

No.AKP-MD019/2562

November9, 2019

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

To: President

Stock Exchange of Thailand

AkkhiePrakarn Public Company Limited (the "Company") hereby clarifies the operating performance of the 3<sup>rd</sup> quarter and the accumulated balance for the nine-month period ended September 30, 2019 as detailed below:

### Performance Analysis

Overall operating results for the third quarter ended September 30, 2019

Unit :Thousand Baht

Statements of Income	Quarter 3/19	percent	Quarter 3/18	percent	Increase (decrease)	percent
Services revenue	108,453	97.05%	136,656	96.81%	(28,203)	-20.64%
Other income	3,299	2.95%	4,509	3.19%	(1,210)	-26.84%
Total income	111,752	100.00%	141,165	100.00%	(29,413)	-20.84%
Cost of service	(84,200)	-77.64%	(98,906)	-72.38%	14,706	-14.87%
Gross Margin	24,253	22.36%	37,750	27.62%	(13,497)	-35.75%
Cost of service	(4,370)	-3.91%	(4,660)	-3.30%	290	-6.22%
Administrative expenses	(6,987)	-6.25%	(8,045)	-5.70%	1,058	-13.15%
Executive Compensation	(4,440)	-3.97%	(4,788)	-3.39%	348	-7.27%
Total expenses	(15,797)	-14.14%	(17,493)	-12.39%	1,696	-9.70%
Profit before finance costs and income taxes	11,755	10.52%	24,766	17.54%	(13,011)	-52.54%
Finance costs	(123)	-0.11%	(125)	-0.09%	2	-1.60%
Profit before tax	11,632	10.41%	24,641	17.46%	(13,009)	-52.79%
Income tax expense	(2,057)	-1.84%	(6,067)	-4.30%	4,010	-66.10%
Profit for the period	9,575	8.57%	18,574	13.16%	(8,999)	-48.45%

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.

## **Performance Analysis**

Overall operating results for the Nine-Month ended September 30, 2019

Unit : Thousand Baht

<b>Statements of Income</b>	<b>Jan-Sep 2019</b>	<b>percent</b>	<b>Jan-Sep 2018</b>	<b>percent</b>	<b>crease (decrease)</b>	<b>percent</b>
Services revenue	307,037	97.21%	414,336	98.51%	(107,299)	-25.90%
Other income	8,811	2.79%	6,286	1.49%	2,525	40.17%
Total income	315,848	100.00%	420,622	100.00%	(104,774)	-24.91%
Cost of service	(240,379)	-78.29%	(311,130)	-75.09%	70,751	-22.74%
Gross Margin	66,658	21.71%	103,206	24.91%	(36,548)	-35.41%
Cost of service	(12,375)	-3.92%	(10,362)	-2.46%	(2,013)	19.43%
Administrative expenses	(24,823)	-7.86%	(30,248)	-7.19%	5,425	-17.94%
Executive Compensation	(14,627)	-4.63%	(15,385)	-3.66%	758	-4.93%
Total expenses	(51,825)	-16.41%	(55,995)	-13.31%	4,170	-7.45%
Profit before finance costs and income tax	23,644	7.49%	53,497	12.72%	(29,853)	-55.80%
Finance costs	(369)	-0.12%	(374)	-0.09%	5	-1.34%
Profit before tax	23,275	7.37%	53,123	12.63%	(29,848)	-56.19%
Income tax expense	(5,078)	-1.61%	(12,460)	-2.96%	7,382	-59.25%
Profit for the period	18,197	5.76%	40,663	9.67%	(22,466)	-55.25%

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 industry waste disposal services for Q3 and the accumulated balance for the nine-month period decreased for 28.203 million Baht and 107.299 million Baht or 20.64 and 25.90 percent compared to the same period in the previous year. The revenue decreased from decreasing in volume of industrial waste for 17.36 and 19.86 percent respectively while average service fee per ton decreased for 4.82 and 8.43 percent respectively when compared to the same period in the previous year caused by external factors affecting the amount of industrial waste which the company is adjusting the strategy to suit the situation.

### **Cost of Service :**

Cost of industry waste disposal services for Q3 and the accumulated balance for the nine-month period depended on the variable costs which are the cost of fuel used in combusting, the cost of transportation and equipment and DIW benefits. And there are some fixed costs of operation, which are Salaries and employee benefits, Depreciation of machinery and equipment.

### **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, and office expenses. The company has adjusted some fixed cost strategies in marketing to be variable costs according to the company's revenue.

**Profit for the period:**

From aforementioned causes resulting in decreasing in the net profit margin for Q3 and the accumulated balance for the nine-month period amounting 8.99 and 22.47 million Baht or 48.45 and 55.25 percent respectively compared to the same period of the previous year.

**Analysis**

Overall financial position as at 30 September 2019

In Thousand Baht

Statement of financial position	30-Sep-19	percent	31-Dec-18	percent	increase(decrease)	percent
total asset	618,157	100.00%	639,141	100.00%	(20,984)	-3.28%
Total Liabilities	100,446	16.25%	110,540	17.30%	(10,094)	-9.13%
Total equity attributable to shareholders	517,711	83.75%	528,601	82.70%	(10,890)	-2.06%

**Analysis of Assets**

The total assets as at 30 September 2019 decreased by 20.984 million Baht or 3.28 percent. In this nine-month, the Company invested in ordinary shares of EARTH TECH ENVIRONMENT COMPANY LIMITED (“ETC”) amounting 193.713 million Baht which is a business of waste to energy.

**Analysis of liabilities**

The total liabilities as at 30 September 2019 decreased by 10.094 million Baht or 9.13 percent which is the payment of normal trade creditors.

**Analysis of shareholders**

The equity shares as at 30 September 2019 amounting 517.711 million Baht, decreased from the beginning of the year for 10.89 million Baht caused by the total operating profit.

Please be informed accordingly.

Sincerely yours,

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 (Mr.VanchaiLuengviriya)  
 President & CEO