600 million by going to consult with the legal advisor.

On 18 June 2020, PPSN Co., Ltd. received a letter from Beppu Forest Power Co., Ltd., a counterparty to acquire PPSN Co., Ltd.'s geothermal power plant by Beppu Forest Power Co., Ltd., referring to the contract No. 2 dated 5 April 2019, whereby the contents of this agreement will sell four power plants at a price of JPY 200 million each, totaling JPY 800 million by Beppu Forest Power Co., Ltd. JPY 400 million will be paid within 2 weeks, and the remaining JPY 400 million will be paid within a year. Four of the power plants are owned by PPSN Co., Ltd. 2 and 2 are owned by Lena Power Station No. 1 LLC. Beppu Forest Power Co., Ltd. will cancel the purchase of 2 power plants of Lena Power Station No. 1 LLC., A 100% subsidiary of the company, and on 17 July 2020, PPSN Co., Ltd. received "Summons for reporting on the day of the 1st oral statement and letter of response request" from Beppu Forest Power Co., Ltd., demanding PPSN Co., Ltd. to pay Beppu Forest Power Co. Ltd. , Ltd. for JPY 40,540,542 with accrued interest at the rate of 3 percent per year, starting from 2 May 2020 until the payment has been made and the costs of the prosecution have been paid. Co., Ltd. submits the testimony on 27 August 2020.

On 6 August 2020, PPSN Co., Ltd. received an order to temporarily freeze assets from the Tokyo District Court in Japan, number 2, the essence of the temporary asset freeze order can be summarized as follows.

1. Temporary seizure order No. 1 The court issued an order to temporarily freeze 2 land plots of PPSN Co., Ltd., which is the location of 1 power plant (Unit B power plant), designated Beppu Forest Power Co., Ltd. has a guarantee of JPY 300,000. If PPSN Co., Ltd. can place a collateral amount of JPY 1,404,131, PPSN Co., Ltd. can suspend the order. Or withdraw an order to temporarily freeze assets

2. Temporary Freezes Order No. 2 The Court issued an order to temporarily freeze revenue from the sale of electricity of Unit B power plant from 17 July 2020 to 16 July 2021, requiring Beppu Forest Power Co., Ltd. to place Insurance JPY 7,900,000. If PPSN Co., Ltd. can place a collateral amount of JPY 39,433,306, PPSN Co., Ltd. can suspend this order. Or withdraw an order to temporarily freeze assets

On 27 August 2020, the Director and Chief Executive Officer of PPSN Co., Ltd. reported himself by the 1st oral statement. PPSN Co., Ltd. appointed a lawyer on that date and PPSN Co., Ltd. has clarified the information to the court on 6 October 2020 and 5 November 2020.

On 24 December 2020, Beppu Forest Power Co., Ltd. and PPSN Co., Ltd. reported to the court on time, the Beppu Forest Power Co., Ltd. announced to the court that Beppu Forest Power Co., Ltd. will ask for further additions. The Court therefore required Beppu Forest Power Co., Ltd. to submit an objection against the testimony by 5 February 2021, with the fourth hearing scheduled for 15 February 2021.

On 15 February 2021, PPSN Co., Ltd. and Beppu Forest Power Co., Ltd. submitted to the court and clarified the information to the court. by setting the date for the 5th hearing on 13 April 2021

On 13 April 2021, PPSN Co., Ltd. and Beppu Forest Power Co., Ltd. have submitted the court proceedings and clarified the information to the court with the next hearing scheduled on 8 June 2021.

Summary of Shrimp Industry Situation 1Q2021

The portion of shrimp farming area is still white shrimp 85%, black tiger prawn 10%, and lobster 5%. Adverse weather conditions from January to February affect to farmers began to delay farming. Shrimp farmers encountered White spot disease due to the weather conditions are quite fluctuations and the long winter season. Besides, White feces syndrome and Enterocytozoon hepatopenaei made an impact on shrimp to slow-growing, low survival rate and the cost raised. As result, the most farmers have reduced density of farming about 20-30% (White shrimp from 200,000 / rai to 150,000 / rai) to reduce the risk of plague due to the production dropped by 10-15%. In combination with Coronavirus Disease 2019 (COVID-19) of Myanmar workers at Samut Sakhon central shrimp market in Q12021 that made the price of white shrimp keep on falling. As a result, shrimp market slowdown from the closing down of the shrimp market between 19 December 2020 and 28 February 2021 resulting in a small shrimp decrease in price, while white shrimp price rise but it isn't enough to compensate for the rate of changing price at the beginning of the year causing all-

size shrimp prices to fall compared to the previous year. As for the export, it also declined except for black tiger prawn, it is also exported to China continuously.

Shrimp Industry Outlook 2Q2021

Expect the environmental situation will improve, suitable for raising, the problem of the epidemic is reduced and farmers increase their farming areas resulting in more production to the market. As a result, shrimp prices began to tend to rise. But the situation of the COVID-19 epidemic has not resolved in many countries, including Thailand and the world economy that may affect shrimp exports. In each country market, shrimp is imported from Ecuador and India, especially small shrimp that are priced lower than Thailand resulting in the competitiveness of the small shrimp from Thailand decreased. In which Thai entrepreneurs have measures and formulate solutions to problems It should focus on exports to regions where the COVID-19 epidemic is decreasing and economies recovering such as Asia, especially Korea, Taiwan, Hong Kong and ASEAN including added labor screening measures of the production line to prevent COVID-19 contamination in products and packaging especially frozen products. The farmers' sector has been adjusted appropriate production systems at low costs and reducing losses due to disease during farming to reduce the hidden costs. Develop knowledge and understanding of shrimp selection in the White List Hatchery system and emphasize farm biosecurity practices. To reduce the risk of disease, implement public health measures to prevent person-to-person COVID-19 and contamination of aquatic animal products in transportation and distribution.

Summary of Fish Farming Situation 1Q2021

In this year, water is sufficient for raising due to there is a raindrop in every area. Farm price has risen that encourages farmers to start raising again after slow down raising or reduce the rearing cycle. Farmers also prefer tilapia and red tilapia 70%, catfish 20% and other fish 10% of the area. Tilapia production in the first quarter of 2021 tends to increase compared to the previous year. In addition, farmers nursed fish to a large size before releasing them into the pond to increase the survival rate including increase the rate of release of fish offspring result in the outlook yield of tilapia in the year 2021 has increase. Sale price situation, sales price at farm average of large size tilapia that weight 700-900 grams, the price is price 45-50 Baht/kg., red tilapia 70-75 baht, the price of catfish is relatively stable, and sea bass keep on falling.

Fish Farming Trends 2Q2021

The situation of the third wave of the COVID-19 epidemic in March 2021, resulted in traders reduce the trading volume and tilapia yields remain at many farms. Later, the government released measures for relief,

restaurants and fresh markets were able to operate normally. Productivity began to the market more and more. As a result, tilapia prices decline for both small and medium sizes except big size which is the high demand size in the market. After that, the demand for tilapia decreased, resulting in lower prices. Therefore, in order to resolve the problem of tilapia fish products by the Department of Fisheries has developed Chitlada 3 species, which are of good quality that farmers need. To accelerate the production of quality breeders for hatcheries both in the public and private sectors to produce good quality breeders for farmers. Increase production efficiency by using new technology to help reduce the cost of farming. Raising farm standards and promote the integration of farmers. Increase the processing to be diversified with high standards that the market needs to add value. Increase productivity and can drain more yields. As a result, the farm price increases.

Summary of Pet Situation Quarter 1/2021

The situation in the first quarter, even in the COVID-19 outbreak pets have consumed on a regular basis coupled with the care and attention to the importance of pets as family members. This resulted in the purchase of spare pet food as well as other essential items. The domestic pet market has little impact. People can conveniently come out to buy pet food at retail stores and wholesalers that able to trade normally.

The airlines started to fly again. Make exports to neighboring countries in ASEAN, which are big markets such as Malaysia, Indonesia and Singapore, and countries in Europe and America, where exports are likely to increase.

Pet Food Trends Quarter 2Q2021

The domestic pet market is likely to grow 10-15% higher than the 1Q2021, even though the current economic situation is not good. The nature of raising domestic animals still needs convenience and reduces the time of taking care of feeding. Therefore, ready meals are still popular, especially dry feed which accounts for 80% of the market and the remaining 20% is wet food.

Asian export market and Southeast Asia has a higher growth trend. The European and American markets have been exported continuously. In Asia, the largest markets are China and Japan and still have a high demand for pet food.

Yours sincerely,
PP Prime Public Company Limited

(M.L. Phanpiengduen Sungkahapong)
Director / Chief Executive Officer