Ref: NEP-AC 009/2026

August 14, 2026

Subject: Management Discussion and Analysis of Operating Results for the Second Quarter of 2026 Ended 30 June 2026

To: The Directors and Managers,
The Stock Exchange of Thailand

1. Overview of Business Operations for the Second Quarter of 2026 Ended 30 June 2026

For the second quarter of 2026, the Company successfully drove revenue growth through product diversification and the expansion of distribution channels, leveraging the strengths of its own branded products, environmentally friendly lifestyle products, consumer products, and the Trading business. This approach aims to diversify business risks and reach a broader range of target customers. The operating performance of each business segment is summarized as follows:

1. **VAVA Z Brand Product Group (Circular Upcycling Products)**

   The VAVA Z brand's eco-friendly lifestyle and fashion products play an important role in strengthening the Company's sustainability positioning and Circular Economy business model.

   - **Expanding the eco-friendly lifestyle product market:** During the quarter, VAVA Z continued to respond to growing consumer awareness of environmental issues by offering modern-designed bags and upcycled products.
   - **Expanding distribution channels:** The Company continuously launched new collections and expanded product distribution through both online and retail channels to increase purchase frequency among target customers. This also helped diversify the Company's overall revenue portfolio beyond its traditional packaging product segment.

2. **WISE Brand Product Group (Premium Packaging / Zipper Bags)**

   The WISE brand's premium packaging products are a key component in building the Company's consumer brand. During the quarter, the brand achieved significant developments and growth through the following key initiatives:

   - **Strong growth in online channels:** The WISE brand received an excellent response through e-commerce platforms, particularly Shopee, which generated outstanding sales in June and accounted for a significant portion of WISE brand sales during the period. This growth was driven by targeted marketing strategies, promotional campaigns, and sales-promotion activities on marketplace platforms, enabling the brand to rapidly reach new-generation consumers.

- **Expansion into modern trade and retail channels:** The Company successfully expanded its products into retail channels and leading supermarkets, as well as department stores and modern retail outlets. This helped increase brand awareness and strengthen the product's positioning as a "Smart Choice for Everyday Living" for consumers.

3. **Trading Business (Trading and International Export of Products)**

   The Company's trading and distribution business, which involves the purchase and sale of consumer products (such as garbage bags) and other industrial products, served as an important mechanism supporting cash flow and overall operating performance during the quarter.

   - **Revenue stability:** The Trading business enables the Company to respond quickly and flexibly to the needs of business-to-business (B2B) customers. During the quarter, the Company generated consistent sales from several corporate customers.
   - **Risk diversification:** Maintaining a revenue mix from the Trading business alongside VAVA Z and WISE branded products has helped create a more balanced revenue structure, reduce reliance on any single sales channel, and strengthen the Company's competitiveness amid economic challenges.

4. **Maximizing the Utilization of Existing Assets**

   As the Company has shifted its business structure toward a Trading model, it no longer requires the full use of its existing factory space. Therefore, the Company has initiated efforts to seek tenants for the leasing of portions of its factory and warehouse facilities.

   - **Progress in 2026:** The Company has secured a prospective tenant for one building and continues to actively seek other potential tenants to maximize the utilization of the remaining available space.
   - **Strategic benefits:** This strategy will help generate cash flow and increase the proportion of recurring income, while enhancing the efficiency of the Company's asset management and maximizing the utilization and returns from its existing assets.

5. **Maintaining the Investment in NNCL Shares**

   - **Strengthening financial position:** Dividends received from the Company's investment in NNCL provide an additional source of income, helping strengthen the Company's liquidity and financial stability.

2. Summary of Significant Events and Key Developments

- The Board of Directors' Meeting of NEP Realty and Industry Public Company Limited No. 11/2025, held on 18 December 2025, approved the 2026 Business Plan, under which the

Company would continue to operate its core businesses under the VAVA Z and WISE brands. The Company would accelerate efforts to achieve its targeted sales revenue and planned to invest in the trading business covering various types of products.

- The Board of Directors' Meeting of NEP Realty and Industry Public Company Limited No. 2/2026, held on 27 February 2026, approved the amendment and addition of the Company's objectives and considered the amendment to Clause 3 Objectives of the Company's Memorandum of Association, and resolved to propose the amendments to the 2026 Annual General Meeting of Shareholders. The Annual General Meeting of Shareholders, held via E-AGM on 29 April 2026, approved the amendment and addition of the Company's objectives and the amendment to Clause 3 Objectives of the Memorandum of Association, in order to cover and support the Company's new business structure.
- On 21 May 2026, the Stock Exchange of Thailand (SET) reviewed the appropriateness of the Industry Group and Sector classifications of listed companies for 2026 and announced the reclassification of the Company's Industry Group and Sector. Following the discontinuation of the production and distribution of plastic woven sacks and flexible packaging products, and the Company's transition toward the business of bags and lifestyle products, the Company was reclassified from the Industrials Industry Group, Packaging Sector to the Consumer Products Industry Group, Fashion Sector.

3. Summary of Operating Results

NEP Realty and Industry Public Company Limited would like to provide an explanation of its operating results for the second quarter of 2026 ended 30 June 2026, compared with the corresponding period of 2025, as detailed below.

For the three-month period for the second quarter of 2026 ended 30 June 2026,

For the three-month period of the second quarter of 2026 ended 30 June 2026, the Company recorded a net profit of 36.39 million baht, compared with a net loss of 2.08 million baht for the corresponding period of 2025. The Company's operating results improved, with an increase in net profit of 38.47 million baht compared with the previous year, mainly due to the following key factors:

1. Sales Revenue and Other Income

The Company recorded revenue of 19.50 million baht for the second quarter of 2026 ended 30 June 2026, compared with 3.52 million baht for the corresponding period of 2025, representing an increase of 15.98 million baht. In the second quarter of 2026, the Company generated revenue from the sale of products under the VAVA-Z brand, based on the Circular Upcycling concept, as well as trading revenue from food storage zipper bags and other packaging bags under the WISE brand. The Company also generated rental income from the lease of space in its factory building, with the lease agreement commencing on 1 February 2026 onwards.

Other income amounted to 0.14 million baht in 2026, compared with 0.68 million baht in 2025, representing a decrease of 0.54 million baht. Other income mainly comprised interest income from bank deposits and other income, with no significant changes in the underlying items.

2. Cost of Sales and Gross Profit

For the second quarter of 2026, the Company recorded total costs of 16.66 million baht, comprising cost of sales of 11.53 million baht, cost of services of 2.95 million baht, and rental costs of 2.18 million baht. The Company recorded a gross profit of 2.80 million baht, representing a gross profit margin of 14.36% of revenue. This reflects the Company's ability to manage costs in line with revenue growth while maintaining an appropriate gross profit margin. The Company continues to place emphasis on cost management across each business segment to support sustainable profitability.

Compared with the corresponding period of 2025, when the Company recorded cost of sales of 2.39 million baht, total costs increased by 14.27 million baht. The increase was in line with the growth in revenue and sales volume, particularly from the Trading business, which is one of the Company's core businesses. In addition, the costs of certain products increased in line with changes in raw material prices and related costs.

Nevertheless, the increase in costs was in line with the expansion of the Company's business. The Company was able to manage its costs appropriately, enabling it to maintain a satisfactory level of gross profitability. Going forward, the Company will continue to focus on cost management across each business, selecting products that align with market demand and increasing the proportion of products with appropriate profit margins to support continued profit growth and operational efficiency.

3. Distribution costs

In the second quarter of 2026, the Company recorded distribution costs of 0.79 million baht, representing 4.00% of revenue, compared with 1.61 million baht, or 38.33% of revenue, in the corresponding period of 2025. Distribution costs decreased by 0.82 million baht, or 51%.

The decrease in distribution costs reflects improved efficiency in the Company's expense management, while the Company generated significantly higher revenue. Total revenue in the second quarter of 2026 amounted to 19.60 million baht, compared with 4.20 million baht in the corresponding period of the previous year.

The Company continues to focus on expanding revenue and its customer base under the VAVA-Z brand, together with product development and expansion of sales channels. In addition, the Company seeks to maximize the utilization of its assets to generate additional income. These initiatives have enabled the Company to improve operational efficiency and better control distribution costs, thereby supporting the overall growth of its operating results.

4. Administrative expenses

In the second quarter of 2026, the Company recorded administrative expenses of 5.80 million baht, representing 29.59% of revenue, compared with 6.14 million baht, or 146.31% of revenue, in the corresponding period of 2025. Administrative expenses decreased by 0.34 million baht, or 5.54%.

The decrease in administrative expenses, together with the significant increase in the Company's revenue, resulted in a notable improvement in the ratio of administrative expenses to revenue, reflecting greater efficiency in expense management and control.

The Company continues to place emphasis on efficient expense management by maximizing the utilization of resources, while expanding revenue from its core businesses and generating additional income from other businesses and assets. These efforts will support continued growth in operating results and strengthen the Company's financial position.

5. Executive compensation

In the second quarter of 2026, the Company recorded management remuneration of 2.25 million baht, an increase from 1.56 million baht in the corresponding period of 2025, representing an increase of 0.69 million baht, or 44.23%. The increase was mainly attributable to higher operating and administrative expenses to support the Company's business expansion plans and drive sales toward the targets set by the Company.

The increase in management remuneration was in line with the expanded scope of management's responsibilities in overseeing and driving the Company's increasingly diverse businesses, particularly the expansion of the Trading business, the development and promotion of the VAVA-Z brand, and the generation of additional revenue through the management and utilization of the Company's assets. These activities require close monitoring and timely decision-making to ensure that business operations remain aligned with the Company's targets and support its continued growth.

6. Financial expenses

In the second quarter of 2026, the Company recorded finance costs of 0.01 million baht, which was comparable to 0.01 million baht in the corresponding period of 2025. Finance costs mainly comprised interest arising from hire-purchase agreements. The Company has no long-term debt obligations with financial institutions. Therefore, finance costs remained at a low level and did not have a material impact on the Company's operating results.

7. Share of profit (loss) from investments in joint ventures

In the second quarter of 2026, the Company recorded share of profit from investment in an associate of 42.25 million baht, an increase from 5.39 million baht in the corresponding period of 2025, representing an increase of 36.86 million baht, or 683.86%. The significant increase was mainly attributable to the improved operating performance of the associate, which generated higher profit compared with the corresponding period of the previous year. As a result, the Company recognized a significantly higher share of profit from its investment, which was a key factor supporting the Company's operating results in the second quarter of 2026.

<u>For the Six-Month Period Ended 30 June 2026</u>

For the six-month period ended 30 June 2026, the Company recorded a net profit of 37.91 million baht, compared with a net profit of 1.50 million baht for the corresponding period of 2025. The Company's net profit increased by 36.41 million baht compared with the previous year, mainly due to the following key factors:

1. Sales Revenue and Other Income

For the six-month period of 2026, the Company recorded revenue from sales, services, and rental income of 25.33 million baht, an increase from 7.60 million baht in the corresponding period of 2025, representing an increase of 17.73 million baht, or 233.29%.

The increase in revenue was mainly attributable to sales of products under the VAVA-Z brand based on the Circular Upcycling concept, as well as trading revenue from food storage zipper bags and other packaging bags under the WISE brand, together with revenue from services. In addition, the Company generated rental income from leasing space in its factory building, with rental income commencing from 1 February 2026 onwards.

The increase in revenue reflects the initial results of the expansion of the Company's business activities, including product sales, service provision, and rental income, resulting in a more diversified revenue structure. The Company will continue to focus on sustaining revenue growth while developing products and sales channels to continuously meet customer demand.

For other income, the Company recorded 0.66 million baht for the six-month period of 2026, compared with 0.78 million baht in the corresponding period of 2025, representing a decrease of 0.11 million baht. Other income mainly comprised interest income from bank deposits and other income.

2. Cost of Sales and Gross Profit

For the six-month period of 2026, the Company recorded total costs of sales, services, and rental of 20.40 million baht, an increase from 5.13 million baht in the corresponding period of 2025, representing an increase of 15.27 million baht. The increase was in line with the growth in revenue and business volume, particularly from the Trading business, as well as costs associated with the provision of services and the leasing of factory building space.

The Company recorded a gross profit of 4.93 million baht, representing a gross profit margin of 19.46% of revenue from sales, services, and rental income, reflecting the Company's ability to manage costs in line with business expansion.

The increase in costs resulted from the need to support the expansion of business activities. The Company places emphasis on evaluating the costs and returns of each transaction, as well as managing the mix of products and services to align with their profitability, in order to maintain the quality of gross profit and achieve a balance between sales growth and business returns.

3. Distribution costs

For the six-month period of 2026, the Company recorded distribution costs of 1.73 million baht, representing 6.66% of revenue, compared with 3.05 million baht, or 36.40% of revenue, in the corresponding period of 2025. Distribution costs decreased by 1.32 million baht, or 43.28%.

The decrease in distribution costs occurred while the Company's revenue increased, enabling the Company to support the expansion of its business without increasing distribution costs at the same rate as revenue. This reflects more efficient utilization of existing sales channels and resources and supports the Company's profitability.

4. Administrative expenses

For the six-month period of 2026, the Company recorded administrative expenses of 11.74 million baht, representing 45.17% of revenue, compared with 12.38 million baht, or 147.73% of revenue, in the corresponding period of 2025. Administrative expenses decreased by 0.64 million baht, or 5.17%.

The decrease in administrative expenses, together with the significant increase in the Company's revenue, resulted in a notable reduction in the ratio of administrative expenses to revenue. This reflects the Company's ability to accommodate higher revenue without a corresponding increase in administrative expenses.

The Company continues to focus on managing expenses in line with business growth by utilizing resources appropriately, while increasing revenue from the Trading business and the VAVA-Z brand, as well as maximizing the utilization of the Company's assets to generate additional income.

5. Executive compensation

For the six-month period of 2026, the Company recorded management remuneration of 4.25 million baht, an increase from 3.29 million baht in the corresponding period of 2025, representing an increase of 0.95 million baht, or 28.88%. The increase was mainly attributable to higher operating and administrative expenses to support the Company's business expansion plans and drive sales toward the targets set by the Company.

The increase in management remuneration was in line with the expansion of the Company's scope of operations, covering the Trading business, product development under the VAVA-Z brand, and asset management to generate additional revenue. The Company places emphasis on overseeing operating performance and making business decisions in line with market opportunities and trends.

6. Financial expenses

For the six-month period of 2026, the Company recorded finance costs of 0.03 million baht, which was comparable to 0.03 million baht in the corresponding period of 2025. Finance costs mainly comprised interest arising from hire-purchase agreements. The Company has no long-term debt obligations with financial institutions. Therefore, finance costs remained at a low level and did not have a material impact on the Company's operating results.

7. Share of profit (loss) from investments in joint ventures

For the six-month period of 2026, the Company recorded share of profit from investment in an associate of 49.97 million baht, an increase from 16.92 million baht in the corresponding period of 2025, representing an increase of 33.05 million baht, or 195.33%.

<u>Financial Position</u>

1. Total Assets: As of 30 June 2026, the Company had total assets of 637.04 million baht, an increase of 43.35 million baht, or 7.30%, from 31 December 2025. The increase in total assets was mainly in line with the expansion of the Company's business and the recognition of returns from its investment in an associate. The significant changes were as follows:

1.1 Current Assets : As of 30 June 2026, the Company had current assets of 40.77 million baht, an increase of 11.24 million baht, or 38.06%, from 31 December 2025. The main factor was an increase in trade and other current receivables of 16.07 million baht, in line with the significant increase in revenue from sales and services during the six-month period of 2026 compared with the previous year. Meanwhile, cash and cash equivalents decreased by 5.69 million baht, mainly due to the use of working capital to support the Company's business operations.

1.2 Non-Current Assets : As of 30 June 2026, the Company had non-current assets of 596.27 million baht, an increase of 32.11 million baht, or 5.69%, from 31 December 2025. The main factor was an increase in investment in an associate of 34.49 million baht, in line with the recognition of share of profit from investment in an associate of 49.97 million baht for the six-month period of 2026, compared with 16.92 million baht in the corresponding period of the previous year. This resulted in a significant increase in the carrying value of the investment in the associate.

2. Total Liabilities: As of 30 June 2026, the Company had total liabilities of 12.73 million baht, an increase of 5.43 million baht, or 74.38%, from 31 December 2025. The increase mainly comprised liabilities related to the Company's business operations and property leasing activities.

2.1 Current Liabilities: As of 30 June 2026, the Company had current liabilities of 7.89 million baht, an increase of 3.82 million baht, or 93.86%, from 31 December 2025. The main factor was an increase in trade and other current payables of 3.67 million baht, in line with the increase in business activities and purchases of goods to support the growth in revenue during the six-month period.

2.2 Non-Current Liabilities: As of 30 June 2026, the Company had non-current liabilities of 4.84 million baht, an increase of 1.62 million baht, or 50.31%, from 31 December 2025. The main factor was the recognition of rental security deposits of 1.52 million baht, which was related to the increase in rental income from leasing the Company's premises and buildings. In addition, lease liabilities increased in connection with the Company's operations.

3. Shareholders' Equity: As of 30 June 2026, the Company had shareholders' equity of 624.32 million baht, an increase of 37.92 million baht, or 6.47%, from 31 December 2025. The increase was mainly attributable to the Company's net profit for the six-month period of 2026.

Overall Performance Summary

For the financial statements for the second quarter of 2026 ended 30 June 2026, NEP Realty and Industry Public Company Limited achieved operating results that reflected the successful business restructuring and effective asset management. The Company recorded total operating revenue of 25.99 million baht, resulting in a net profit of 3.43 million baht in the separate financial statements, driven by improved cost management and operational efficiency. Meanwhile, the financial statements in which investments are accounted for using the equity method reported a net profit of 37.91 million baht, supported primarily by the recognition of the share of profit from investment in an associate and strategic dividend income. At the same time, the Company continued to drive growth through its new business segments, including WISE premium packaging products, which achieved strong growth through online channels and expanded into modern trade, as well as the VAVA Z brand and the Trading business, which helped diversify the Company's revenue sources and reduce revenue concentration risk. In addition, the Company successfully utilized its existing factory and warehouse space by securing a tenant for one building, generating recurring income and enhancing returns through the more effective utilization of its existing assets.

Future Direction

Building on the foundation established through the business transformation during the quarter, the Company's future direction will focus on sustainable growth through the following key strategies:

- **Proactively expanding the product portfolio and distribution channels:** Focus on growing the Company's consumer brands, VAVA Z and WISE, to strengthen brand recognition and broaden market reach, while increasing sales through online channels and leading retail outlets to reach consumers directly.
- **Strengthening the Trading business and managing liquidity:** Leverage the flexibility of the Trading business to continuously respond to the needs of business-to-business (B2B) customers, diversify revenue sources, and maintain stable cash flow.
- **Increasing recurring income through asset management:** Continue to seek potential tenants for the remaining available factory and warehouse space to generate recurring income and maximize returns through more efficient utilization of the Company's existing assets.
- **Preserving long-term investment value:** Manage strategic investments and dividends received from associates effectively to strengthen the Company's financial position and enhance the long-term value of its investment portfolio for shareholders.

Please be informed accordingly.

Sincerely yours,

Mr. Weerachart Lohsiri

Managing Director