

Re: Discussion and Analysis of Financial Position and Operating Performance

To: Director and Manager of the Stock Exchange of Thailand

Better World Green Public Company Limited and subsidiaries hereby (the "Company") clarify the operating performance for the Quarter1 ended March 31<sup>st</sup>, 2023, as detailed below:

### Operating Performance Analysis

Overall operating performance for the Quarter1 ended March 31<sup>st</sup>, 2023

(Unit: Thousand Baht)

| Statements of Income                    | 31 Mar 23        | percent     | 31 Mar 22        | percent     | Increase(decrease) | percent      |
|---|------------------|-------------|------------------|-------------|--------------------|--------------|
| <b>Total Income</b>                     | <b>577,833</b>   | <b>100%</b> | <b>601,722</b>   | <b>100%</b> | <b>(23,889)</b>    | <b>-4%</b>   |
| Sales and services income               | 394,635          | 68%         | 368,071          | 61%         | 26,564             | 7%           |
| Electricity income                      | 175,635          | 30%         | 176,046          | 29%         | (411)              | -0.23%       |
| Construction income                     | -                | -           | 38,661           | 6%          | (38,661)           | 100%         |
| <b>Total Revenues</b>                   | <b>570,270</b>   | <b>99%</b>  | <b>582,778</b>   | <b>97%</b>  | <b>(12,508)</b>    | <b>-2%</b>   |
| Cost of sale and service                | (370,986)        | -94%        | (341,474)        | -93%        | 29,512             | 9%           |
| Cost of electricity                     | (129,144)        | -74%        | (106,706)        | -61%        | 22,438             | 21%          |
| Cost of construction                    | -                | -           | (36,005)         | -93%        | (36,005)           | 100%         |
| <b>Total Costs</b>                      | <b>(500,130)</b> | <b>-88%</b> | <b>(484,185)</b> | <b>-83%</b> | <b>15,945</b>      | <b>3%</b>    |
| <b>Gross Profit</b>                     | <b>70,140</b>    | <b>18%</b>  | <b>98,593</b>    | <b>27%</b>  | <b>(28,453)</b>    | <b>-29%</b>  |
| Other income                            | 7,563            | 1%          | 18,944           | 3%          | (11,381)           | -60%         |
| <b>Profit before expenses</b>           | <b>77,703</b>    | <b>13%</b>  | <b>117,537</b>   | <b>20%</b>  | <b>(39,834)</b>    | <b>-34%</b>  |
| Service expenses                        | (8,018)          | -1%         | (13,002)         | -2%         | (4,984)            | -38%         |
| Administrative expenses                 | (56,587)         | -10%        | (61,465)         | -10%        | (4,878)            | -8%          |
| Management benefit expenses             | (20,645)         | -4%         | (18,200)         | -3%         | 2,445              | 13%          |
| <b>Total Expenses</b>                   | <b>(85,250)</b>  | <b>-15%</b> | <b>(92,667)</b>  | <b>-15%</b> | <b>(7,417)</b>     | <b>8%</b>    |
| <b>Profit from operating</b>            | <b>(7,547)</b>   | <b>-1%</b>  | <b>24,870</b>    | <b>4%</b>   | <b>(32,417)</b>    | <b>-130%</b> |
| Finance costs                           | (44,280)         | -8%         | (29,566)         | -5%         | 14,714             | 50%          |
| <b>Profit before income tax expense</b> | <b>(51,827)</b>  | <b>-9%</b>  | <b>(4,696)</b>   | <b>-1%</b>  | <b>(47,131)</b>    | <b>1004%</b> |
| Income tax expense                      | (538)            | -0.09%      | (1,088)          | -0.18%      | (550)              | -51%         |
| <b>Net profit (loss) for the period</b> | <b>(52,365)</b>  | <b>-9%</b>  | <b>(5,784)</b>   | <b>-1%</b>  | <b>(46,581)</b>    | <b>805%</b>  |

Note: The ratio in the income statement is expressed as a percentage of total revenue, except for the cost of sales and services, cost of construction, and the gross profit that are expressed as a percentage of revenues in each category.

### Sales and Services Income:

For this quarter, the Company's group had a policy to focus on the quality of service. Thus, there was an increase in the average industrial waste disposal service rate per ton accounting for 15 percent and a decrease in the amount of industrial waste disposal representing a rate of 9 percent. Also, the Company was able to sell industrial waste that were used as Solid Refused Fuel (SRF) with an increase of 176 percent due to the increasing of customers' demands to use alternative fuel for the main energy. In addition, the selling price per ton depends on heating value, moisture content and scale of work according to the needs of each customer. In this quarter, the average selling price per ton increased by 14 percent, resulting in an increase in revenue of 26.56 million baht or 7 percent compared to the same period last year. This income was accounted for 68 percent of the total income.

Moreover, there are significant variable costs which are landfill expenses, transportation costs, fuel costs and compensation for the Department of Works and has fixed costs that include salary, employee compensation, and depreciation expense. The cost of fuel for transportation has increased due to the increase in fuel prices, maintenance costs for industrial waste fuel generators (SRF), and raw materials costs of chemical that have been adjusted according to market prices. In this quarter, the cost was accounted for 88 percent which was a rise of 4 percent compared to the same quarter of the previous year.

### Electricity Income:

A total of 3 power plants, the group of subsidiaries which produces and sells electricity from industrial waste, had the amount of electricity sold this quarter similar to the same period last year. All 3 power plants were able to sell electricity in the amount of 27.39 million units compared to the same period of prior year that produced 27.72 million units, accounting for an income of 175.64 million baht and 176.05 million baht, respectively. This income was accounted for 30 percent of the total income.

In addition, there are variable costs and semi-variable costs include fuel costs, consumables costs, maintenance costs and fixed costs comprising of salary, employee compensation, and depreciation expense. In this quarter, costs were accounted for 74 percent of revenue, increasing from the same quarter last year that had a rate of 61 percent compared to revenue. This was due to the maintenance of all 3 power plants in similar periods in this quarter.

### Construction Income:

Construction revenue is a revenue from the project of rehabilitation at Huay Klit from the Pollution Control Department, Ministry of Natural Resources and Environment, with a project value of 204.99 million Baht and duration of 300 working days which the contract began on February 1<sup>st</sup>, 2022. The project has already been delivered and the cost is recognized according to project cost estimates. For this quarter, in 2023, the next phase has not yet started.

#### Other Income:

Other incomes were mainly from other services and interest income. In this quarter, other income amounted to 7.56 million baht, a decrease of 11.38 million baht compared to the same period last year. This income was only 1 percent of the total income.

#### Service and Administrative expenses and Executive compensation:

Most of these expenses are sales support expenses, salaries, office workers benefits, office management expenses, and office depreciation expenses. The total expenses decreased by 7.42 million baht compared to the same period last year and accounted for 15 percent of total revenue, the same as last quarter.

#### Finance Cost:

Finance costs were accounted for 44.28 million baht, an increase of 14.71 million baht from the same period last year due to the increase in interest on debentures. There was issuance of debentures to prepare for the investment in the new power plant projects of the subsidiaries and the issuance of debentures of the parent company to support future expansion. This expense was accounted for 8 percent of total income.

#### Net Profit (loss):

From the above reasons and causes, as a result, the Company and its subsidiaries had a loss of 52.36 million Baht in this Quarter.

#### Financial Position Analysis

Overall financial position as at March 31<sup>st</sup>, 2023

(Unit : Thousand Baht)

| Statement of financial position | 31 Mar 23 | percent | 31 Dec 22 | percent | Increase(decrease) | percent |
|---------------------------------|-----------|---------|-----------|---------|--------------------|---------|
| Total Asset                     | 9,296,687 | 100.00% | 8,581,816 | 100.00% | 714,871            | 8.33%   |
| Total Liabilities               | 3,601,196 | 38.74%  | 3,201,845 | 37.31%  | 399,351            | 12.47%  |
| Total Shareholder's equity      | 5,695,491 | 61.26%  | 5,379,971 | 62.69%  | 315,520            | 5.86%   |

#### Analysis of Assets:

The total assets as of March 31<sup>st</sup>, 2023, increased by 715 million Baht, or 8 percent, mainly due to proceeds from the debentures of the parent company in the amount of 800 million baht, deducted by depreciation of assets, amortization expenses and repayment of investment loans to financial institutions with no material changes in assets.

Assets with value over 10 percent of total assets are as follows:

|                                     |                     |                                |
|-------------------------------------|---------------------|--------------------------------|
| Cash and cash equivalents           | 1,974 million Baht, | or 21 percent of total assets. |
| The property, plants, and equipment | 5,323 million Baht  | or 57 percent of total assets. |

**Analysis of Liabilities:**

The total liabilities as of March 31<sup>st</sup>, 2023, increased by 399 million Baht or 12 percent, due to business expansion.

Liabilities with value exceeding 10 percent of total assets are as follows:

Loans from financial institutions accounted for 1,192 million Baht, or 13 percent of total assets, decreased from the beginning of the year in the amount of 451 million Baht.

Debentures accounted for 1,287 million Baht, or 14 percent of total assets.

A significant increase in liabilities is the issuance of debentures of the parent company in the amount of 800 million baht to support future business expansion.

**Analysis of Shareholder's equity:**

The Company's total shareholder's equity as of March 31<sup>st</sup>, 2023, increased from the beginning of the year in the amount of 316 million baht or 6 percent due to the proceeds received from the capital increase through a general mandate in the amount of 368 million baht, less the loss from operations in the quarter amounting 52 million baht.

Please be informed accordingly.

Sincerely yours,

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(Mr. SuthatBoonyaudomsart)

Director and Vice Managing Director of Accounting & Finance Controller