

15 November 2021

Attention: The President

The Stock Exchange of Thailand

Subject: Management Discussion and Analysis For the operating results of the 3Q2021

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 3Q2021 as follows:

Performance overview

In 3Q2021, PP Prime Public Company Limited (“the Company”) and its subsidiaries had total sales of Baht 225.43 million, comprising of aquatic feed business, pet food business, and electric power business was Baht 55.88 million, Baht 165.52 million and Baht 4.03 million, which accounted for 24.79%, 73.42% and 1.79% of total revenue from sales, respectively. Total income was decreased by 36.42%. compared to the previous year. The main business had revenue decreased 48.14% compared to the previous year.

In 3Q2021, the Company and its subsidiaries had a total net profit of Baht 6.88 million, increased 189.93% YoY. The major reason was the Company had a gain from sales assets of Baht 33.04 million.

Consolidated Financial Statements (Unit: Million Baht)	3Q2021	3Q2020	Change increase (decrease)	Percentage
Revenue from sales	225.43	434.72	(209.29)	-48.14%
Other incomes	64.54	21.33	43.21	202.58%
Total Revenues	289.97	456.05	(166.08)	-36.42%
Cost of Sales	227.14	368.39	(141.25)	-38.34%
Selling and Administrative Expenses	49.27	73.52	(24.25)	-32.98%
Loss from the Sales of Securities	0.75	-	0.75	100%
Profit and reversal of impairment loss TFRS 9	(5.54)	(10.17)	4.63	45.53%
Total Expenses	271.62	431.74	(160.12)	-37.08%
Profit (Loss) before finance costs and income tax expenses	18.35	24.31	(5.96)	-24.52%
Finance Costs	(17.46)	(20.84)	3.38	16.22%
Profit (Loss) before income tax expenses	0.89	3.47	(2.58)	-74.35%
Income tax expenses	5.99	(11.12)	17.11	153.87%
Loss for the year	6.88	(7.65)	14.53	189.93%

Explanation and Analysis of Financial Status and Operating Results for 3Q2021

1.1 Income

Aquatic business selling

In 3Q2021, the Company had revenue from the aquatic feed business of Baht 55.88 million, a 84.20% decrease compared to the same quarter of 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 77.45% compared to the same quarter of the previous year, and the fish farming industry dropped by 92.99% compared to the same quarter of the previous year

Pet Food Business

The Company had revenue from pet food business equal to Baht 165.52 million, growing approximately 88.97% 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 3Q2021 amounted to Baht 4.03 million, a 1% decrease 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 3Q2021, the Company had cost of sales of Baht 227.14 million, a 38.34% decrease compared to the same quarter of the previous year. It was in line with the lower sales revenue.

1.3 Gross profit

Gross profit in 3Q2021 was Baht -1.71 million, a decrease from the same quarter of the previous year of Baht 68.04 million, or 35.51%.

1.4 Selling and administrative expenses

Selling and administrative expenses in 3Q2021 were Baht 49.27 million, a decrease of Baht 24.25 million or 32.39% compared to the previous year. While the Company had impact on the spread of COVID-19,

the Company has a policy to control unnecessary expense, resulting in lower selling and administrative expenses.

1.5 Net profit (loss)

In 3Q2021, the Company and its subsidiaries had a net loss of Baht 6.88 million or equivalent to Baht 0.01 per share.

Financial status

2.1 Assets

As of 30 September 2021, the Company and its subsidiaries had total assets of Baht 1,646.08 million, a decrease of Baht 243.56 million from 31 December 2020 or a 12.89% decrease, the decreasing was mainly due to from sales fixed assets which the book value equal to Baht 139.56 million.

2.2 Liabilities

As of 30 September 2021, the Company and its subsidiaries had total liabilities of Baht 1,646.08 million, a decrease from 31 December 2020 by Baht 237.09 million or 2.84%, mainly due to the repayment loan from the financial institute of Baht 154.74 million.

The ratio of debt to equity as of 30 September 2021 and 31 December 2020 are 23.72 times and 24.86 times, respectively.

2.3 Shareholders' Equity

As of 30 September 2021, the Company and its subsidiaries have shareholders' equity of Baht 66.59 million, a decrease from 31 December 2020 of Baht 6.47 million or 8.86%, mainly from increase capital amount of Baht 137 million, loss from operation in 2021 amount of Baht 93 million and loss from translate adjustment amount of Baht 56 million.

Liquidity

In 3Q2021, the Company and its subsidiaries had net cash flows used in operating activities of Baht 78.63 million, cash flow from investing activities of Baht 229.21 million and cash flows used in financing activities totaling of Baht 73.89 million. The impact of the exchange rate was Baht 75.72 million, resulting in an increase in cash and cash equivalents of Baht 0.97 million, resulting to remaining of cash and cash equivalents at the end of the period of Baht 39.36 million.

Other

Advance payment for construction of geothermal power plants

On December 13, 2017, a meeting of the Board of Directors of the Company passed a resolution to approve investment in 9 units of geothermal power plant in Japan, with a total project value of Yen 2,700 million (Baht 786 million).

As at December 31, 2018, Sumo Power Company Limited, a subsidiary, has paid a deposit for a power plants amount of Yen 50 million and a private company amount of Yen amount 53 million.

However, a private company has transferred both of the land to the second private company. Although the first private company it is obliged to transfer these land to Sumo Power Company Limited, the total asset transfer price is Yen 300,000,000, which Sumo Power Company Limited has paid to the first private company amount of Yen 50,000,000.

On May 26, 2020, Sumo Power Company Limited has instituted legal proceeding against regarding the implementation of the ownership transfer of the land to the second private company and a claim of Yen 1,000,000 from the first private company.

On June 11, 2021 PPSN Company Limited apply for assets sharing for a private company which on September 24, 2021, a subsidings received from the 1st sharing asset amount of Yen 500,000.

Advance payment for Riverside Project

Board of Directors Meeting No.8/2018 convened on May 18, 2018, to approved that the Company enters into the joint investment transaction with Rich Partners Co., Ltd. ("Rich Partners") in the mixed-use development project under the project's name "Riverside Tower" located in Da Nang City, Vietnam (the "Riverside Project") which is being developed by Sun Frontier Investment Co., Ltd. ("Sun Frontier Investment"), a company incorporated under Vietnamese law. The Company will invest in the Riverside Project for the investment amount of not more than Yen 3,100 million or equivalent to Baht 911.83 million (based on the exchange rate of Baht 29.4140 per Yen 100 as announced by the Bank of Thailand on May 17, 2018). Under the joint investment agreement which to be entered into between the Company and Rich Partners (the "Joint Investment Agreement"), the Company will be entitled to the rights to sell the residential units and receive the consideration from the sale of residential units in the Riverside Project selected by the Company and agreed with Rich Partners the approximate area of which will be not less than 50 percent of the total residential area of the Riverside Project, whereby the Company's investment return shall be guaranteed

at the rate of not less than six percent per annum in respect of the total investment amount of the Company, the terms and conditions of which are currently being negotiated and shall further be executed by the Company and Rich Partners Co., Ltd.

On June 25, 2018, the Company has paid a deposit amount of Yen 210 million (approximately of Baht 62.31 million), whilst the remaining investment amount shall be payable to Rich Partners upon completion of all the conditions precedent so specified under the Joint Investment Agreement. If any of the conditions precedent cannot be completed within the specific timeframe, the Company shall be entitled to receive full amount of deposit from Rich Partners.

According to the Board of Directors meeting No. 15/2019, on July 30, 2019, resolved to issue the Company letter of cancellation of such investment and requesting a deposit in the amount of Baht 65.57 million because the development of the said project agreed has delayed, together with the cost of developing the project higher.

The Company recorded expected credit loss for loss on the deposit due to an uncertainty in the collection from joint investor.

On November 1, 2019, the Company received deposit of Yen 171 million (equivalent to Baht 47.10 million) from Rich Partners Company Limited.

On May 1, 2020, the Company received deposit of Yen 5 million (equivalent to Baht 1.48 million) from Rich Partners Company Limited.

Present, the Company is currently tracking the debt closely and will take legal action for reimbursement.

Short-term loan from Auluxe Power Co., Ltd.

Loan from Auluxe Power Co., Ltd. amount of THB 303 thousand, which related company bear interest at the rate of 3 percent p.a. and has maturity on January 2020. The company will not make a new contract and in the future this will be offset with loan to related company.

Summary of Shrimp Industry Situation 3Q2021

In the 3rd quarter, shrimp farming was quite slow because farmers were waiting for the market price situation. The price of white shrimp of Thailand seafood market in Samut Sakhon is likely to decline continuously at size 100 pieces/kg from 120 baht/kg, dropping below 100 baht/kg. The Shrimp Farmers Association of Thailand has submitted the government to solve the problem of falling prices which problem is not solved yet. Coupled with the monsoon season, in eastern and southern areas, the weather conditions are constantly changing. There is very high rainfall and the salinity in the water decreases. Raising shrimp was difficult.

Epidemic situation. During this period has the outbreak of White Spot Syndrome Virus (WSSV), and Early Mortality Syndrome (EMS) is still outbreak in some areas. As for White Feces Syndrome, farmers control the disease better than before, now this outbreak can be controlled.

Farmers have switched to raising Giant tiger prawn more, from 10% to 15% of the total raising area because the price of Giant tiger prawn is better than Pacific white shrimp when compared to the same size. But due to the spread of the COVID-19 epidemic rapidly that spread all areas especially large urban areas difficult to control affects the distribution of shrimp products to the market and the export of Giant tiger prawn (live shrimp) to China due to fewer flights but there is still a market to support the product by selling it as boiled shrimp at the factory. Giant freshwater prawn raising is also mixed with Pacific white shrimp in the central region. The selling price has dropped as well due to purchasing power of domestic consumers has decreased.

Shrimp Industry Outlook 4Q2021

In the 4th quarter, the number of new shrimps farming was lower than the previous quarter because the changing of season period has a risk of the outbreak of White Spot Syndrome Virus (WSSV) which has severely damaged shrimp farms. However, the Company expects that the volume of shrimp farming from farmers will still be higher compared to the same quarter of the previous year. It is expected that the rising proportion will be equal to 30-40% of the raising area because the selling price at the end of September 2021 increased. It is a motivation for farmers to raise new shrimp. And in the 4th quarter, cold storages have purchase orders due to there is a demand for products to be exported during Christmas and New Year holidays in European and American markets which high demand at the mentioned time.

Summary of Fish Farming Situation 3Q2021

The production of tilapia and catfish is increasing because there is enough water from the rainfall that is more than last year to feed fish, and water in reservoirs and rivers that have increased. Farmers nurse the fry to size and strength before releasing them into the ponds to increase their survival rate. The proportion of fish farming is still 70% tilapia, 20% catfish and 10% mixed fish.

Due to the epidemic situation of COVID-19, farmers are unable to bring tilapia to the market normally as a result, the price of tilapia has decreased. Floating baskets tilapia size 800-900 grams, the price at farm 55-60 baht/kg reduced to 45-50 baht/kg. The price of feed pellets increased by 3%, with the manufacturers unable to bear the cost of raw materials that have increased by 15-20%, especially soybean meals, which is the main raw material for fish feed production effect on farmers to bear the higher cost. Moreover, the farmers have a risk of loss during the rainy season because the fish cannot acclimatize themselves to the condition. Some areas of the river in the northeastern region have discharged wastewater from industrial plants, the fish died due to the low of dissolved oxygen in the water.

Fish Farming Trends 4Q2021

The fish farming area is likely to increase. The water in natural sources and water in dams has increased causes the water temperature to drop, increasing the amount of dissolved oxygen in the water that decreasing the number of dead fish.

Due to the declining situation of the epidemic of COVID-19, fish fillets (700-1,300 g) available in the system are released to the fish market. Farmers can distribute their produce better. The price tends to increase by 10-15 baht/kg. The hatchery increases the production of fry to the market according to demand of farmers. In addition, the government has plans to open the country in November 2021, resulting in increased consumer demand from tourists in December, which is the season of tourism, resulting in the rising fish prices prolonging the period.

Summary of Pet Situation Quarter 3Q2021

In 3rd quarter, Sales of pet products in the pet industry increased by 10-15% from the second quarter, both domestically and internationally because trading partners have confidence in the pet food products that manufactured in Thailand. Ready meals are also popular especially dry animal feed causing the volume of exports to Europe, Japan, the Middle East, and neighboring countries in ASEAN which is a big market such as Malaysia, Indonesia and Singapore, etc., increase continuously.

Due to the epidemic of Covid-19, New Normal makes people around the world more work from home so pets, dogs and cats have become one of the options for living and relieving loneliness, resulting in the expansion of the Thai pet food industry.

Pet Food Trends Quarter 4Q2021

The pet market in 4th quarter is expected to have higher sales volume than 3rd quarter. Domestic consumption and sales export tend to increase about 3-5% because pets are still popular and are affected by the seasons or weather conditions very low, therefore, during October to November 2021 will be the period that pet food sellers order goods for the end of year sales in the mentioned months then will decrease in December 2021.

Yours sincerely,

PP Prime Public Company Limited

(M.L. Phanpiengduen Sungkahapong)

Director / Chief Executive Officer

Corporate Secretary Division

Tel. 02 029 1480