

16 August 2021

Attention: The President

The Stock Exchange of Thailand

Subject: Management Discussion and Analysis for the operational results of the 2Q2021

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 2Q2021 as follows:

Performance overview

In 2Q2021, PP Prime Public Company Limited (“the Company”) and its subsidiaries had sales revenues of Baht 169.68 million, consisting of revenue from animal feed business and electric power plant business were Baht 161.85 million and Baht 7.83 million, respectively. Revenue from animal feed business and electric power plant business are accounting for 95.39 percent and 4.61 percent of total sales revenue, respectively. The Company and its subsidiaries have decreased in total income by 49.87% compared to the previous year. The revenue of the main business decreased 57.86% compared to the previous year.

In 2Q2021, the Company and its subsidiaries had a total net loss of Baht 25.05 million, which decreased 46.66% compared to the previous year. The main reason was the performance of the Company and gain on the sale of common stock Baht 15.92 million.

Consolidated Financial Statements (Unit: Million Baht)	2Q2021	2Q2020	Change increase (decrease)	Percentage
Revenue from sales	169.68	402.70	(233.02)	(57.86)
Other incomes	36.50	8.60	27.90	324.42
Total Revenues	206.18	411.30	(205.12)	(49.87)
Cost of Sales	173.59	351.61	(178.02)	(50.63)
Selling and Administrative Expenses	41.39	80.11	(38.72)	(48.33)
Loss on foreign exchange	-	9.45	(9.45)	(100.00)
Finance Costs	18.81	21.21	(2.40)	(11.32)
Total Expenses	233.79	462.38	(228.59)	(49.44)
Profit (Loss) before income tax expenses	(27.61)	(51.08)	23.47	(45.95)
Tax expenses (tax Income)	(2.56)	(4.12)	1.56	(37.86)
Profit (Loss) for the period	(25.05)	(46.96)	21.91	(46.66)

Explanation and Analysis of Financial Status and Operating Results of 2Q2021

1.1 Income

Aquatic Feed Business

In 2Q2021, the Company's revenue from aquaculture feed business was Baht 1.11 million, a 99.68 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 99.80% compared to the same quarter of the previous year, and the fish farming industry dropped by 99.52% compared to the same quarter of the previous year

Pet Food Distribution Business

The Company had revenue from OEM pet food of Baht 160.74 million. Revenue increased approximately 196.40% 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 2Q2021 amounted to Baht 7.83 million, a 25.68 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 2Q2021, the Company had cost of sales of Baht 173.59 million, a 50.63 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 2Q2021 was Baht (3.91) million, a 107.65 percent decrease compared to the same quarter of the previous year with gross profit of Baht 51.09 million.

1.4 Selling and Administrative Expenses

Selling and administrative expenses in 2Q2021 was Baht 41.39 million, a decrease of 38.72 million or 48.33 percent compared to the previous year. The lower administrative expenses of Baht 25.78 million mainly due to the allowance for doubtful accounts decreased of Baht 11.42 million for selling expenses decreased of Baht

9.74 million due to freight and salary, daily allowances, other benefits decreased in line with the number of employees.

1.5 Net profit (loss)

In 2Q2021, the Company and its subsidiaries had a net loss of Baht 25.05 million or a loss of Baht 0.04 per share.

Financial status

2.1 Assets

As of 30 June 2021, the Company and its subsidiaries had total assets of Baht 1,886.05 million, a decrease of Baht 3.59 million from as of 31 December 2020 or 0.19%, mainly decreased from trade accounts receivable and other receivables of Baht 55 million from the collection of the long outstanding debts, and depreciation and amortization of fixed assets amounting to 52.41 million baht.

Significant changes in assets after the end of period, on 9 July 2021 the company sold land and building in Samut Songkhram, amount of THB 174,000,000 to repayment loans from financial institutions and as working capital of the company.

2.2 Liabilities

As of 30 June 2021, the Company and its subsidiaries had total liabilities of Baht 1,757.15 million, a decrease of Baht 59.43 million or 3.27 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 30 June 2021 and 31 December 2020 are 13.63 times and 24.86 times, respectively. The major cause is the company has increased capital of 137 million baht.

2.3 Shareholders' Equity

As of 30 June 2021, the Company and its subsidiaries had shareholders' equity of Baht 128.90 million, an increase of Baht 55.84 million or 76.43%, mainly from the company has increased capital of 137 million baht.

Liquidity

In 2Q2021, the Company and its subsidiaries had net cash flow used in operating activities of Baht 15.04 million, cash flow from investing activities of Baht 24.88 million and cash flow from financing activities of Baht 91.90 million, and a decrease from the effect of exchange rate of Baht 24.51 million, the Company had cash

and cash equivalents increased by Baht 77.23 million. As a result, as of 30 June 2021, the Company and its subsidiaries had cash and cash equivalents at the end of the period of Baht 115.63 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.

On 29 June 2021, the Company has already paid the principal and interest as the Court of Appeal's judgment.

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 for 8 June 2021.

On 8 June 2021, an off set expenses amount of Yen 40.50 million has been added, with the next hearing scheduled on 26 July 2021.

On 26 July 2021, the second buyer did not file a dispute due to it is in the process of negotiating the settlement, with the next hearing scheduled on 17 September 2021.

Summary of Shrimp Industry Situation 2Q2021

The new wave of COVID-19 epidemic is becoming more and more serious. The outbreak quickly spread and spread to all areas, especially large urban areas that are difficult to control affect the distribution of shrimp products to the market causing excess supply and the price of farm produce has decreased. In addition, the government has measures to control the opening of shops, tourist attraction and entertainment venues causing domestic consumption to decrease. Regarding the situation of raising in the second quarter, white shrimp raising had a problem of White Feces Syndrome which caused the shrimp to grow slowly, longer raising time, lower survival rate, and higher FCR. In addition, White Spot Disease which occurs a lot during April-June has caused a large number of deaths in shrimp farms coupled with shrimp prices during May-June continued to decline, order from cold storage and vendors who buy shrimp from the rafts to resell has decreased because the fresh seafood market is closed more. As a result, white shrimp farmers rushed to catch a large number of shrimp to compete for price. And farmers also delayed farming shrimp because they waiting for the market situation. Black tiger prawns raising is still well and the range price has good. The export of black tiger prawns to China is still ongoing continuously. There is a packing house set up production base in Lad Krabang by exporting at Suvarnabhumi Airport causing the market of black tiger prawns to expand. Most of the shrimp exported to China use sizes 35-42 pieces/kg. Price 220-240 baht. Farmers will rush to catch shrimp during this period because of a good selling price.

Shrimp Industry Outlook 3Q2021

With regard to White Feces Syndrome, it is expected that in the third quarter, shrimp farmers still face more difficult problems with farming, resulting in the slow growth of shrimp, increase production costs according to rising oil prices coupled with lower shrimp prices than during the second quarter. In the third quarter, farmers have to gradually catch large shrimp because of fear the selling price will be lower than before. Farmers have turned to raise black tiger prawns more than ever due to the black tiger prawns market to China has a greater role all along couple with the cost of raising is lower than that of white shrimp and the selling price is high and relatively stable, in addition, the boiled shrimp market will play a greater role because there is a large amount of catch but must focus on quality, dark red color, clean body, the color level must not be less than 30, making the shrimp food for color acceleration has a greater role. And the farmers have reduced the cost by raising the shrimp lesser than before, use inexpensive food, and use fewer chemicals. As for lobster farmers, they still slowed down their raising, reducing the number of ponds and the density of lobsters to emphasize the shrimp growing faster and shorten the raising period waiting for the domestic market to open to drain the products that are still stuck on the farm.

Summary of Fish Farming Situation 2Q2021

Due to the epidemic situation of COVID-19, farmers are unable to bring tilapia to the market normally. Especially farmers raising caged fish in areas along Mekong River. Which is currently in the process of sending fish from floating baskets to the market, weighing about 1 kg each, but during this period, there are no merchants to buy them causing to farmers bear the cost of raising couple with the risk of loss from the problem of dead fish from floating baskets during the rainy season due to fish can not adjust the condition so makes the price drop. There is a large number of fish stuck on floating baskets. In addition, the amount of fish consumption has decreased. During this period, consumers did not come out to buy fresh fish, turned to consume mainly dry food products because of fear and avoiding infection with the virus, resulting in a decrease in fish rafts that buy agricultural products as well. In addition, the government has a policy to close the mall and restaurants in many provinces that are business and tourism cities. This creates more obstacles in the transportation of both live and chilled fish. In addition, airlines reduce the flights. Traveling both domestically and internationally is quite difficult. The decrease in the number of tourists affects consumption. As for the raising situation in the second quarter, the water in natural sources increased. Farmers raise a new set of fish in the northern, the region northeast, and the south has more raising. Farmers are also popular in raising tilapia 70% because they are easy to grow and grow fast, 20% catfish, and 10% other fish. There are consumed in fresh fish, 90-95% and the other 5% are dried fish. The prices of tilapia and tilapia are likely to decline by an average of 10 baht/. kg. The price of white snapper continued to decline for a long time causing farmers to accumulate losses, some farmers have to stop raising.

Fish Farming Trends 3Q2021

Oversupply of fish in the market affects the draining of the fish is quite slow. Today, consumers and tourists are decreasing, therefore, affecting the price of fish for a longer time. Farmers have a plan to establish a Collaborative Farming that raises tilapia in cages. Which will be planned production by raising the fish to not grow to adulthood at the same time as the present but will gradually produce output to the market including preparing a privatization plan to be sold instead of selling fresh tilapia that will solve the problem of oversupply in the future. The situation of fish farming in the 3rd quarter reduced the number of fish raising. Fish fillets (about 700-1,300 grams of market size) available in the system will be slow to sell due to COVID-19 situation, causing some markets to have to close. The selling price of fish products tends to decline continuously. Some farmers have stopped or delayed raising to wait and see the situation of COVID-19, which affects the sale of fish products by fish sellers in the market. Farmers have begun to switch to low-grade food as the price of produce tends to continue to decline with the amount of many fish those are still stuck in system.

Summary of Pet Situation Quarter 2Q2021

During the second quarter, the problem of the Covid-19 outbreak in Thailand pet market is still normal affect little impact on the market, there is only some impact on the more difficult transportation. In the pet food trade market, both retail stores and wholesalers can trade normally. Exporting to neighboring countries in ASEAN which is a big market Both Malaysia, Indonesia, and Singapore have slowed due to the severe COVID-19 outbreak, while exports to both Europe and America are likely to increase because they can control the outbreak better when compared with ASEAN.

Pet Food Trends Quarter 3Q2021

The domestic pet market is likely to grow above 2Q despite the current economic downturn. Raising pets in the country also needs convenience and needs to short time of care for feeding, therefore, ready meals are also popular, especially dry feed this is for about 80% of the market and the rest is wet food. The export market, the whole of Southeast Asia grew up. As for the European and American markets, the volume of exports has continued although there is still a problem with the outbreak of COVID-19 in China and Japan, which are Asia's largest markets but still have a high demand for pet food. And the economic system has less impact than other countries. Therefore, during the third quarter, exports tend to increase compared when compared with 2Q.

Yours sincerely,

PP Prime Public Company Limited

(M.L. Phanpiengduen Sungkahapong)

Director / Chief Executive Officer