

10th May 2023

Subject Management Discussion and Analysis of Financial Performance
for the Quarter 1 ended 31st March 2023

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 1 ended 31st March 2023 as follows:

Overall performance for the Quarter 1 ended 31st March 2023

The Company had a net profit for the the first quarter of 1.5 million baht, a decrease of 47 million baht when compared to a net profit of 48 million baht in the same quarter last year. Representing a net profit margin of 1 percent, down from 25 percent. The efficiency of the machine that closed to the maintenance period, moreover, the production cost is raising, costs of spare parts of machinery and equipment, wages, legal advisor fees, financial advisory fees, and interest on debentures, including the expenses of the group of subsidiaries established to prepare investment for new power plant projects.

Financial performance for the Year ended 31st March 2023

(Unit :Thousand Baht)

Statements of Income	31 Mar 23	percent	31 Mar 22	percent	Increase(decrease)	percent
Total Income	181,979	100.00%	190,525	100.00%	(8,546)	-4.49%
Sale and service income	175,635	96.51%	176,046	92.40%	(411)	-0.23%
Cost of sale and service	(129,144)	-73.53%	(106,706)	-60.61%	22,438	21.03%
Gross Profit Margin	46,491	26.47%	69,340	39.39%	(22,849)	-32.95%
Other income	6,344	3.49%	14,479	7.60%	(8,135)	-56.18%
Profit before expenses	52,835	29.03%	83,819	43.99%	(30,984)	-36.97%
Administrative expenses	(20,721)	-11.39%	(14,616)	-7.67%	6,105	41.77%
Management benefit expenses	(6,806)	-3.74%	(6,019)	-3.16%	787	13.08%
Total Expenses	(27,527)	-15.13%	(20,635)	-10.83%	6,892	-33.40%
Operating profit	25,308	13.91%	63,184	33.16%	(37,876)	-59.95%
Finance Costs	(23,602)	-12.97%	(14,786)	-7.76%	8,816	59.62%
Profit before income tax expense	1,706	0.94%	48,398	25.40%	(46,692)	-96.48%
Income tax expense	(198)	-0.11%	(182)	-0.10%	16	8.79%
Net Profit for the period	1,508	0.83%	48,216	25.31%	(46,708)	-96.87%
Equity holders of the Company	976	0.54%	46,816	24.57%	(45,840)	97.92%

1. **Revenue from electricity sales:** The Company and Subsidiaries (three power plants) were able to produce and sell “electrical units” in this quarter, similar to the same period of last year.

2. **Gross Margin:** This quarter is 26 percent, with lower gross margins year on year. Due to the increasing cost of consumables, spare parts for maintenance and raw materials.

3. **Administrative expenses and executive compensation:** This quarter amounted to 28 million baht, increasing 7 million baht or 33 percent compared to the same period as last year, due to legal costs financial advisor fee to prepare investment in new power plant projects

4. **Financial costs:** An increase of 9 million baht for this quarter compared to the same period last year. This is due to higher interest from the issuance of debentures to prepare for investment in new power plant projects.

Financial Position Analysis

Overall financial position as of 31st March 2023

(Unit: Thousand Baht)

Statement of Financial Position	31 Mar 23	percent	31 Mar 22	percent	Increase(decrease)	percent
Total assets	4,543,015	100.00%	4,551,554	100.00%	-8,539	-0.19%
Total liabilities	1,642,394	36.15%	1,652,445	36.31%	-10,051	-0.61%
Total equity	2,900,621	63.85%	2,899,109	63.69%	1,512	0.05%

Financial Position

1. **Total assets** equal to 4,543 million baht as of the first quarter of 2023 compared to the end of 2022 was 4,552 million baht, a decrease of 9 million baht or 0.19 percent, insignificantly change.

2. **Total liabilities** equal to 1,652 million baht as of first quarter of 2023 compared to the end of 2022 amounted to 1,652 million baht, a decrease of 10 million baht or 0.61 percent, mainly due to short-term borrowings from other juristic persons 53 million to pay for the land for the proposed project of the subsidiary company. In this year, the Company and its subsidiaries repaid the loan from financial institutions in the amount of 70 million baht.

3. **Total shareholders' equity** equal to 2,901 million baht as of first quarter of 2023 and equal to 2,899 million baht as of December 31st, 2022, an increase of 1.5 million baht or 5 percent due to operating profits.

Yours Sincerely,

(Mr. Ekarin Luengviriya)

Managing Director

Earth Tech Environment Public Company Limited