

Management Discussion and Analysis: MD&A

1. Company Situation

The company situation in the Q2/2022 is in a positive sight as the company continues to adapt their marketing strategy to fit with the current trend. However, the COVID-19 is on the watch as it is expected that there could likely be a more severe outbreak anytime. Furthermore, the cost of chemicals rises undeniably due to the ongoing war and the boycotting Russia acts from the EU, with Russia counter attacked by stopping the transmission of oil and natural gas to Europe. Due to the high cost, the company will be directly affected as the service fee for the next quarter could get higher. On the other hand, the real estate business' revenue is on the rise.

The investment in cannabis for medical use is in progress as the planting phase has already been kicked off and the site will be available for the visit soon. The company is open for all promising partners whose interest lies in the same path, which is to exchange knowledge on cannabis and expand the use of cannabis benefits.

Risks and Effects from the COVID-19 Outbreak

The ongoing COVID-19 affects the company distinctively. Not only was the acquiring industrial waste process from the clients stricter due to the hygienic causes, but there were also fewer customers visiting the real estate units. However, the company is in high hope for a more positive situation as the number of vaccinated people rises day by day and the less severe condition of the outbreak. The company is handling the overall situation with its experience to cope with possible epidemic crises.

2. Operating Results (Company and Subsidiaries)

Total revenue of the consolidated financial statements for Q2/2022 amounted 67.4 million baht compared to Q2/2021 with total revenue of 58.2 million baht, increased by 9.2 million baht or 18.8%. due to the Management team's flexible adaptation to the current situation and all industries are in recovery phase. Due to the positive situation, the company has sold a number of remaining real estate units of The Plenary.

On the other hand, the revenue for other business units is less than expected for both face masks for medical use and Cryptocurrency mining business. Due to that reason had an impact on the performance for Q2/2022 was loss 1.6 million baht compared to Q2/2021 that was loss 0.9 million baht, an decrease 0.7 million baht or 77.8%.

For the six-month period of 2022, total revenue of the consolidated financial statements amounted 123.3 million baht, increased 12.2 million baht or 11.0% compared with the same period of 2021. Performance for six-month period of 2022 was profit 1.6 million baht compared to the same period in 2021, increased 1.7 million baht or 1700.0%.

	2 nd Quarter				For the six-month			
	June 30		Inc.		June 30		Inc.	
	2022	2021	(Dec.)	%	2022	2021	(Dec.)	%
Revenues								
Treatment business	52.3	49.8	2.5	5.0%	101.0	97.7	3.3	3.4%
Real estate business	8.2	-	8.2	100.0%	8.2	-	8.2	100.0%
Others business	0.8	3.7	(2.9)	-78.4%	2.4	4.5	(2.1)	-46.7%
Other income	6.1	4.7	1.4	29.8%	11.7	8.9	2.8	31.5%
Total Revenues	67.4	58.2	9.2	15.8%	123.3	111.1	12.2	11.0%
Expenses								
Cost of treatment	35.1	31.2	3.9	12.5%	66.0	61.8	4.2	6.8%
Cost of real estate	7.6	-	7.6	100.0%	7.6	-	7.6	100.0%
Cost of others	2.0	5.1	(3.1)	-60.8%	2.9	7.4	(4.5)	60.8%
Selling & Admin Exp.	21.3	21.4	(0.1)	-0.5%	41.0	39.1	1.9	4.9%
Finance costs	66.0	57.7	8.3	14.4%	117.5	108.3	9.2	8.5%
Profit from operating activities	1.4	0.5	0.9	180.0%	5.8	2.8	3.0	107.1%
Finance costs	(0.8)	(1.1)	(0.3)	-27.3%	(1.7)	(2.3)	(0.6)	-26.1%
Share from associate	(0.3)	(0.3)	-	0.0%	(0.7)	(0.7)	-	0.0%
Income tax	(1.9)	-	1.9	100.0%	(1.8)	0.1	1.9	1900%
Gain (Lost) - Net	(1.6)	(0.9)	(0.7)	-77.8%	1.6	(0.1)	1.7	1700%

(1) Waste Treatment Business Income

Revenue from waste treatment business for Q2/2022 amounted 52.3 million baht, an increase 2.5 million baht or 5.0% compared to Q2/2021. The cost of service was 67.1% for Q2/2022, increasing from the same period in the previous year with costs of 62.7%. The number is the result from the cost increase of goods and services in the market.

(2) Real Estate Business Income

The income of 8.2 million baht is from the sale of two real estate units of The Plenary in Q2/2022. There is an increase in sale when compared to Q2/2021 as there was no room transfer during that period. The Plenary is the old property of the company. therefore, it needs the modification, resulting in higher cost. The cost affects the gross margin of the property sale, which is at 7.3%.

(3) Other Business Income

The income of the production and distribution of face masks for medical use in Q2/2022 is less in number, due to the oversupply of masks and cheaply imported masks from other countries. However, the company keeps the same quality to deliver the best face masks on the market, while adjusting the marketing strategy.

The Cryptocurrency mining business has the overall income of 0.7 million baht in Q2/2022, as the digital currency keeps declining since the beginning of the year, with the lowest mark in June 2022. However, since the price has gone down rapidly, many competitors halted their business, resulting in wider market share of the company. The Cryptocurrency business is of fixed cost. therefore, the gross loss is at 44.3%.

(4) Interest income and other Income

Other income for Q2/2022 was amounted 6.1 million baht, increased 1.4 million baht or 29.8% compared with Q2/2021, with little interest income. The other income is as follows,

Revenue from rental real estate for Q2/2022 amounted 2.9 million baht, a slight decrease in number when compared to the same quarter of last year, as the company offered the COVID-19 relief measure program to the tenants. The cost of renting was 86.2%, an increase from the previous year, due to almost all costs being fixed costs.

(5) Selling and Administrative Expenses

Selling and administrative expenses for Q2/2022 was amounted 21.3 million baht, an decreased 0.1 million baht or 0.5% compared with Q2/2021. The selling and administrative expenses was approximately 31.6% of the Company's total revenue, A slight increase from the same period last year.

3. Financial Status (Company and Subsidiaries)

(1) Total Assets

Company's total assets as of June 30, 2022 were 1,523.7 million baht, an increase 15.5 million baht or 1.0% compared to the total assets at 31 December 2021.

(1.1) Current Assets

As of June 30, 2022 current assets amounted 411.5 million baht, decreased 17.0 million baht or 4.0% compared to current assets as of December 31, 2021. Mostly due to receiving payments from trade accounts receivable in the amount of 10.5 million baht.

(1.2) Non-Current Assets

As of June 30, 2022 non-current assets amounted 1,112.2 million baht, increased 32.5 million baht or 3.0% compared to non-current assets as of December 31, 2021. Mostly due to investment in fixed assets such as invests in buildings and equipment amounting to 20.7 million baht, invests in Investment property amounting to 14.6 million baht, Continuing construction of landfill additional with the amount of 6.6 million baht. In addition, other non-current financial assets increased by 15.0 million baht due to an increase in share value. However, the non-current assets are in decreasing state from the depreciation and amortization of the company are 22.4 million baht.

(2) Total Liabilities

Company's total liabilities as of June 30, 2022 were 174.1 million baht, decreased 1.1 million baht or 0.6% compared to the total liabilities as of December 31, 2021.

(3) Shareholders' Equity

Total shareholders' equity as of June 30, 2022 was 1,349.6 million baht, increased 16.6 million baht or 1.2% compared to total shareholders' equity as of December 31, 2021.

4. Cash flows (Company and Subsidiaries)

	For the six-month Period	
	2022	2021
Cash and Cash Equivalent on 1 st January	107.8	162.9
Net Cash Provided by (Used in) Operating Activities	43.3	26.6
Net Cash Provided by (Used in) Investing Activities	(38.8)	(6.8)
Net Cash Provided by (Used in) Financing Activities	(8.6)	(18.6)
Net Cash Increased by (Decreased)	(4.1)	1.2
Cash and Cash Equivalent on 30 th June	103.7	154.1

5. Financial ratios

	As at	
	June 30, 2022	December 31, 2021
Current Ratio	5.3	5.9
Debt to Equity Ratio	0.1	0.1