

November 14, 2019

Re: Discussion and Analysis of Financial Position and Results of Operations

To: President

Stock Exchange of Thailand

Better World Green Public Company Limited and subsidiaries hereby (the "Company") clarifies the operating performance of Quarter 3 and the accumulated balance for 9 months, ended September 30, 2019 as detailed below:

**Performance Analysis**

Overall operating results for the Quarter 3 ended September 30, 2019

(Unit : Thousand Baht)

Statements of Income	30 Sep 19	percent	30 Sep 18	percent	Increase(decrease)	percent
<b>Total Income</b>	<b>469,224</b>	<b>100.00%</b>	<b>577,905</b>	<b>100.00%</b>	<b>(108,681)</b>	<b>-18.81%</b>
Sale and service income	455,538	97.08%	572,615	99.08%	(117,077)	-20.45%
Construction income	7,066	1.51%	488	0.08%	6,578	100.00%
<b>Total Revenues</b>	<b>462,604</b>	<b>98.59%</b>	<b>573,103</b>	<b>99.17%</b>	<b>(110,499)</b>	<b>-19.28%</b>
Cost of sale and service	(349,770)	-76.78%	(359,338)	-62.75%	(9,568)	-2.66%
Cost of construction	(7,968)	-112.77%	(467)	-95.70%	7,501	100.00%
<b>Total Costs</b>	<b>(357,738)</b>	<b>-77.33%</b>	<b>(359,805)</b>	<b>-62.78%</b>	<b>(2,067)</b>	<b>-0.57%</b>
<b>Gross profit Margin</b>	<b>104,866</b>	<b>23.02%</b>	<b>213,298</b>	<b>37.25%</b>	<b>(108,432)</b>	<b>-50.84%</b>
Other income	6,620	1.41%	4,802	0.83%	1,818	37.86%
<b>Profit before expenses</b>	<b>111,486</b>	<b>23.76%</b>	<b>218,100</b>	<b>37.74%</b>	<b>(106,614)</b>	<b>-48.88%</b>
Service expenses	(26,256)	-5.60%	(24,803)	-4.29%	1,453	5.86%
Administrative expenses	(34,248)	-7.30%	(37,649)	-6.51%	(3,401)	-9.03%
Management benefit expenses	(13,458)	-2.87%	(14,528)	-2.51%	(1,070)	-7.37%
finance costs	(20,918)	-4.46%	(23,965)	-4.15%	(3,047)	-12.71%
<b>Total expenses</b>	<b>(94,880)</b>	<b>-20.22%</b>	<b>(100,945)</b>	<b>-17.47%</b>	<b>(6,065)</b>	<b>6.01%</b>
<b>Profit before income tax expense</b>	<b>16,606</b>	<b>3.54%</b>	<b>117,155</b>	<b>20.27%</b>	<b>(100,549)</b>	<b>-85.83%</b>
Income tax expense	(4,826)	-1.03%	(22,306)	-3.86%	(17,480)	-78.36%
<b>Net profit for the period</b>	<b>11,780</b>	<b>2.51%</b>	<b>94,849</b>	<b>16.41%</b>	<b>(83,069)</b>	<b>-87.58%</b>
<b>Equity holders of the Company</b>	<b>(416)</b>	<b>-0.09%</b>	<b>79,683</b>	<b>13.79%</b>	<b>(80,099)</b>	<b>-100.52%</b>

The ratio in the income statement is as a percentage of total revenue, except for the cost of services and gross profit that expressed as a percentage of revenues from services

Overall operating results for 9 months ended September 30, 2019

(Unit : Thousand Baht)

Statements of Income	30 Sep 19	percent	30 Sep 18	percent	Increase(decrease)	percent
<b>Total Income</b>	<b>1,408,484</b>	<b>100.00%</b>	<b>1,715,159</b>	<b>100.00%</b>	<b>(306,675)</b>	<b>-17.88%</b>
Sale and service income	1,318,028	93.58%	1,689,011	98.48%	(370,983)	-21.96%
Construction income	68,616	4.87%	18,361	1.07%	50,255	100.00%
<b>Total Revenues</b>	<b>1,386,644</b>	<b>98.45%</b>	<b>1,707,372</b>	<b>99.55%</b>	<b>(320,728)</b>	<b>-18.78%</b>
Cost of sale and service	(1,002,640)	-76.07%	(1,056,210)	-62.53%	(53,570)	-5.07%
Cost of construction	(66,843)	-97.42%	(17,563)	-95.65%	49,280	100.00%
<b>Total Costs</b>	<b>(1,069,483)</b>	<b>-77.13%</b>	<b>(1,073,773)</b>	<b>-62.89%</b>	<b>(4,290)</b>	<b>-0.40%</b>
<b>Gross profit Margin</b>	<b>317,161</b>	<b>24.06%</b>	<b>633,599</b>	<b>37.51%</b>	<b>(316,438)</b>	<b>-49.94%</b>
Other income	21,840	1.55%	7,787	0.45%	14,053	180.47%
<b>Profit before expenses</b>	<b>339,001</b>	<b>24.07%</b>	<b>641,386</b>	<b>37.40%</b>	<b>(302,385)</b>	<b>-47.15%</b>
Service expenses	(71,639)	-5.09%	(51,551)	-3.01%	20,088	38.97%
Administrative expenses	(109,752)	-7.79%	(140,713)	-8.20%	(30,961)	-22.00%
Management benefit expenses	(46,988)	-3.34%	(45,535)	-2.65%	1,453	3.19%
finance costs	(64,080)	-4.55%	(68,373)	-3.99%	(4,293)	-6.28%
<b>Total expenses</b>	<b>(292,459)</b>	<b>-20.76%</b>	<b>(306,172)</b>	<b>-17.85%</b>	<b>(13,713)</b>	<b>4.48%</b>
<b>Profit before income tax expense</b>	<b>46,542</b>	<b>3.30%</b>	<b>335,214</b>	<b>19.54%</b>	<b>(288,672)</b>	<b>-86.12%</b>
Income tax expense	(12,061)	-0.86%	(60,001)	-3.50%	(47,940)	-79.90%
<b>Net profit for the period</b>	<b>34,481</b>	<b>2.45%</b>	<b>275,213</b>	<b>16.05%</b>	<b>(240,732)</b>	<b>-87.47%</b>
<b>Equity holders of the Company</b>	<b>2,824</b>	<b>0.20%</b>	<b>234,277</b>	<b>13.66%</b>	<b>(231,453)</b>	<b>-98.79%</b>

The ratio in the income statement is as a percentage of total revenue, except for the cost of services and gross profit that expressed as a percentage of revenues from services

**Service revenue:**

Revenue from industrial waste disposal services for the Quarter 3 and the accumulated balance for 9 months decreased by 117.08 and 370.98 million Baht or 20.45 and 21.96 percent respectively compared to the same period in the previous year due to a decreasing of incoming volume of the industrial waste by 22.04 percent in Quarter 3 and 26.13 percent for the 9-month period while the disposal fees per ton remained the same range as the previous year causing from externalities factor which suitable strategies have been applied.

**Construction Income:**

Revenue from Project of rehabilitation at Huay Kliti from Pollution Control Department, Ministry of Natural Resources and Environment with project value of 425.01 million Baht duration 1,000 working days has been acknowledged for 75.09 percent of total project value.

### **Cost of Service :**

Cost of industrial waste disposal services depended on the variable costs landfill amortization, transportation and equipment fuel, remuneration to Department of Industrial Works, and some fixed cost of operation including salaries, employees' benefits and depreciations.

### **Cost of Construction :**

Acknowledged as per cost of project.

### **Other income:**

Other incomes were from other services, transportation, and interest income

### **Administrative expenses, Executive Compensation and Financial costs:**

Most of these expenses are the Sales Support Expenses, Salaries and employee benefits, executive compensation, office expenses, preparation of subsidiaries' power plant to be operated and Interest payment from project expansion.

### **Net profit attributable to equity holders of the Company:**

From the above reasons and causes, The Company's net profit(loss) for Quarter 3 and the accumulated balance for 9 months amounting (0.42) and 2.82 million Baht decreased 80.10 and 231.45 million Baht or 100.52 and 98.79 percent compared with the same period of the previous year.

### **Analysis**

Overall financial position as at 30 September 2019

(Unit :Thousand Baht)

Statement of financial position	30 Sep 19	percent	31 Dec 18	percent	increase(decrease)	percent
total asset	7,130,479	100.00%	6,814,239	100.00%	316,240	4.64%
total liabilities	3,515,206	49.30%	2,937,401	43.11%	577,805	19.67%
total equity attributable to shareholders	3,080,142	43.20%	3,277,462	48.10%	(197,320)	-6.02%
Non-controlling interests	535,131	7.50%	599,376	8.80%	(64,245)	-10.72%

### **Analysis of Assets**

The total assets as at September 30, 2019 increased by 316.24 million Baht or 4.64 percent. Assets with significant changes in total asset are as follows:-

Cash and cash equivalents	576.71 million Baht or 8.09 percent of total assets.
Trade receivables and accrued income	665.78 million Baht or 9.34 percent of total assets.
Property, plants and equipment	5,382.92 million Baht or 75.49 percent of total assets.

**Analysis of liabilities**

The total liabilities as at September 30, 2019 increased by 577.81 million Baht or 19.67 percent originated from business expansion. The details are as follows:-

Loans from financial institutions	2,935.74 million Baht or 41.17 percent of total assets
Trade payables	419.66 million baht or 5.89 percent of total assets

In the past 9 months, there were an increasing in land, buildings and equipments including investment in power plants and Refuse Derived Fuel (RDF) which will be completed and operated by this year which bank loans and company cash flow are the majority of funds.

**Analysis of shareholders**

The equity shares as September 30, 2019 decreased by 197.32 million Baht or 6.02 percent engendered from the changes in operational profit and portion of stakeholders of the Company in subsidiaries.

Please be informed accordingly.

Sincerely yours,

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(Mr.Suthat Boonyaudomsart)

Vice Managing Director of Accounting & Finance Controller