

At BWG-MD 017/2023

November 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 3 and Nine-month period ended September 30th, 2023, as detailed below:

Operating Performance Analysis

Industrial waste disposal business:

For Quarter 3 and Nine-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 11 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) to customers beside the Company's group with an increase of 227 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 76 percent, resulting in an increased revenue in sales to external customers of 483 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. The cost was 92 percent compared to the same quarter of the previous year which accounted for 90 percent.

Overall operating performance for the Quarter 3 ended September 30th, 2023

(Unit: Thousand Baht)

Statements of Income	30 Sep 23	percent	30 Sep 22	percent	Increase(decrease)	percent
Total Income	643,781	100%	631,796	100%	11,985	2%
Sales and services income	457,946	71%	402,184	64%	55,762	14%
Electricity income	178,697	28%	184,377	29%	(5,680)	-3%
Construction income	-	-	41,952	7%	(41,952)	100%
Total Revenues	636,643	99%	628,513	99%	8,130	1%
Cost of sale and service	(408,494)	-89%	(366,675)	-91%	41,819	11%
Cost of electricity	(118,808)	-66%	(114,458)	-62%	4,350	4%
Cost of construction	-	-	(43,374)	-103%	(43,374)	100%
Total Costs	(527,302)	-83%	(524,507)	-83%	2,795	1%
Gross Profit	109,341	24%	104,006	26%	5,335	5%
Other income	7,138	1%	3,283	1%	3,855	117%
Profit before expenses	116,479	18%	107,289	17%	9,190	9%
Service expenses	(8,068)	-1%	(9,443)	-1%	(1,375)	-15%
Administrative expenses	(59,224)	-9%	(44,348)	-7%	14,876	34%
Executive compensation	(21,512)	-3%	(19,168)	-3%	2,344	12%
Total Expenses	(88,804)	-14%	(72,959)	-12%	15,845	-22%
Profit from operating	27,675	4%	34,330	5%	(6,655)	-19%
Finance costs	(55,081)	-9%	(28,264)	-4%	26,817	95%
Profit before income tax expense	(27,406)	-4%	6,066	1%	(33,472)	-552%
Income tax expense	(1,502)	-0.23%	(7,178)	-1.14%	(5,676)	-79%
Net profit (loss) for the period	(28,908)	-4%	(1,112)	0%	(27,796)	2500%
Profit (loss) attributable to the pare	(38,802)	-6%	(36,619)	-6%	(2,183)	6%

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 Nine-month period ended September 30th, 2023

(Unit: Thousand Baht)

Statements of Income	30 Sep 23	percent	30 Sep 22	percent	Increase(decrease)	percent
Total Income	1,804,256	100%	1,952,290	100%	(148,034)	-8%
Sales and services income	1,251,169	69%	1,164,740	60%	86,429	7%
Electricity income	514,834	29%	554,435	28%	(39,601)	-7%
Construction income	-	-	191,154	10%	(191,154)	100%
Total Revenues	1,766,003	98%	1,910,329	98%	(144,326)	-8%
Cost of sale and service	(1,150,760)	-92%	(1,045,268)	-90%	105,492	10%
Cost of electricity	(366,928)	-71%	(334,043)	-60%	32,885	10%
Cost of construction	-	-	(182,328)	-95%	(182,328)	100%
Total Costs	(1,517,688)	-86%	(1,561,639)	-82%	(43,951)	-3%
Gross Profit	248,315	20%	348,690	30%	(100,375)	-29%
Other income	38,253	2%	41,961	2%	(3,708)	-9%
Profit before expenses	286,568	16%	390,651	20%	(104,083)	-27%
Service expenses	(22,460)	-1%	(31,929)	-2%	(9,469)	-30%
Administrative expenses	(178,128)	-10%	(157,975)	-8%	20,153	13%
Executive compensation	(64,104)	-4%	(54,878)	-3%	9,226	17%
Total Expenses	(264,692)	-15%	(244,782)	-13%	19,910	-8%
Profit from operating	21,876	1%	145,869	7%	(123,993)	-85%
Finance costs	(152,225)	-8%	(85,173)	-4%	67,052	79%
Profit before income tax expense	(130,349)	-7%	60,696	3%	(191,045)	-315%
Income tax expense	(5,646)	-0.31%	(11,947)	-0.61%	(6,301)	-53%
Net profit (loss) for the period	(135,995)	-8%	48,749	2%	(184,744)	-379%
Profit (loss) attributable to the pare	(149,805)	-8%	(54,447)	-3%	(95,358)	175%

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 80 million units compared to the same period of prior year that produced 87 million units, accounting for an income of 515 million baht and 554 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. For the Nine-month period, costs were accounted for 71 percent of revenue, increasing from the same period of last year that had a rate of 60 percent compared to revenue. This was due to the maintenance of all 3 power plants in the similar period.

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. In 2023, the next phase has not yet started.

Other Income:

Other incomes were mainly from other services and interest income. Other income amounted to 38 million baht, a decrease of 4 million baht compared to the same period last year. This income was only 2 percent of the total income.

Service and Administrative expenses and Executive compensation:

In the Nine-month period, most of these expenses are sales support expenses, salaries, office workers benefits, office management expenses, and office depreciation expenses. The total expenses increased by 20 million baht compared to the same period last year and accounted for 15 percent of total revenue. The reason of an increase was because in the past period, the subsidiary group has paid more expenses in this area in order to prepare for the expansion of power plant projects amounting 10 power plant which have been passed the consideration of the Energy Regulatory Commission.

Finance Cost:

Finance costs was accounted for 152 million baht, an increase of 67 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.

Analysis of Shareholder's equity:

The Company's total shareholder's equity as of September 30th, 2023, increased from the beginning of the year in the amount of 227 million baht or 4 percent due to the proceeds received from the capital increase through a general mandate in the amount of 368 million baht, less dividends paid to the general shareholders of the subsidiary amounting 5 million baht and 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