

No.AKP-MD 004/2562

February 28, 2020

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 for the year ended December 31, 2019 as detailed below:

### Performance Analysis

Overall operating results for the year ended December 31, 2019

Unit : Baht

Statements of Income	31-Dec-19	percent	31-Dec-18	percent	Increase (decrease)	percent
Services revenue	417,207,052	96.37%	556,241,138	98.57%	(139,034,086)	-25.00%
Other income	15,710,259	3.63%	8,080,765	1.43%	7,629,494	94.42%
Total income	432,917,311	100.00%	564,321,903	100.00%	(131,404,592)	-23.29%
Cost of service	(327,776,100)	-78.56%	(410,909,971)	-73.87%	83,133,871	-20.23%
Gross Margin	89,430,952	21.44%	145,331,167	26.13%	(55,900,215)	-38.46%
Cost of service	(17,300,261)	-4.00%	(13,919,307)	-2.47%	(3,380,954)	24.29%
Administrative expenses	(33,123,029)	-7.65%	(38,022,926)	-6.74%	4,899,897	-12.89%
Executive Compensation	(19,250,514)	-4.45%	(21,837,474)	-3.87%	2,586,960	-11.85%
Total expenses	(69,673,804)	-16.09%	(73,779,707)	-13.07%	4,105,903	-5.57%
Profit before finance costs and income tax expense	35,467,407	8.19%	79,632,225	14.11%	(44,164,818)	-55.46%
Finance costs	(492,211)	-0.11%	(499,148)	-0.09%	6,937	-1.39%
Profit before share investment in associates	34,975,196	8.08%	79,133,077	14.02%	(44,157,881)	-55.80%
Share of profit from investment in associates	4,362,932	1.01%	-	0.00%	4,362,932	100.00%
Profit before tax	39,338,128	9.09%	79,133,077	14.02%	(39,794,949)	-50.29%
Income tax expense	(8,039,519)	-1.86%	(18,154,448)	-3.22%	10,114,929	-55.72%
Profit for the year	31,298,609	7.23%	60,978,629	10.81%	(29,680,020)	-48.67%

Remarks: 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 year 2019 decreased 139.03 million Baht or 25.00 percent compared to the same period of the previous year. The revenue decreased from decreasing volume of industrial waste by 20.60 percent while average service fee per ton decreased by 5.80 percent compared to the same period of the previous year, caused by external factors affecting the amount of industrial waste, the company is currently adjusting the strategy to the situation.

**Cost of Service :**

Cost of industrial waste disposal services consists of variable costs including the cost of fuels used in combusting, the cost of transportation and equipment and DIW benefits; and fixed costs of operation including salaries and employee benefits, depreciation of machinery and equipment.

**Other income:**

Other incomes derived 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 variable costs according to the company's revenue.

**Share of profit from investment in associates:**

This is an investment in small scale power plant business, which recognises profit (loss) under the equity method. For this year, the profit is 4.36 million Baht.

**Profit for the year:**

According to the previous causes, the company's net profit margin decreases 29.68 million Baht or 48.67 percent compared to the same period of the previous year.

**Analysis**

Overall financial position as at 31 December 2019

Unit : Baht

Statement of financial position	31-Dec-19	percent	31-Dec-18	percent	increase(decrease)	percent
total asset	631,252,781	100.00%	639,139,930	100.00%	(7,887,149)	-1.23%
Total Liabilities	97,757,989	15.49%	110,539,486	17.30%	(12,781,497)	-11.56%
Total equity attributable to shareholders	533,494,792	84.51%	528,600,444	82.70%	4,894,348	0.93%

**Analysis of Assets**

The total assets as at December 31, 2019 decreased by 7.89 million Baht or 1.23 percent. In this year, the company invests 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 December 31, 2019 decreased by 12.78 million Baht or 11.56 percent which is the payment of normal trade creditors.

**Analysis of shareholders**

The equity shares as at December 31, 2019 amounting 533.49 million Baht, increases from the beginning of the year by 4.89 million Baht caused by the total operating profitless dividend payment and legal reserve

Please be informed accordingly.

Sincerely yours,

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(Mr.Vanchai Luengviriya)  
President & CEO