

## Management Discussion and Analysis for the Year 2020

### 1. Operating Results

In 2020, the company had a net loss of 47.75 million baht, an increased loss compared to the same period in 2019 by 12.94 million baht, or 37.2%.

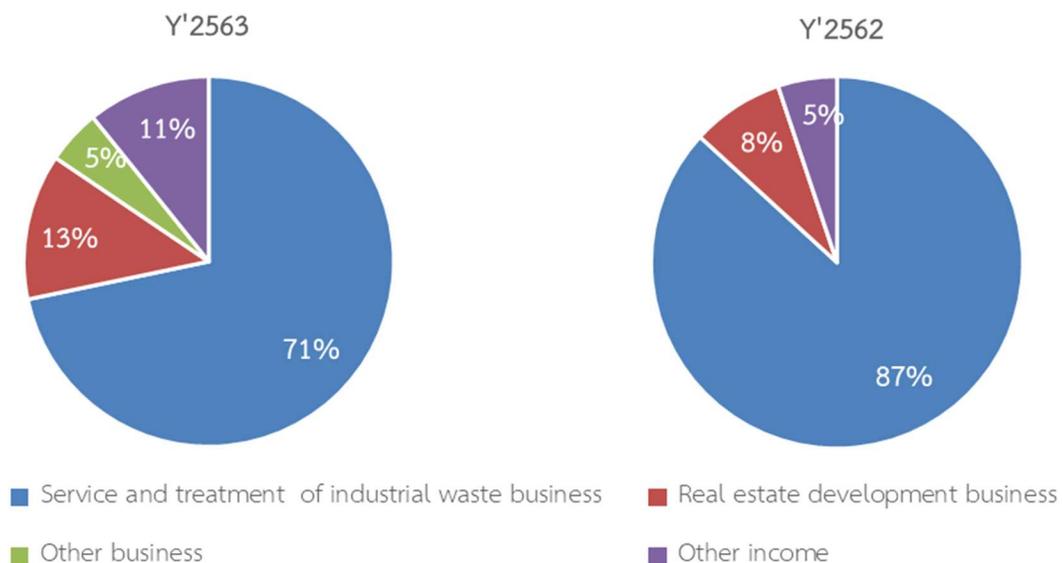
Unit: Million Baht

Consolidate Financial Statement	Y'2563	Y'2562	± %
Operating revenue <sup>(a)</sup>	243.12	282.70	-14.0%
Operating cost <sup>(b)</sup>	187.78	201.35	-6.7%
Operating gross profit	55.34	81.35	-32.0%
<b>Total revenue</b>	<b>287.85</b>	<b>298.03</b>	<b>-3.4%</b>
<b>Net Loss</b>	<b>(47.75)</b>	<b>(34.81)</b>	<b>-37.2%</b>

(a) Operating revenue = Operating revenue excludes income from other businesses and other income

(b) Operating cost = Operating cost exclude costs from other businesses and expenses.

Consolidated revenue for year ended 2020 of totally 287.85 million baht compared with same period of year 2019, decreased the amount of 10.18 million baht or 3.4%. Total revenues were of revenues from industrial waste business division 206.45 million baht, property development business division 36.67 million baht, other business division 13.68 million baht, and other income 31.05 million baht.



The company was extremely affected in 2020, the slow economy temporarily shuts many factories down. Moreover, the “zero waste” is increasingly gaining ground in the industry. As a result, the amount of waste in the industry has decreased. However, the management team looked for other opportunities for new business avenues, such as, the service of solar power system on the rooftop and medical mask production and distribution business. With these avenues, the company gained 13.68 million baht more.

Other income for the year 2020 was amounted 31.05 million baht, increasing 15.72 million baht or 102.5% compared to previous year. Which partially increase was due to the sale of investment properties.

### Treatment of Industrial Waste Business

Unit: Million Baht

Consolidated	Y'2563	Y'2562	± %
Revenue from waste treatment business	206.45	258.68	-20.2%
Cost of waste treatment business	156.22	184.06	-15.1%
Gross profit	50.23	74.62	-32.7%
Gross profit margin	24.3%	28.8%	

Service income for the year ended 2020 amounted 206.45 million baht compared same period last year, decreased in amount of 52.23 million baht or 20.2%. With gross profit margin from service was 24.3% decreased from the same period last year was 4.5%. due to the company has a decreased income but still have fixed cost expenditures.

### Revenue from Property Development Business

Unit: Million Baht

Consolidated	Y'2563	Y'2562	± %
Revenues from sales real estate	36.67	24.02	52.7%
Cost of sales real estate	31.56	17.29	82.5%
Gross profit	5.11	6.73	-24.1%
Gross profit margin	13.9%	28.0%	

In 2020, revenue from sales of property development amounted 36.67 million baht compared to same period last year, increasing 12.65 million baht or 52.7%. The increase was from how the company accelerated the sale of the remaining property units in order to restore cash flow in this economic recession. The property units needed to be improved to a better condition appealing to the customers, resulting in more expenses made. Therefore, the gross profit margin from property sales decreased 14.1%. Judging from the present situation, the company decides to postpone the new project development and wait for the perfect timing to establish new projects.

The sales acceleration of the remaining units also allowed the company to sell properties for rent, with a profit from properties for investment of 4.69 million baht, a part of other income.

## **Expenses**

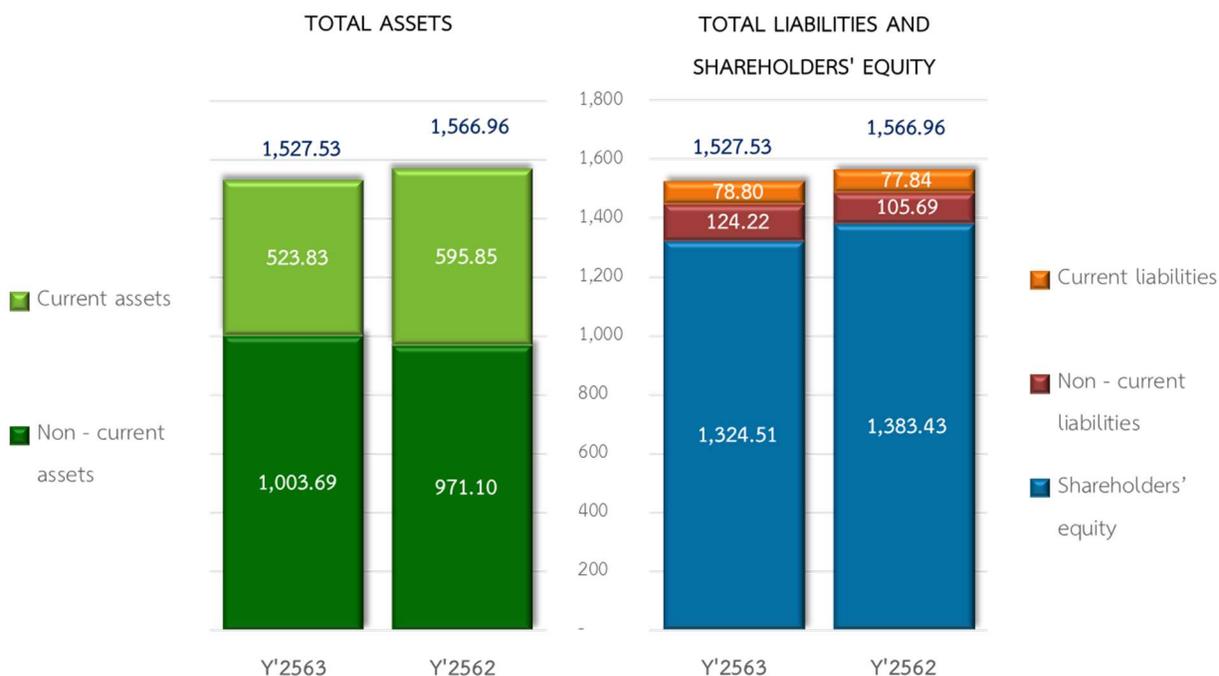
Selling and administrative expenses for the year ended 2020 was of 94.59 million baht, decreasing 11.25 million baht or 10.6% when compared to last year due to the organizational restructure and strict cost reduction policy.

Loss on impairment in 2020, The Company has loss on impairment of 19.95 million Baht because the performance did not meet the target. This resulted in an impairment of RDF project factory building amounted 18.13 million baht and an impairment of the machines of the subsidiary company for 1.82 million baht. While In 2019, the company had a loss on impairment of RDF project machineries amounted 23.54 million Baht but there was a reversal of loss from declining in value of real estate development cost amounted 2.87 million baht.

Finance costs was amounted 5.79 million baht in 2020, increased was 14.9% from previous year. Although in 2020, the finance costs decreased from the long-term loans from financial institutions for the investment of factory buildings and machines at Map Ta Phut Center were repaid. However, there had been a record on the financial costs of a long-term lease from changes in accounting policies due to Thai Financial Reporting Standard No. 16 (TFRS 16)

Share of loss from investments in associates. Due to the fact that one associate planned to start the commercial operations in 2020, but with the COVID-19 outbreak, the associate was unable to travel to Thailand, resulting in the suspension of the scheduled operations until Thailand is open to the foreign visitors. This costed the machines and buildings' impairments in total of 5.52 million baht.

## 2. Financial Position



### Total Assets

The Company has total assets as of December 31, 2020 amounted 1,527.53 million Baht, decreasing 39.43 million Baht or 2.5% from the amount of 1,566.96 million baht as of December 31, 2020. The outstanding occasions resulting to the number are as follows

- A decrease in real estate development costs for 58.71 million baht was due to the transfer of property ownership, as mentioned before, and some have been transferred to the investment property for rent.
- An increase in investment property for 24.03 million baht was due to the situational adapting by changing the room for sale to for rent and by transferring costs of the property development to the property for investment. However, in the last quarter of 2020, some rooms were sold as rental units.
- A decrease in property, plant, and equipment for 31.48 million baht was from a loss of building and machine's impairments for 19.95 million baht.
- An increase in rights - of - use assets for 38.40 million baht were from changes in accounting policies due to Thai Financial Reporting Standard No. 16 (TFRS 16) which is made effective in the current period.

## Total Liabilities

Company's total liabilities as of December 31, 2020 were 203.02 million baht, increased 19.49 million baht or 10.6% compared to the total liabilities as of December 31, 2019, 183.5 million baht. The significant change occurred from changes in accounting policies due to Thai Financial Reporting Standard No. 16 (TFRS 16) which is made effective in the current period. As a result, the company has current portion of lease liabilities and net of current portion increased 13.75 and 46.70 million baht, respectively. While the company has repayment of long-term loans from financial institutions amounted 25.37 million baht.

## Shareholders' Equity

Total shareholders' equity as of December 31, 2020 was 1,324.51 million baht, decreased 58.92 million baht or 4.3% compared to total shareholders' equity as of December 31, 2019. Which partially decreased from the change in accounting policies as stated above 11.6 million baht.

The impact from changes in accounting policies due to adoption of Thai Financial Reporting Standard No. 16 (TFRS 16) are presented

	As at December 31, 2020	
	Impact	Amount
Right of use asset	Increased	38.40
Deferred tax asset	Increased	2.78
Trade and other payables	Decreased	(7.2)
Current portion of lease liabilities	Increased	13.75
Lease liabilities – net of current portion	Increased	46.70
Cumulative effects of changes in accounting policies	Decreased	(11.6)

### 3. Cash flows

Cash flows	For the year ended	
	2020	2019
Cash and Cash Equivalent on 1 <sup>st</sup> January	172.22	291.69
Net Cash Provided by (Used in) Operating Activities	24.72	11.04
Net Cash Provided by (Used in) Investing Activities	(0.41)	(84.21)
Net Cash Provided by (Used in) Financing Activities	(33.67)	(46.29)
Net Cash Increased by (Decreased)	(9.36)	(119.47)
Cash and Cash Equivalent on 31 <sup>th</sup> December	162.86	172.22

### 5. Financial ratios

	As at December 31,	
	2020	2019
Current Ratio	6.65	7.65
Debt to Equity Ratio	0.15	0.13

From the change in accounting policy due to the adoption of Financial Reporting Standard No. 16 (TFRS 16), the company has increased total liabilities of 53.25 million baht, resulting in a debt-to-equity ratio of 0.04 times higher.