

At BWG-MD 012/2023

August 11th, 2023

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 Quarter 2 and Six-month period ended June 30th, 2023, as detailed below:

Operating Performance Analysis

Industrial waste disposal business:

For Quarter 2 and Six-month period, the Company's group had a policy to focus on the quality of service. Thus, there was an increase in the amount of industrial waste disposal accounting for 3 percent which the average industrial waste disposal service rate per ton was similar as the same period last year. Also, the Company was able to sell industrial waste that were used as Solid Refused Fuel (SRF) with an increase of 31 percent due to the increasing of customers' demands to use its as 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 40 percent, resulting in an increase in revenue in this business of 83 percent compared to the same period last year.

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 94 percent compared to the same quarter of the previous year which accounted for 89 percent.

Overall operating performance for the Quarter 2 ended June 30th, 2023

(Unit: Thousand Baht)

Statements of Income	30 Jun 23	percent	30 Jun 22	percent	Increase(decrease)	percent
Total Income	582,642	100%	729,101	100%	(146,459)	-20%
Sales and services income	398,588	68%	394,483	54%	4,105	1%
Electricity income	160,501	28%	194,013	27%	(33,512)	-17%
Construction income	-	-	110,541	15%	(110,541)	100%
Total Revenues	559,089	96%	699,037	96%	(139,948)	-20%
Cost of sale and service	(371,281)	-93%	(337,119)	-85%	34,162	10%
Cost of electricity	(118,977)	-74%	(112,879)	-58%	6,098	5%
Cost of construction	-	-	(102,948)	-93%	(102,948)	100%
Total Costs	(490,258)	-88%	(552,946)	-79%	(62,688)	-11%
Gross Profit	68,831	17%	146,091	37%	(77,260)	-53%
Other income	23,553	4%	30,064	4%	(6,511)	-22%
Profit before expenses	92,384	16%	176,155	24%	(83,771)	-48%
Service expenses	(6,374)	-1%	(9,484)	-1%	(3,110)	-33%
Administrative expenses	(62,317)	-11%	(62,492)	-9%	(175)	0%
Executive compensation	(21,947)	-4%	(17,509)	-2%	4,438	25%
Total Expenses	(90,638)	-16%	(89,485)	-12%	1,153	-1%
Profit from operating	1,746	0%	86,670	12%	(84,924)	-98%
Finance costs	(52,864)	-9%	(27,344)	-4%	25,520	93%
Profit before income tax expense	(51,118)	-9%	59,326	8%	(110,444)	-186%
Income tax expense	(3,606)	-0.62%	(3,680)	-0.50%	(74)	-2%
Net profit (loss) for the period	(54,724)	-9%	55,646	8%	(110,370)	-198%
Profit (loss) attributable to the pare	(60,008)	-10%	14,316	2%	(74,324)	-519%

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.

Overall operating performance for the Six-month period ended June 30th, 2023

(Unit: Thousand Baht)

Statements of Income	30 Jun 23	percent	30 Jun 22	percent	Increase(decrease)	percent
Total Income	1,160,475	100%	1,320,494	100%	(160,019)	-12%
Sales and services income	793,223	68%	762,556	58%	30,667	4%
Electricity income	336,137	29%	370,058	28%	(33,921)	-9%
Construction income	-	-	149,202	11%	(149,202)	100%
Total Revenues	1,129,360	97%	1,281,816	97%	(152,456)	-12%
Cost of sale and service	(742,264)	-94%	(678,594)	-89%	63,670	9%
Cost of electricity	(248,121)	-74%	(219,584)	-59%	28,537	13%
Cost of construction	-	-	(138,954)	-93%	(138,954)	100%
Total Costs	(990,385)	-88%	(1,037,132)	-81%	(46,747)	-5%
Gross Profit	138,975	18%	244,684	32%	(105,709)	-43%
Other income	31,115	3%	38,678	3%	(7,563)	-20%
Profit before expenses	170,090	15%	283,362	21%	(113,272)	-40%
Service expenses	(14,393)	-1%	(22,486)	-2%	(8,093)	-36%
Administrative expenses	(118,904)	-10%	(112,098)	-8%	6,806	6%
Executive compensation	(42,592)	-4%	(35,710)	-3%	6,882	19%
Total Expenses	(175,889)	-15%	(170,294)	-13%	5,595	-3%
Profit from operating	(5,799)	0%	113,068	9%	(118,867)	-105%
Finance costs	(97,144)	-8%	(56,910)	-4%	40,234	71%
Profit before income tax expense	(102,943)	-9%	56,158	4%	(159,101)	-283%
Income tax expense	(4,145)	-0.36%	(4,769)	-0.36%	(624)	-13%
Net profit (loss) for the period	(107,088)	-9%	51,389	4%	(158,477)	-308%
Profit (loss) attributable to the pare	(111,004)	-10%	(33,631)	-3%	(77,373)	230%

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

Electricity production and distribution business:

A total of 3 power plants, the group of subsidiaries which produces and sells electricity from industrial waste, were able to sell electricity in the amount of 52 million units compared to the same period of prior year that produced 58 million units, accounting for an income of 336 million baht and 370 million baht, respectively. The reason for the reduction was due to the maintenance according to the machine maintenance plan.

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 59 percent compared to revenue. This was due to the maintenance of all 3 power plants in similar periods in this quarter.

Construction business:

Construction revenue is a revenue from the project of rehabilitation at Huay Kliti from the Pollution Control Department, Ministry of Natural Resources and Environment, with a project value of 205 million Baht and duration of 300 working days which the contract began on February 1st, 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 31 million baht, a decrease of 8 million baht compared to the same period last year. This income was only 3 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 increased by 6 million baht compared to the same period last year and accounted for 15 percent of total revenue.

Finance Cost:

Finance costs was accounted for 97 million baht, an increase of 40 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 55 million Baht in this Quarter and a loss of 107 million baht for Six-month period.

Analysis of Shareholder's equity:

The Company's total shareholder's equity as of June 30th, 2023, increased from the beginning of the year in the amount of 256 million baht or 5 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.

Please be informed accordingly.

Sincerely yours,

(Mr. Suthat Boonyaudomsart)

Director and Vice Managing Director of Accounting & Finance Controller