

9th August 2023

Subject Management Discussion and Analysis of Financial Performance
for the Quarter 2 and 6-Month period ended 30th June 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 2 and 6-Month period ended 30th June 2023 as follows:

Overall performance for the Quarter 2 and 6-Month period

The Company had a net profit for the the second quarter of 7.73 million baht and six-month period of 9.24 million baht, a decrease when compared to the same period prior year. The main reason was because of periodic maintenance shutdowns and rising costs which due to the amount of consumption caused by the efficiency of the machine that reaches the maintenance period. Also, this was mainly due to rising prices of materials, equipment, wages, cost of spare parts of machinery and equipment, legal advisor fees, financial advisor fees, and interest on debentures including expenses in the group of subsidiaries established to prepare for investing in new power plant projects.

Financial performance for the 3-Month period ended 30th June 2023

(Unit: Thousand Baht)

Statements of Income	30 Jun 23	percent	30 Jun 22	percent	Increase(decrease)	percent
Total Income	187,313	100.00%	228,061	100.00%	(40,748)	-17.87%
Sale and service income	160,501	85.69%	194,013	85.07%	(33,512)	-17.27%
Cost of sale and service	(118,977)	-74.13%	(112,879)	-58.18%	6,098	5.40%
Gross Profit Margin	41,524	25.87%	81,134	41.82%	(39,610)	-48.82%
Other income	26,812	14.31%	34,048	14.93%	(7,236)	-21.25%
Profit before expenses	68,336	36.48%	115,182	50.50%	(46,846)	-40.67%
Administrative expenses	(22,953)	-12.25%	(25,537)	-11.20%	(2,584)	-10.12%
Executive compensation	(7,501)	-4.00%	(6,005)	-2.63%	1,496	24.91%
Total Expenses	(30,454)	-16.26%	(31,542)	-13.83%	(1,088)	3.45%
Operating profit	37,882	20.22%	83,640	36.67%	(45,758)	-54.71%
Finance Costs	(28,272)	-15.09%	(14,076)	-6.17%	14,196	100.85%
Profit before income tax expense	9,610	5.13%	69,564	30.50%	(59,954)	-86.19%
Income tax expense	(1,880)	-1.00%	(2,233)	-0.98%	(353)	-15.81%
Net Profit for the period	7,730	4.13%	67,331	29.52%	(59,601)	-88.52%
Profit attributable to the parent company	6,900	3.68%	65,530	28.73%	(58,630)	89.47%

Financial performance for the 6-Month period ended 30th June 2023

(Unit: Thousand Baht)

Statements of Income	30 Jun 23	percent	30 Jun 22	percent	Increase(decrease)	percent
Total Income	369,293	100.00%	408,253	100.00%	-38,960	-9.54%
Sale and service income	336,137	91.02%	370,058	90.64%	-33,921	-9.17%
Cost of sale and service	-248,121	-73.82%	-219,584	-59.34%	28,537	13.00%
Gross Profit Margin	88,016	26.18%	150,474	40.66%	-62,458	-41.51%
Other income	33,156	8.98%	38,195	9.36%	-5,039	-13.19%
Profit before expenses	121,172	32.81%	188,669	46.21%	-67,497	-35.78%
Administrative expenses	-43,675	-11.83%	-29,822	-7.30%	13,853	46.45%
Executive compensation	-14,306	-3.87%	-12,024	-2.95%	2,282	18.98%
Total Expenses	-57,981	-15.70%	-41,846	-10.25%	16,135	-38.56%
Operating profit	63,191	17.11%	146,823	35.96%	-83,632	-56.96%
Finance Costs	-51,874	-14.05%	-28,862	-7.07%	23,012	79.73%
Profit before income tax expenses	11,317	3.06%	117,961	28.89%	-106,644	-90.41%
Income tax expense	-2,076	-0.56%	-2,414	-0.59%	-338	-14.00%
Net Profit for the period	9,241	2.50%	115,547	28.30%	-106,306	-92.00%
Profit attributable to the parent company	7,879	2.13%	112,346	27.52%	-104,467	92.99%

1. **Revenue from electricity sales:** The Company and Subsidiaries (three power plants) were able to produce and sell “electrical units” in Quarter 2 decreasing by 5.68 percent compared to the same period of last year due to periodic maintenance shutdowns.

2. **Gross Margin:** Gross Margin was 26 percent for the second quarter and for the 6-Month period, which was declined compared to the same period prior year. The reason was because a decrease in revenue due to maintenance shutdowns and change in costs, as there was an increase in the price of raw materials, consumables, and equipment for use in maintenance. There still were fixed expenses such as employee compensation and the depreciation cost which remained the same.

3. **Administrative expenses and executive compensation:** In this quarter, the amount was similar to the same quarter last year. For the 6-Month period, there was an increase of 16 million baht or 39 percent compared to the same period last year due to legal costs and financial advisor fee preparing for investment in new power plant projects.

4. **Financial costs:** An increase of 14 million baht for this quarter and increase of 23 million baht for 6-Month period compared to the same period last year. This was due to higher interest from the issuance of debentures in order to prepare for investment in new power plant projects.

Financial Position Analysis

Overall financial position as of 30th June 2023

(Unit: Thousand Baht)

Statement of Financial Position	30 Jun 23	percent	31 Dec 22	percent	Increase(decrease)	percent
Total assets	5,137,277	100.00%	4,551,554	100.00%	585,723	12.87%
Total liabilities	2,228,923	43.39%	1,652,445	36.31%	576,478	34.89%
Total shareholders' equity	2,908,354	56.61%	2,899,109	63.69%	9,245	0.32%

Financial Position

1. **Total assets** At the end of the quarter, the amount increased by 586 million baht due to the issuance of debentures, resulting in a total balance of cash and cash equivalents equal to 1,836 million baht or 36 percent of total assets, preparing for investment in power plants that win project proposals. Also, there was an investment in land preparing for the construction of new power plants. There was no significant change in other assets.

2. **Total liabilities** This quarter, there was an increase of 577 million baht, mainly due to issuance of debentures amounting 702 million baht and short-term borrowings from other juristic persons 115 million baht which was used for the land payment for the proposed project of the subsidiary company. In this quarter, the Company and its subsidiaries repaid the loan from financial institutions in the amount of 242 million baht.

3. **Total shareholders' equity** In this quarter, there was a rise of 9.25 million baht due to operating profits.

Yours Sincerely,

(Mr. Ekarin Luengviriya)

Managing Director

Earth Tech Environment Public Company Limited