

No. AKP-MD 022/2020

November 11, 2020

Re: Description and Analysis of Financial Position and Overall Operation
To: Director and Manager of the Stock Exchange of Thailand

Akkhie Prakarn Public Company Limited (the “Company”) would like to clarify the operating performance for the Third Quarter and nine months, ended September 30, 2020, as detailed below:

Operating Performance Analysis

Overall operating results for the Third Quarter, ended September 30, 2020 (Unit: Thousand Baht)

Income Statement	30-Sep-20	percent	30-Sep-19	percent	Increase(Decrease)	percent
Services income	81,681	98.44%	108,453	97.05%	(26,772)	-24.69%
Other income	1,291	1.56%	3,299	2.95%	(2,008)	-60.87%
Total income	82,972	100.00%	111,752	100.00%	(28,780)	-25.75%
Cost of services	(60,028)	-73.49%	(84,200)	-77.64%	24,172	-28.71%
Gross Margin	21,653	26.51%	24,253	22.36%	(2,600)	-10.72%
Services expenses	(1,104)	-1.33%	(4,370)	-3.91%	3,266	-74.74%
Administrative expenses	(7,730)	-9.32%	(6,987)	-6.25%	(743)	10.63%
Executive compensation expenses	(4,565)	-5.50%	(4,440)	-3.97%	(125)	2.82%
Total Expenses	(13,399)	-16.15%	(15,797)	-14.14%	2,398	-15.18%
EBIT	9,545	11.50%	11,755	10.52%	(2,210)	-18.80%
Finance costs	(1,275)	-1.54%	(123)	-0.11%	(1,152)	936.59%
Profit before share investment in associates	8,270	9.97%	11,632	10.41%	(3,362)	-28.90%
Share of profit from investment in associates	4,166	5.02%	1,756	0.00%	2,410	100.00%
Profit (loss) before income tax expense	12,436	14.99%	13,388	11.98%	(952)	-7.11%
Inome tax expense	271	0.33%	(2,057)	-1.84%	2,328	-113.17%
Net profit (loss) for the period	12,707	15.31%	11,331	10.14%	1,376	12.14%

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

Overall operating results for nine months, ended September 30, 2020

(Unit: Thousand Baht)

Income Statement	30-Sep-20	percent	30-Sep-19	percent	Increase(Decrease)	percent
Services income	236,790	98.78%	307,037	97.21%	(70,247)	-22.88%
Other income	2,919	1.22%	8,811	2.79%	(5,892)	-66.87%
Total income	239,709	100.00%	315,848	100.00%	(76,139)	-24.11%
Cost of services	(196,397)	-82.94%	(240,379)	-78.29%	43,982	-18.30%
Gross Margin	40,393	17.06%	66,658	21.71%	(26,265)	-39.40%
Services expenses	(5,887)	-2.46%	(12,375)	-3.92%	6,488	-52.43%
Administrative expenses	(22,659)	-9.45%	(24,823)	-7.86%	2,164	-8.72%
Management compensation	(12,684)	-5.29%	(14,627)	-4.63%	1,943	-13.28%
Total Expenses	(41,230)	-17.20%	(51,825)	-16.41%	10,595	-20.44%
EBIT	2,082	0.87%	23,644	7.49%	(21,562)	-91.19%
Finance costs	(3,849)	-1.61%	(369)	-0.12%	(3,480)	943.09%
Profit before share investment in associates	(1,767)	-0.74%	23,275	7.37%	(25,042)	-107.59%
Share of profit from investment in associates	12,209	5.09%	4,080	0.00%	8,129	100.00%
Profit (loss) before income tax expense	10,442	4.36%	27,355	8.66%	(16,913)	-61.83%
Income tax expense	(488)	-0.20%	(5,078)	-1.61%	4,590	-90.39%
Net profit (loss) for the period	9,954	4.15%	22,277	7.05%	(12,323)	-55.32%

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

Services revenue:

Revenue from industrial waste disposal services for the Third Quarter decreased by 26.77 Million Baht or 24.69 percent compared to the same period of the previous year. The decrease in revenue was due to the reduction of industrial waste disposal of 11.04 percent and the declining of service fee of 18.55 percent for the cumulative period for nine months. The revenue decreased by 70.25 Million Baht or 22.88 percent due to the reduction in the quantity of industrial waste disposal of 22.85 percent and declining of service fee of 14.83 percent compared to the same period of the previous year. A decrease in quantity of industrial waste is due to external factors; however, the company is adjusting the strategy to suit the situation.

Cost of Services:

Cost of industrial waste disposal services consists of variable costs including cost of fuels used in combusting, cost of transportation, cost of fuels used in transportation, and compensation expenses for the Factory Department. It also consists of fixed costs which are mostly salaries expenses, employee compensation, depreciation of machinery, and depreciation of vehicles for transportation. The company is currently developing the machine operation technique to be able to save more costs.

Other income:

Other incomes derived from other services and interest income.

Administrative expenses, Executive Compensation, and Financial costs:

Most of major expenses are salaries expenses, employee compensation, and office management expenses.

Share of profit from investment in associates:

This is an investment in a small power plant business. The company recognizes profit(loss) under the equity method. For the Third Quarter, the company realized additional profit of 4.16 Million Baht and for nine months, the additional profit is 12.21 Million Baht.

Profit (loss) for the quarter:

According to the previous causes, the company's net profit for the Third Quarter was 12.71 Million Baht and the company's net profit for nine months was 9.95 Million Baht.

Analysis

Overall financial position as at 30 September 2020

(Unit: Thousand Baht)

Statement of Financial Position	30 Sep 20	percent	31 Dec 19	percent	Increase(decrease)	percent
Total assets	657,586	100.00%	631,253	100.00%	26,333	4.17%
Total liabilities	127,066	19.32%	97,759	15.49%	29,307	29.98%
Total shareholders equity	530,520	80.68%	533,494	84.51%	(2,974)	-0.56%

Analysis of Assets

The total assets as at September 30, 2020 increased by 26.33 Million Baht or 4.17 percent since this year, the company has recognized the right-of-use assets according to TFRS 16 and adopted it for the first time as detailed in Note 3, 9, 10 to the interim financial statements.

Analysis of liabilities

The total liabilities as at September 30, 2020 increased by 29.31 Million Baht or 29.98 percent since this year, the company has recognized lease liabilities according to TFRS 16 and adopted it for the first time as detailed in Note 3, 9, 10 to the interim financial statements.

Analysis of shareholders

From the reason mentioned above, Shareholders' equity as of September 30, 2020 increased by 26.33 Million Baht

Please be informed accordingly.

Yours Sincerely,

(Mr. Vanchai Luengviriya)
Managing Director