

Management Discussion and Analysis: MD&A

1. Company Situation

In the Q2/2021, the company was inevitably affected by the third wave of the COVID-19 outbreak due to the mutation of the new coronavirus expanded from other countries and the lack of domestic travel control during Songkran's Day in April. Also, no lockdown policy was announced and the health system was overloaded with patients and casualty. More local transmission clusters had been found every day, for example, mass production factories, resulting in the significantly reduced production. This confirmed the effect GENCO had encountered as the factories also delayed the industrial waste transportation. Moreover, the Delta and Beta variants affected the international investments. The management team expects the worse result in the company's industrial waste treatment business. Regarding the real estate business in Q2/2021, no progress could be made in this current market.

In terms of investments, the company decides to not spend any budget on the major investments for now due to the ongoing COVID-19 situation, seemingly high number of infected people for a period of time.

Risks and Effects from the COVID-19 Outbreak

The COVID-19 outbreak has been affecting many businesses and the company is no exception. The company had many impacts, including stricter method on waste coming from the clients' factories, employees' transportation to the facilities, and fewer customers visiting the real estate units.

2. Operating Results (Company and Subsidiaries)

Total revenue of the consolidated financial statements for Q2/2021 amounted 58.2 million baht compared to Q2/2020 with total revenue of 63.5 million baht, decreased by 5.3 million baht or 8.3%. Mostly, the decrease was from real estate business since there was no property transfer in this quarter. In addition, there is no new project this year apart from the income from the rooftop solar power system project at the end of last year. Due to the outbreak, it is inconvenient to schedule meeting with promising clients and the investments are delayed.

Although the industrial waste disposal and treatment were faced with the impact from COVID-19 outbreak since the Q2 of 2020 until today, but the management team had to adapt to the situation, where the company had an impact on the performance for Q2/2021, the revenue increased by 3.2 million baht compared to Q2/2020.

The reduction of cost and budget with no effect to the service quality from the Q3/2020 provided the positive result, as projected in Q2/2021 in which the company's was Loss 0.9 million baht compared to Q2/2020 that was loss 14.2 million baht, increased 13.3 million baht or 93.7%.

For the six-month period of 2021, total revenue of the consolidated financial statements amounted 111.1 million baht, decreased 18.7 million baht or 14.4% compared with the same period of 2020. However, performance for six-month period of 2021 was loss 0.1 million baht compared to the same period in 2020, increased 19.1 million baht or 99.5%.

	2 nd Quarter				For the six-month			
	June 30		Inc.		June 30		Inc.	
	2021	2020	(Dec.)	%	2021	2020	(Dec.)	%
Revenues								
Treatment business	49.8	46.6	3.2	6.9%	97.7	106.7	(9.0)	-8.4%
Real estate business	-	5.3	(5.3)	-100.0%	-	6.4	(6.4)	-100.0%
Other business	3.7	7.2	(3.5)	-48.6%	4.5	7.2	(2.7)	-37.5%
Other income	4.7	4.6	0.1	2.17%	8.9	9.5	(0.6)	6.3%
Total Revenues	58.2	63.5	(5.3)	-8.3%	111.1	129.8	(18.7)	-14.4%
Expenses								
Cost of treatment	31.2	40.2	(9.0)	-22.4%	61.8	83.2	(21.4)	-25.7%
Cost of real estate	-	2.4	(2.4)	-100.0%	-	3.2	(3.2)	-100.0%
Cost of others	5.1	6.4	(1.3)	-20.3%	7.4	6.4	1.0	15.6%
Selling & Admin Exp.	21.4	26.5	(5.1)	-19.2%	39.1	51.9	(12.8)	-24.7%
Finance costs	1.1	1.5	(0.4)	-26.7%	2.3	3.3	(1.0)	-30.3%
Total Expenses	58.8	77.0	(18.2)	-23.6%	110.7	148.0	(37.3)	-25.2%
Share from associate	(0.3)	-	(0.3)	-100.0%	(0.7)	(0.2)	(0.5)	-250.0%
Income tax	-	(0.7)	0.7	100.0%	0.2	(0.9)	1.1	122.2%
Gain (Lost) - Net	(0.9)	(14.2)	13.3	93.7%	(0.1)	(19.2)	19.1	99.5%

(1) Waste Treatment Business Income

Revenue from waste treatment business for Q2/2021 amounted 49.8 million baht, increased 3.2 million baht or 6.9% compared to Q2/2020. The cost of service was 62.7% for Q2/2021, decreasing from the same period in the previous year with costs of 86.3% due to the mentioned situational adaptability.

(2) Real Estate Business Income

Revenue from sale real estate shows no room transfer in the Q2 of 2021, where in the Q2 of 2020, the revenue was 5.3 million baht in sales. The cost of good was 45.3%.

Revenue from rental real estate (Other income) for Q2/2021 amounted 3.2 million baht, not different from the same quarter of last year, with the rental cost at 62.5%, similarly to 2020.

(3) Other business Income

Revenue from other business for Q2/2021 amounted 3.7 million baht, decreased 3.5 million baht or 48.6% compared to Q2/2020. In 2021, the income was mainly from the medical masks business, while in Q2/2020, there was an income from solar rooftop service system business of 7.2 million baht.

(4) Other Income

Interest income for Q2/2021 was amounted 0.1 million baht, Slightly decreased from Q2/2020. Other income for Q2/2021 was amounted 4.6 million baht, increased 0.2 million baht or 4.3% compared with Q2/2020.

(5) Selling and Administrative Expenses

Selling and administrative expenses for Q2/2021 was amounted 19.4 million baht, decreased 5.2 million baht or 21.1% compared with Q2/2020. The selling and administrative expenses was approximately 33.3% of the Company's total revenue, compared to 38.7% for the same period of year 2020. The number shows the adaptability and expense control of the management team.

3. Financial Status (Company and Subsidiaries)

(1) Total Assets

Company's total assets as of June 30, 2021 were 1,521.7 million baht, decrease 5.9 million baht or 0.4% compared to the total assets at 31 December 2020.

(1.1) Current Assets

As of June 30, 2021 current assets amounted 492.4 million baht, decreased 31.5 million baht or 6.0% compared to current assets as of December 31, 2020. Mostly due to classified as non-current assets (Investment in properties). Causing real estate development costs decreased 27.3 million baht.

(1.2) Non-Current Assets

As of June 30, 2021 non-current assets amounted 1,029.3 million baht, increased 25.6 million baht or 2.6% compared to non-current assets as of December 31, 2020.

(2) Total Liabilities

Company's total liabilities as of June 30, 2021 were 192.8 million baht, decreased 10.3 million baht or 5.1% compared to the total liabilities as of December 31, 2020.

(3) Shareholders' Equity

Total shareholders' equity as of June 30, 2021 was 1,328.9 million baht, increased 4.4 million baht or 0.3% compared to total shareholders' equity as of December 31, 2020.

4. Cash flows (Company and Subsidiaries)

	For the six-month Period	
	2021	2020
Cash and Cash Equivalent on 1 st January	162.9	172.2
Net Cash Provided by (Used in) Operating Activities	26.6	4.1
Net Cash Provided by (Used in) Investing Activities	(6.8)	(10.5)
Net Cash Provided by (Used in) Financing Activities	(18.6)	(17.8)
Net Cash Increased by (Decreased)	1.2	(24.2)
Cash and Cash Equivalent on 30 th June	164.1	148.0

5. Financial ratios

	As at	
	June 30, 2021	December 31, 2020
Current Ratio	5.7	6.7
Debt to Equity Ratio	0.1	0.2