

23rd February 2023

Subject Management Discussion and Analysis of Financial Performance
for the Year ended 31st December 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 Year ended 31st December 2022 as follows:

Overall performance for the year 2022

The Company had a net profit for the year of 136 million baht, a decrease of 57 million baht when compared to a net profit of 193 million baht in the same period of 2021. The net profit margin fell from 26 percent in the same period of 2021 to 17 percent in 2022. This is mainly due to the increase in production costs from the price adjustment of raw materials, supplies, and spare parts and for terminating the land lease agreement is 31 million baht cut-off because the land was previously leased in the Company's name. Therefore, the subsidiary should be permitted to rent the company's land rent instead. The lease with the Industrial Estate had to be terminated by the Company first. So that it could make a rent agreement to prepare for a new power plant project, the Company's subsidiary proceeded and leased the land to the Industrial Estate after that.

Financial performance for the Year ended 31st December 2022

(Unit:Baht)

| Statements of Income | 31 Dec 22 | percent | 31 Dec 21 | percent | Increase(decrease) | percent |
|---|----------------------|----------------|---------------------|----------------|---------------------|----------------|
| Total Income | 782,624,664 | 100.00% | 749,156,380 | 100.00% | 33,468,284 | 4.47% |
| Sale and service income | 738,267,483 | 94.33% | 730,211,189 | 97.47% | 8,056,294 | 1.10% |
| Cost of sale and service | (467,524,084) | -63.33% | (390,877,775) | -53.53% | 76,646,309 | 19.61% |
| Gross Profit Margin | 270,743,399 | 36.67% | 339,333,414 | 46.47% | (68,590,015) | -20.21% |
| Other income | 44,357,181 | 5.67% | 18,945,191 | 2.53% | 25,411,990 | 134.13% |
| Profit before expenses | 315,100,580 | 40.26% | 358,278,605 | 47.82% | (43,178,025) | -12.05% |
| Administrative expenses | (90,486,277) | -11.56% | (77,279,606) | -10.32% | 13,206,671 | 17.09% |
| Management benefit expenses | (23,484,168) | -3.00% | (22,289,015) | -2.98% | 1,195,153 | 5.36% |
| Total Expenses | (113,970,445) | -14.56% | (99,568,621) | -13.29% | 14,401,824 | -14.46% |
| Operating profit | 201,130,135 | 25.70% | 258,709,984 | 34.53% | (57,579,849) | -22.26% |
| Finance Costs | (62,778,655) | -8.02% | (68,594,847) | -9.16% | (5,816,192) | -8.48% |
| Profit before income tax expense | 138,351,480 | 17.68% | 190,115,137 | 25.38% | (51,763,657) | -27.23% |
| Income tax expense | (2,142,820) | -0.27% | 2,916,976 | 0.39% | 5,059,796 | -173.46% |
| Net Profit for the period | 136,208,660 | 17.40% | 193,032,113 | 25.77% | (56,823,453) | -29.44% |
| Equity holders of the Company | 131,066,545 | 16.75% | 187,361,604 | 25.01% | (56,295,059) | 30.05% |

1. **Revenue from electricity sales** The Company and Subsidiaries (The three power plants) were able to produce and sell “electrical units” in the year, an increase of 1.17 percent compared to the same period last year.

2. **Gross margin** of 63 percent for 2022, with a lower gross margin compared to the same period last 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** for this year, an increase of 114 million baht or 14 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 6 million baht for 2022 compared to the same period last year. Because all 3 power plants made a large repayment on loan from financial institutions. As a result, as the loan balance drops, the interest is paid lower.

Financial Position Analysis

Overall financial position as of 31st December 2022

(Unit:Baht)

| Statement of Financial Position | 31 Dec 22 | percent | 31 Dec 21 | percent | Increase(decrease) | percent |
|---------------------------------|---------------|---------|---------------|---------|--------------------|---------|
| Total assets | 4,551,554,314 | 100.00% | 3,969,619,778 | 100.00% | 581,934,536 | 14.66% |
| Total liabilities | 1,652,444,918 | 36.31% | 1,207,154,664 | 30.41% | 445,290,254 | 36.89% |
| Total equity | 2,899,109,396 | 63.69% | 2,762,465,114 | 69.59% | 136,644,282 | 4.95% |

Financial Position

1. **Total assets** equal to 4,551 million baht as of December 31st, 2022 compared to December 31st, 2021, amounted to 3,969 million baht, a increase of 582 million baht or 15 percent, mainly due to the issuance of debentures in the amount of 500 million baht and the short-term loan from other juristic persons in the amount of 203 million baht, deducted by the amortization of land lease termination in the amount of 31 million baht and depreciation of machinery and buildings according to accounting principles. There were no significant increases or decreases in assets.

2. **Total liabilities** equal to 1,652 million baht as of December 31, 2022 and equal to 1,207 million baht as of December 31st, 2021, increasing 445 million baht or 37 percent, This was mainly due to the issuance of debentures in the amount of 500 million baht and short-term loan from other juristic persons in the amount of

203 million baht to pay for lands for the Subsidiary's project proposals. The Company and a subsidiary of the Company repaid a 275 million baht loan from financial institutions this year.

3. **Total shareholders' equity** equal to 2,899 million baht as of December 31st, 2022 and equal to 2,762 million baht as of December 31st, 2021, an increase of 137 million baht or 5 percent due to operating profits.

Yours Sincerely,

(Ekarin Luengviriya)

Managing Director

Earth Tech Environment Public Company Limited