

19th February 2024

Subject Management Discussion and Analysis of Financial Performance
for the Yearended 31st December 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 Yearended 31st December 2023 as follows:

Overall performance for the Year

The company had a net profit for the year of 34 million baht, a decrease of 102 million baht compared to the same period. This was mainly caused by a shutdown for machines maintenance as they reached their maintenance period. Moreover, decline in net profit caused by cost of materials, cost of spare parts, labor costs for maintenance, and initial expenses for investment in business expansion, such as legal and consulting fees, financial advisory fees and interest on debentures including expenses in established subsidiaries, to prepare for investment in new power plant projects.

Revenue from electricity sales:

Company and subsidiaries (all 3 power plants) can produce and sell "electricity units" for 2023, accounting for 84 percent of production and sales capacity. Compared to 2022, production and sales were 89 percent due to maintenance stops for the specified period.

Gross Margin:

Accounted for 31 percent for 2023, compared to last year's rate of 37 percent, was due to a decrease in income as there was a maintenance shutdown. Also, there was an increase in costs of consumables and spare parts used for maintenance. However, fixed expenses such as employee compensation and depreciation expenses remained the same.

Financial performance for the Year ended 31stDecember 2023

(Unit:Thousand Baht)

Statements of Income	31 Dec 23	percent	31 Dec 22	percent	Increase(decrease)	percent
Total Income	751,569	100%	782,624	100%	-31,055	-4%
Sale and service income	708,385	94%	738,267	94%	-29,882	-4%
Cost of sale and service	-485,984	-69%	-467,524	-63%	18,460	4%
Gross Profit Margin	222,401	31%	270,743	37%	-48,342	-18%
Other income	43,184	6%	44,357	6%	-1,173	-3%
Profit before expenses	265,585	35%	315,100	40%	-49,515	-16%
Administrative expenses	-83,534	-11%	-90,486	-12%	-6,952	-8%
Executive compensation	-29,582	-4%	-23,484	-3%	6,098	26%
Total Expenses	-113,116	-15%	-113,970	-15%	-854	1%
Operating profit	152,469	20%	201,130	26%	-48,661	-24%
Finance Costs	-117,161	-16%	-62,779	-8%	54,382	87%
Profit before income tax expenses	35,308	5%	138,351	18%	-103,043	-74%
Income tax expense	-868	0%	-2,143	0%	-1,275	-59%
Net Profit for the period	34,440	5%	136,208	17%	-101,768	-75%
Profit attributable to the parent company	30,997	4%	131,067	17%	-100,070	76%

Administrative expenses and executive compensation:

For 2023 and 2022, amounts were 113.12 million baht and 113.97 million baht, which were nearly the same.

Financial costs:

An increase of 54 million baht for this year compared to the same period last year was due to the higher interest from the issuance of debentures to prepare for investment in new power plant projects.

Net Profit (loss):

From above reasons, as a result, the company and its subsidiaries had a net profit of 34 million baht in this year, compared to last year's net profit of 136 million baht.

Financial Position Analysis

Overall financial position as of 31st December 2023

(Unit: Thousand Baht)

Statement of Financial Position	31 Dec 23	percent	31 Dec 22	percent	Increase(decrease)	percent
Total assets	5,102,044	100%	4,551,554	100%	550,490	12%
Total liabilities	2,170,477	43%	1,652,445	36%	518,032	31%
Total shareholders' equity	2,931,567	57%	2,899,109	64%	32,458	1%

Total assets :

At the end of the year, the amount increased by 551 million baht due to the issuance of debentures, resulting in a total balance of cash and cash equivalents equal to 1,552 million baht or 30 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.

Total liabilities :

This year, there was an increase of 518 million baht, mainly due to issuance of debentures amounting 702 million baht and short-term borrowings from other juristic persons 333 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 301 million baht.

Total shareholders' equity:

In this year, there was a rise of 32 million baht due to operating profits.

Yours Sincerely,

(Ms.Wachiraporn Nerjaru)

Accounting & Finance Manager

Earth Tech Environment Public Company Limited