

Management Discussion and Analysis: MD&A

1. Company Situation

The company situation in the Q3/2022 is in a positive sight as the company continues to adapt their marketing strategy to fit with the current trend. Not only that, the COVID-19 situation also eases down with the outbreak being announced as an endemic since the 1st of July this year. The company is fully prepared to adjust the waste treatment cost due to the higher cost of all chemicals. On the other hand, the real estate business' revenue is on the rise.

Regarding the cannabis for medical use project, the company has changed their strategy by allowing any interested parties to invest in the project and also considers other alternative cannabis usage approaches, for example, medicines with cannabis extract. 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, referring to the official announcement from the Government, COVID-19 outbreak is now an endemic, allowing the business to be on the rise. The company is still on the lookout in case any outbreak happens.

2. Operating Results (Company and Subsidiaries)

Total revenue of the consolidated financial statements for Q3/2022 amounted 77.1 million baht compared to Q3/2021 with total revenue of 60.7 million baht, increased by 16.4 million baht or 27.0%. 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. The transfer of property began in the second quarter and more to come.

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. The company had to pay the taxes, which were assessed retrospectively from 2014 to 2016 with the total of 16.0 million baht. Due to that reason had an impact on the performance for Q3/2022 was loss 16.4 million baht compared to Q3/2021 that was profit 6.5 million baht, an decrease 22.9 million baht or 350.8%.

For the nine-month period of 2022, total revenue of the consolidated financial statements amounted 200.5 million baht, increased 28.6 million baht or 16.7% compared with the same period of 2021. Performance for nine-month period of 2022 was loss 14.8 million baht compared to the same period in 2021, decreased 21.2 million baht or 328.2%.

	3 rd Quarter				For the nine-month			
	September 30		Inc.		September 30		Inc.	
	2022	2021	(Dec.)	%	2022	2021	(Dec.)	%
Revenues								
Treatment business	52.7	44.1	8.6	19.5%	153.7	141.8	11.9	8.4%
Real estate business	16.9	-	16.9	100.0%	25.1	-	25.1	100.0%
Others business	0.9	1.4	(0.5)	-35.7%	3.3	5.9	(2.6)	-44.1%
Other income	6.6	15.2	(8.6)	-56.6%	18.4	24.2	(5.8)	-24.0%
Total Revenues	77.1	60.7	16.4	27.0%	200.5	171.9	28.6	16.6%
Expenses								
Cost of treatment	37.7	31.3	6.4	20.4%	103.7	93.1	10.6	11.4%
Cost of real estate	15.2	-	15.2	100.0%	22.9	-	22.9	100.0%
Cost of others	0.9	3.2	(2.3)	-71.9%	3.8	10.6	(6.8)	-64.2%
Selling & Admin Exp.	36.6	17.1	19.5	114.0%	77.5	56.3	21.2	37.7%
Finance costs	90.4	51.6	38.8	75.2%	207.9	160.0	47.9	29.9%
Profit from operating activities	(13.3)	9.1	(22.4)	-246.2%	(7.5)	11.9	(19.4)	-163.0%
Finance costs	(0.8)	(1.0)	(0.2)	-20.0%	(2.5)	(3.3)	(0.8)	-24.2%
Share from associate	(0.3)	(0.3)	-	0.0%	(1.0)	(1.0)	-	0.0%
Income tax	(2.0)	(1.2)	0.8	66.7%	(3.9)	(1.1)	2.8	254.5%
Gain (Lost) - Net	(16.4)	6.5	(22.9)	-352.3%	(14.8)	6.5	(21.3)	-327.7%

(1) Waste Treatment Business Income

Revenue from waste treatment business for Q3/2022 amounted 52.7 million baht, an increase 8.6 million baht or 19.5% compared to Q3/2021. The cost of service was 71.5% for Q3/2022, a slight increasing from the same period in the previous year.

(2) Real Estate Business Income

The income of 16.9 million baht is from the sale of four real estate units of The Plenary in Q3/2022. There is an increase in sale when compared to Q3/2021 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 10.1%.

(3) Other Business Income

The income of the production and distribution of face masks for medical use in Q3/2022 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.

Cryptocurrency mining business faced its downside in the Q3/2022. The downside was due to The Merge, Ethereum's technology switch to Proof-to-Stake, putting an end to the existing mining method. The effect will be intensively depicted in Q4/2022. The management team will readjust the strategy to fit with the ever-changing Cryptocurrency business. In Q3/2022, the overall income from this business was at 0.8 million or the total of 16.4% gross loss. The number is due to the fluctuation of the digital coin.

(4) Interest income and other Income

Other income for Q3/2022 was amounted 6.6 million baht, decreased 8.6 million baht or 56.6% compared with Q3/2021, as there was the income of 8.0 million baht from the breach of land sale and purchase agreement forfeited deposit in the previous year. The other income is as follows,

The interest income is little in amount, which is same as last year's.

Revenue from rental real estate for Q3/2022 amounted 3.0 million baht, a slight increase in number when compared to the same quarter of last year. The cost of renting was 76.7%, an increase from the previous year, due to almost all costs being fixed costs.

(5) Selling and Administrative Expenses

Selling and administrative expenses for Q3/2022 was amounted 36.6 million baht, an increased 19.5 million baht or 114.0% compared with Q3/2021. This was due to the retrospectively-assessed taxes from 2014 to 2016 in the total of 16 million baht. If the taxes were excluded, the selling and administrative expenses would be at 20.6 million baht or 26.7% of the total income of the company, a slight decrease compared to Q3/2021.

3. Financial Status (Company and Subsidiaries)

(1) Total Assets

Company's total assets as of September 30, 2022 were 1,552.7 million baht, an increase 44.4 million baht or 3.0% compared to the total assets at 31 December 2021.

(1.1) Current Assets

As of September 30, 2022 current assets amounted 434.8 million baht, increased 6.3 million baht or 1.5% compared to current assets as of December 31, 2021. Mostly due to the remaining inventory from the production during January to June this year in the amount of 3.3 million baht.

(1.2) Non-Current Assets

As of September 30, 2022 non-current assets amounted 1,117.8 million baht, increased 38.1 million baht or 3.5% 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 23.4 million baht, invests in Investment property amounting to 14.6 million baht, and constant investment in the completed and operating landfill in August with a total of 37.3 million baht. In addition, other non-current financial assets increased selling existing shares and buying new shares with a total of 16.4 million baht.

However, the non-current assets are in decreasing state from the depreciation and amortization of the company are 34.9 million baht. Moreover, there was a write-off due to the auditing of Withholding tax refund during 2014 to 2016 at 15.6 million baht.

(2) Total Liabilities

Company's total liabilities as of September 30, 2022 were 219.0 million baht, increased 43.8 million baht or 25.0% compared to the total liabilities as of December 31, 2021. The increase was mostly from the landfill closure's cost estimation at 29.7 million baht and the short-term loan from financial institutions at 10 million baht.

(3) Shareholders' Equity

Total shareholders' equity as of September 30, 2022 was 1,333.7 million baht, increased 0.7 million baht or 0.1% compared to total shareholders' equity as of December 31, 2021.

4. Cash flows (Company and Subsidiaries)

	For the nine-month Period	
	2022	2021
Cash and Cash Equivalent on 1 st January	107.8	162.9
Net Cash Provided by (Used in) Operating Activities	77.6	44.2
Net Cash Provided by (Used in) Investing Activities	(37.4)	(27.3)
Net Cash Provided by (Used in) Financing Activities	(14.0)	(28.0)
Net Cash Increased by (Decreased)	26.2	(11.1)
Cash and Cash Equivalent on 30 th September	134.0	151.8

5. Financial ratios

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