

12 November 2021

Subject: Management Discussion and Analysis for the nine-month period ended 30 September 2021

To: The President  
The Stock Exchange of Thailand

No.: CS029/2564

Nova Empire Public Company Limited ("the Company") would like to clarify the operating results of the Company and its subsidiaries ("the Group") for the nine-month period ended 30 September 2021 as follows:

**Condensed statements of comprehensive income for the nine-month period ended 30 September 2021 and 2020**

For the nine-month period ended 30 September	Consolidated		Change	
	2021	2020	Million Baht	%
Sales of goods	35.44	9.30	26.14	281
Other income	5.56	2.21	3.35	152
<b>Total revenues</b>	<b>41.00</b>	<b>11.51</b>	<b>29.49</b>	<b>256</b>
Costs of sales	27.28	6.63	20.65	311
Administrative expenses	30.12	13.83	16.29	118
<b>Total expenses</b>	<b>57.40</b>	<b>20.46</b>	<b>36.94</b>	<b>181</b>
<b>Operating loss</b>	<b>(16.40)</b>	<b>(8.95)</b>	<b>(7.45)</b>	<b>83</b>
Share of profit from investment in associate	15.78	-	15.78	100
Finance cost	(9.72)	(2.34)	(7.38)	315
<b>Loss before income tax</b>	<b>(10.34)</b>	<b>(11.29)</b>	<b>0.95</b>	<b>(8)</b>
Income tax benefit (expenses)	(0.65)	0.09	(0.74)	(822)
<b>Loss for the period from continued operation</b>	<b>(10.99)</b>	<b>(11.20)</b>	<b>0.21</b>	<b>(2)</b>
<b>Discontinued operation</b>				
Profit (loss) for the period from discontinued operation	69.98	(87.19)	157.17	(180)
<b>Profit (loss) for the period</b>	<b>58.99</b>	<b>(98.39)</b>	<b>157.38</b>	<b>(160)</b>
<b>Other comprehensive income:</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive income from investment in associate	1.79	-	1.79	100
<b>Other comprehensive income for the period</b>	<b>1.79</b>	<b>-</b>	<b>1.79</b>	<b>100</b>
<b>Total comprehensive income for the period</b>	<b>60.78</b>	<b>(98.39)</b>	<b>159.17</b>	<b>(162)</b>

For the nine-month period ended 30 September 2021, the consolidated financial statements shown the total comprehensive income of Baht 60.78 million, which increased by Baht 159.17 million or 162% compared with the comparative period. This amount consist of loss for the period from continued operation of Baht 10.99 million and profit for the period from discontinued operation of Baht 69.98 million. The operations analysis results are described as follows:

**Analysis of Statement of Comprehensive Income from the continued operation is as follows:**

**Sale of goods and cost of sales**

Since the Company invested in the solar power segment on 24 July 2020, the revenue from sale of electricity generated in this year is in the amount of Baht 35.44 million, which increased by 281% compared with the comparative period.

Cost of sales in the amount of Baht 27.28 million increased by 311% compared with comparative period was from solar power segment which consists of solar placement roof rental and depreciation of relevant machinery and equipment.

**Administrative expenses**

Administrative expenses increased by Baht 16.26 million or 118%, mostly consisting of the professional fee during the business restructure in conformity with the Company's strategy.

**Share of profit from investment in associate**

Share of profit from investment in associate of Baht 15.78 million was from share of profit from investment in 26.25% ordinary share of Winchai Co., Ltd. as from the investment date on 21 April 2021. Winchai Co.,Ltd. engaged in the manufacture and distribution of electricity from wind power.

**Finance cost**

Finance cost mostly came from a long-term loan from financial institutions of subsidiaries in the solar power segment and recognition of right-of-use assets in accordance with Thai Financial Reporting Standard No. 16 "Leases".

Loss for the period from continued operation

At present, the Company operates as an investment company and during the year 2021, the Company has sold the investment in TIW Industries Co., Ltd. (“TIW”) and has entered into a share purchase agreement in another company. In accordance with the listed company regulation, the Company has additional expenses related to professional advisory fees for the report of their opinion disclosed to the public. As a result, the expenses increased significantly.

**Analysis of the discontinued operation is as follows:**

Condensed statements of comprehensive income for the nine-month period ended 30 September 2021 and 2020

For the nine-month period ended 30 September	2021	2020	Change	
			Million Baht	%
Sale of goods	287.08	312.17	(25.09)	(8)
Service income	1.97	21.75	(19.78)	(91)
Other income	1.34	23.11	(21.77)	(94)
Gain on sale from investment in subsidiary	80.29	-	80.29	100
<b>Total revenues</b>	<b>370.68</b>	<b>357.03</b>	<b>13.65</b>	<b>4</b>
Costs of sales	283.95	380.23	(96.28)	(25)
Costs of services	2.55	17.75	(15.20)	(86)
Selling and distribution expenses	3.40	5.97	(2.57)	(43)
Administrative expenses	7.27	21.94	(14.67)	(67)
<b>Total expenses</b>	<b>297.17</b>	<b>425.89</b>	<b>(128.72)</b>	<b>(30)</b>
<b>Operating profit (loss)</b>	<b>73.51</b>	<b>(68.86)</b>	<b>142.37</b>	<b>(207)</b>
Finance cost	(3.53)	(2.68)	(0.85)	32
<b>Profit (loss) before income tax</b>	<b>69.98</b>	<b>(71.54)</b>	<b>141.52</b>	<b>(198)</b>
Income tax expenses	-	(15.65)	15.65	(100)
<b>Profit (loss) for the period from discontinued operation</b>	<b>69.98</b>	<b>(87.19)</b>	<b>157.17</b>	<b>(180)</b>

Statement of Comprehensive Income from the discontinued operation for the nine-month period ended 30 September 2021 represents TIW's operating results from the beginning of the period until the date that the Company sold its investment (30 April 2021). By comparing the statement of comprehensive income for the nine-month period ended 30 September 2021 with the same period of last year, there is a significant change caused by the disposal of investment in the subsidiary.

**Gain on sale of investment in subsidiary**

The Meeting of the Company's Board of Directors No. 3/2021 held on 10 March 2021 and the Annual General Meeting of the Company's shareholders held on 30 April 2021 passed a resolution approving the sale of all of the Company's investment in TIWI, the subsidiary which the Company held 99.99% of the total issued and paid-up share capital (3,899,997 ordinary share of Baht 10 each), to Dr. Prasit Karnchanasakchai at a price of Baht 20.00 million. The Company entered into a share purchase agreement for the sale of TIWI and has already collected Baht 20.00 million on 30 April 2021. The Company recognized gain on sale of the investment of Baht 80.29 million, and presented under profit for the period from discontinued operation in the consolidated statements of comprehensive income.

**Condensed statements of financial position as at 30 September 2021 and 31 December 2020**

As at	Consolidated		Change	
	30 September 2021	31 December 2020	Million Baht	%
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	50.29	653.05	(602.76)	(92)
Trade and other receivables	4.05	26.56	(22.51)	(85)
Contract assets	2.85	8.61	(5.76)	(67)
Current portion of long-term loans to employees	-	2.34	(2.34)	(100)
Inventories	-	378.32	(378.32)	(100)
Other current assets	3.96	29.37	(25.41)	(87)
<b>Total current Assets</b>	<b>61.15</b>	<b>1,098.25</b>	<b>(1,037.10)</b>	<b>(94)</b>
<b>Non-current assets</b>				
Restricted bank deposits	5.80	66.70	(60.90)	(91)
Investment in associate	677.57	-	677.57	100
Long-term loans to employees - net of current portion	-	2.95	(2.95)	(100)
Equipment	228.47	242.20	(13.73)	(6)
Intangible assets	133.03	138.75	(5.72)	(4)
Right-of-use assets	108.72	166.91	(58.19)	(35)
Deferred tax assets	0.23	0.22	0.01	5
Other non-current assets	1.90	2.65	(0.75)	(28)
<b>Total non-current assets</b>	<b>1,155.72</b>	<b>620.38</b>	<b>535.34</b>	<b>86</b>
<b>Total assets</b>	<b>1,216.87</b>	<b>1,718.63</b>	<b>(501.76)</b>	<b>(29)</b>

Condensed statements of financial position as at 30 September 2021 and 31 December 2020 (cont.)

As at	Consolidated		Change	
	30 September 2021	31 December 2020	Million Baht	%
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Short-term loans from financial institutions	-	477.65	(477.65)	(100)
Bill of exchange	-	48.00	(48.00)	(100)
Short-term loans from related parties	-	7.83	(7.83)	(100)
Trade and other payables	5.27	59.49	(54.22)	(91)
Current portion of long-term loans from financial institutions	37.05	36.63	0.42	1
Current portion of lease liabilities	3.49	7.07	(3.58)	(51)
Income tax payable	0.59	2.00	(1.41)	(71)
Other current liabilities	1.62	1.53	0.09	6
<b>Total current liabilities</b>	<b>48.02</b>	<b>640.20</b>	<b>(592.18)</b>	<b>(92)</b>
<b>Non-current liabilities</b>				
Long-term loans from financial institutions - net of current portion	98.54	126.59	(28.05)	(22)
Lease liabilities - net of current portion	114.41	215.76	(101.35)	(47)
Deferred tax liabilities	10.85	11.41	(0.56)	(5)
Long-term employee benefits obligations	-	22.40	(22.40)	(100)
<b>Total non-current Liabilities</b>	<b>223.80</b>	<b>376.16</b>	<b>(152.36)</b>	<b>(41)</b>
<b>Total liabilities</b>	<b>271.82</b>	<b>1,016.36</b>	<b>(744.54)</b>	<b>(73)</b>

Condensed statements of financial position as at 30 September 2021 and 31 December 2020 (cont.)

As at	Consolidated		Change	
	30 September 2021	31 December 2020	Million Baht	%
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (cont.)</b>				
Shareholders' equity				
Share capital				
Registered				
140,000,000 ordinary shares of Baht 0.5 each	70.00	73.05	(3.05)	(4)
(31 December 2020: 7,305,000 ordinary shares of Baht 10 each)				
Issued and fully paid				
139,998,824 ordinary shares of Baht 0.5 each,	70.00	60.00	10.00	17
(2020: 6,000,000 ordinary shares of Baht 10 each)				
Share premium	311.99	140.00	171.99	123
Retained earnings				
Appropriated				
Legal reserve	10.00	10.00	-	-
General reserve	106.00	106.00	-	-
Unappropriated	454.30	386.27	68.03	18
Other component of shareholders' equity	1.79	-	1.79	100
Equity attributable to owners of the Company	945.05	702.27	242.78	35
Non-controlling interests of the subsidiaries	-	-	-	-
<b>Total shareholders' equity</b>	<b>945.05</b>	<b>702.27</b>	<b>242.78</b>	<b>35</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,216.87</b>	<b>1,718.63</b>	<b>(501.76)</b>	<b>(29)</b>

As of 30 April 2021, the Company sold an investment in TIWI and deconsolidated book value from the Company's consolidated financial statement as of 30 September 2021 since TIWI was no longer a subsidiary. By comparing the statement of financial position as of 30 September 2021 and 31 December 2021, there is a significant change caused by the disposal of investment in the subsidiary.

### Cash and cash equivalents

As of 30 September 2021, cash and cash equivalents decreased by Baht 602.76 million due to an increase in cash and cash equivalents from continuing operating activities of Baht 99.73 million, and also a decrease in cash and cash equivalents from investing activities of Baht 711.36 million, which is mainly due to the investment in an associated company of Baht 660 million during the period. Additionally, there was an increase in cash and cash equivalents from financing activities of Baht 8.86 million from loan repayment and proceeds from increase in share capital.

### Contract assets

Contract assets as at 30 September 2021 were accrued income of electricity from the solar power segment.

### Inventories

There was no outstanding of inventory as of 30 September 2021. It was because all inventories were stock of galvanized iron sheet products and installation services segment under TIWI which the Company had already disposed of all investment in such subsidiary during the period.

### Investment in associate

On 27 January 2021, the Extraordinary General Meeting of the Company's shareholders No. 1/2021 passed a resolution approving the purchase of 2.6 million ordinary shares of Winchai Co., Ltd., which is engaged in the manufacture and distribution of electricity from wind power, representing a 26.25% shareholding, from Miss Parleerat Panboonhom (the Company's major shareholder) or any legal entities wholly owned by Miss Parleerat Panboonhom at a total price of Baht 660 million. Subsequently, on 19 April 2021, the Company entered into an agreement to purchase shares of such company with a related company (100% owned by Miss Parleerat Panboonhom). The Company received all of the shares and made a payment for the shares on 21 April 2021. For nine-month period ended 30 September 2021, the Company recognized share of profit and share of other comprehensive income from investment in associate amounting to Baht 17.57 million.

Intangible assets

As of 30 September 2021, intangible assets of Baht 133.03 million presented the estimated fair value of power purchase agreements identified and recognized from the acquisition date (24 July 2021) of the solar power segment. The intangible assets have been amortized on a straight-line basis with remaining useful life of power purchase agreements approximately 18 years.

Executive summary

Due to the challenge of business operating under the current economic circumstance that most businesses and industries were adversely affected by the Coronavirus Disease 2019 pandemic, the Company's operating result for the nine-month period ended 30 September 2021 was going as expected. As a result of the Company's strategic direction that shifted its business to the energy business, the Company has stable revenue from the production and distribution of the electricity from solar power, which the Company invested in ordinary share of solar power plant companies with a capacity of 7.825 megawatts on 24 July 2020, as well as, the electricity from wind power, which the Company invested in 26.25% shareholding of Winchai Co., Ltd. on 21 April 2021 and recognized share of profit during the period.

Thus, the Company are confident that the investment in energy business will enable the sustainability in the Company's performance since the power purchase agreement made with the public sector counterparty. Nevertheless, the Company is continuously seeking for the opportunity to invest in the other energy businesses in order to be the listed company operating in various forms of energy business.

Forwarded for your information,

Yours faithfully,



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Ms. Sukanya Tipmanee  
Director