

9<sup>th</sup> November 2023

Subject Management Discussion and Analysis of Financial Performance  
for the Quarter 3 and 9-Month period ended 30<sup>th</sup> September 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 3 and 9-Month period ended 30<sup>th</sup> September 2023 as follows:

**Overall performance for the Quarter 3 and 9-Month period**

The Company had a net profit for the Quarter 3 of 11 million baht and for the 9-Month period of 20 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 30<sup>th</sup> September 2023 (Unit:Thousand Baht)

Statements of Income	30 Sep 23	percent	30 Sep 22	percent	Increase(decrease)	percent
<b>Total Income</b>	<b>185,548</b>	<b>100%</b>	<b>191,047</b>	<b>100%</b>	<b>(5,499)</b>	<b>-3%</b>
Sale and service income	178,697	96%	184,377	97%	(5,680)	-3%
Cost of sale and service	(118,808)	-66%	(114,458)	-62%	4,350	4%
<b>Gross Profit Margin</b>	<b>59,889</b>	<b>34%</b>	<b>69,919</b>	<b>38%</b>	<b>(10,030)</b>	<b>-14%</b>
Other income	6,851	4%	6,670	3%	181	3%
<b>Profit before expenses</b>	<b>66,740</b>	<b>36%</b>	<b>76,589</b>	<b>40%</b>	<b>(9,849)</b>	<b>-13%</b>
Administrative expenses	(18,396)	-10%	(13,835)	-7%	4,561	33%
Executive compensation	(7,603)	-4%	(6,315)	-3%	1,288	20%
<b>Total Expenses</b>	<b>(25,999)</b>	<b>-14%</b>	<b>(20,150)</b>	<b>-11%</b>	<b>5,849</b>	<b>-29%</b>
<b>Operating profit</b>	<b>40,741</b>	<b>22%</b>	<b>56,439</b>	<b>30%</b>	<b>(15,698)</b>	<b>-28%</b>
Finance Costs	(31,297)	-17%	(13,082)	-7%	18,215	139%
<b>Profit before income tax expenses</b>	<b>9,444</b>	<b>5%</b>	<b>43,357</b>	<b>23%</b>	<b>(33,913)</b>	<b>-78%</b>
Income tax expense	1,501	1%	(1,541)	-1%	(3,042)	-197%
<b>Net Profit for the period</b>	<b>10,945</b>	<b>6%</b>	<b>41,816</b>	<b>22%</b>	<b>(30,871)</b>	<b>-74%</b>
Profit attributable to the parent company	10,257	6%	40,781	21%	(30,524)	75%

Financial performance for the 9-Month period ended 30<sup>th</sup> September 2023 (Unit:Thousand Baht)

Statements of Income	30 Jun 23	percent	30 Jun 22	percent	Increase(decrease)	percent
<b>Total Income</b>	<b>554,839</b>	<b>100%</b>	<b>599,300</b>	<b>100%</b>	<b>(44,461)</b>	<b>-7%</b>
Sale and service income	514,834	93%	554,435	93%	(39,601)	-7%
Cost of sale and service	(366,928)	-71%	(334,043)	-60%	32,885	10%
<b>Gross Profit Margin</b>	<b>147,906</b>	<b>29%</b>	<b>220,392</b>	<b>40%</b>	<b>(72,486)</b>	<b>-33%</b>
Other income	40,005	7%	44,865	7%	(4,860)	-11%
<b>Profit before expenses</b>	<b>187,911</b>	<b>34%</b>	<b>265,257</b>	<b>44%</b>	<b>(77,346)</b>	<b>-29%</b>
Administrative expenses	(62,070)	-11%	(43,657)	-7%	18,413	42%
Executive compensation	(21,909)	-4%	(18,159)	-3%	3,750	21%
<b>Total Expenses</b>	<b>(83,979)</b>	<b>-15%</b>	<b>(61,816)</b>	<b>-10%</b>	<b>22,163</b>	<b>-36%</b>
<b>Operating profit</b>	<b>103,932</b>	<b>19%</b>	<b>203,441</b>	<b>34%</b>	<b>(99,509)</b>	<b>-49%</b>
Finance Costs	(83,170)	-15%	(41,944)	-7%	41,226	98%
<b>Profit before income tax expenses</b>	<b>20,762</b>	<b>4%</b>	<b>161,497</b>	<b>27%</b>	<b>(140,735)</b>	<b>-87%</b>
Income tax expense	(576)	0%	(3,956)	-1%	(3,380)	-85%
<b>Net Profit for the period</b>	<b>20,186</b>	<b>4%</b>	<b>157,541</b>	<b>26%</b>	<b>(137,355)</b>	<b>-87%</b>
Profit attributable to the parent company	18,136	3%	153,125	26%	(134,989)	88%

1. **Revenue from electricity sales:**The Company and Subsidiaries (three power plants) were able to produce and sell “electrical units” in the Quarter3 decreasing by 3 percent and for the 9-Month period decreasing by 8 percent compared to the same period of last year due to periodic maintenance shutdowns.

2. **Gross Margin:**Gross Margin was 34 percent for the Quarter 3 and 29 percent for the 9-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 increased by 6 million baht compared to the same quarter last year. For the 9-Month period, there was an increase of 22 million baht or 36 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 18 million baht for this quarter and increase of 41 million baht for 9-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 30<sup>th</sup> September 2023

(Unit: Thousand Baht)

Statement of Financial Position	30 Sep 23	percent	31 Dec 22	percent	Increase(decrease)	percent
Total assets	5,119,799	100%	4,551,554	100%	568,245	12%
Total liabilities	2,200,500	43%	1,652,445	36%	548,055	33%
Total shareholders' equity	2,919,299	57%	2,899,109	64%	20,190	1%

#### Financial Position

1. **Total assets** At the end of the quarter, the amount increased by 568 million baht due to the issuance of debentures, resulting in a total balance of cash and cash equivalents equal to 1,611 million baht or 31 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 548 million baht, mainly due to issuance of debentures amounting 702 million baht and short-term borrowings from other juristic persons 324 million baht which was used for the land payment 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 275 million baht.

3. **Total shareholders' equity** In this quarter, there was a rise of 20 million baht due to operating profits.

Yours Sincerely,

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(Mr. Ekarin Luengviriya)

Managing Director

Earth Tech Environment Public Company Limited