

ETC-MD016/2565

9th September 2022

Subject Management Discussion and Analysis of Financial Performance
for the Quarter 3 ended 30th September 2022

To Director and Manager of the Stock Exchange of Thailand

Earth Tech Environment Public Company Limited (“the Company”) would like to inform the Management Discussion and Analysis for the Company’s operating results for the Quarter 3 ended 30th September 2022 as follows:

Overall performance for the Quarter 3 and 9 months period for the year 2022

The Company had a net profit for the third quarter of 42 million baht, a decrease of 11 million baht when compared to a net profit of 53 million baht in the same quarter last year. In this quarter, the net profit margin was 22 percent, decreasing from 28 percent in the same period last year. This is mainly due to the increase in production costs from the price adjustment of raw materials, supplies, and spare parts.

Financial performance for the Quarter 3 ended 30th September 2022

(Unit : Thousand Baht)

Statements of Income	30 Sep 22	percent	30 Sep 21	percent	Increase(decrease)	percent
Total Income	191,047	100.00%	187,761	100.00%	3,286	1.75%
Sale and service income	184,377	96.51%	175,090	93.25%	9,287	5.30%
Cost of sale and service	(114,458)	-62.08%	(100,300)	-57.28%	14,158	14.12%
Gross Profit Margin	69,919	37.92%	74,790	42.72%	(4,871)	-6.51%
Other income	6,670	3.49%	12,671	6.75%	(6,001)	-47.36%
Profit before expenses	76,589	40.09%	87,461	46.58%	(10,872)	-12.43%
Administrative expenses	(13,835)	-7.24%	(13,881)	-7.39%	(46)	-0.33%
Management benefit expenses	(6,135)	-3.21%	(5,439)	-2.90%	696	12.80%
Total Expenses	(19,970)	-10.45%	(19,320)	-10.29%	650	-3.36%
Operating profit	56,619	29.64%	68,141	36.29%	(11,522)	-16.91%
Finance Costs	(13,082)	-6.85%	(16,258)	-8.66%	(3,176)	-19.53%
Profit before income tax expenses	43,537	22.79%	51,883	27.63%	(8,346)	-16.09%
Income tax expense	(1,541)	-0.81%	1,100	0.59%	2,641	-240.09%
Net Profit for the period	41,996	21.98%	52,983	28.22%	(10,987)	-20.74%
Equity holders of the Company	40,781	21.35%	51,960	27.67%	(11,179)	21.51%

The Company has total revenue for 9 months period of 599 million baht from 552 million baht in 2021, an increase of 47 million baht. Also, the Company had a net profit for 9 months period of 157 million baht from 166 million baht in 2021, a decrease of 8 million baht. The Company had a net profit margin from 30 percent in 2021 to 26 percent in 2022 due to an increase in production costs from the price adjustment of raw materials, supplies and spare parts.

Financial performance for a 9-month period ended 30th September 2022

(Unit : Thousand Baht)

Statements of Income	30 Sep 22	percent	30 Sep 21	percent	Increase(decrease)	percent
Total Income	599,300	100.00%	552,119	100.00%	47,181	8.55%
Sale and service income	554,435	92.51%	537,806	97.41%	16,629	3.09%
Cost of sale and service	(334,043)	-60.25%	(280,675)	-52.19%	53,368	19.01%
Gross Profit Margin	220,392	39.75%	257,131	47.81%	(36,739)	-14.29%
Other income	44,865	7.49%	14,313	2.59%	30,552	213.46%
Profit before expenses	265,257	44.26%	271,444	49.16%	(6,187)	-2.28%
Administrative expenses	(43,657)	-7.28%	(38,201)	-6.92%	5,456	14.28%
Management benefit expenses	(18,159)	-3.03%	(16,520)	-2.99%	1,639	9.92%
Total Expenses	(61,816)	-10.31%	(54,721)	-9.91%	7,095	-12.97%
Operating profit	203,441	33.95%	216,723	39.25%	(13,282)	-6.13%
Finance Costs	(41,944)	-7.00%	(52,207)	-9.46%	(10,263)	-19.66%
Profit before income tax expenses	161,497	26.95%	164,516	29.80%	(3,019)	-1.84%
Income tax expense	(3,956)	-0.66%	1,100	0.20%	5,056	-459.64%
Net Profit for the period	157,541	26.29%	165,616	30.00%	(8,075)	-4.88%
Equity holders of the Company	153,125	25.55%	160,983	29.16%	(7,858)	4.88%

1. **Revenue from electricity sales** The Company and Subsidiaries (The three power plants) were able to produce and sell “electrical units” in the third quarter, an increase of 3.96 percent, and for nine months period, an increase of 3.25 percent compared to the same period last year.

2. **Gross margin** of 38 percent for the third quarter and 40 percent for the 9-month period, with lower gross margins compared to the same period prior year. The reason is due to the price increase of raw materials, supplies and spare parts for use in maintenance.

3. **Administrative expenses and executive compensation** in this quarter amounted to 20 million baht, close to the same quarter of the previous year. For the 9-month period, an increase of 7 million baht or 13 percent compared to the same period last year. Because this year, there are expenses for credit rating and expenses in preparing the issuance of debentures.

4. **Finance costs** decreased by 10 million baht for 9 months period compared to the same period last year. Because all 3 power plants made a large repayment on loan from financial institutions. As a result, the interest payable decreases as the amount of the loan decreases.

Financial Position Analysis

Overall financial position as of 30th September 2022

(Unit : Thousand Baht)

Statement of Financial Position	30 Sep 22	percent	31 Dec 21	percent	Increase(decrease)	percent
Total assets	3,895,512	100.00%	3,969,620	100.00%	(74,108)	-1.87%
Total liabilities	975,503	25.04%	1,207,155	30.41%	(231,652)	-19.19%
Total equity	2,920,009	74.96%	2,762,465	69.59%	157,544	5.70%

Financial Position

- Total assets** equal to 2,920 million baht as of September 30, 2022 compared to December 31, 2021, amounted to 3,969 million baht, a decrease of 74 million baht or 2 percent, mainly due to depreciation of machinery and buildings according to accounting principles. There were no significant increases or decreases in assets.
- Total liabilities** equal to 975 million baht as of September 30, 2022 and equal to 1,207 million baht as of December 31, 2021, a decrease of 232 million baht or 19 percent, mainly due to repayment of long-term loans from financial institutions in the amount of 207 million baht.
- Total shareholders' equity** equal to 2,920 million baht as of September 30, 2022 and equal to 2,762 million baht as of December 31, 2021, an increase of 157 million baht or 6 percent due to operating profits.

Yours Sincerely,

(Ekarin Luengviriya)

Managing Director

Earth Tech Environment Public Company Limited