

No.AKP-MD014/2022

August10, 2022

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 Quarter 2 and 6 months period ended June 30, 2022 as detailed below:

### **Performance Analysis**

Overall operating results for the Quarter 2 ended June30, 2022

Unit : Thousand Baht

<b>Statements of income</b>	<b>Quarter2/65</b>	<b>percent</b>	<b>Quarter2/64</b>	<b>percent</b>	<b>Increase(decrease)</b>	<b>percent</b>
Services revenue	88,072	97.78%	92,577	98.13%	(4,505)	-4.87%
Other income	2,004	2.22%	1,763	1.87%	241	13.67%
Total income	90,076	100.00%	94,340	100.00%	(4,264)	-4.52%
Cost of service	(76,885)	-87.30%	(70,320)	-75.96%	(6,565)	9.34%
Gross Margin	11,187	12.70%	22,257	24.04%	(11,070)	-49.74%
Services expenses	(1,509)	-1.68%	(1,661)	-1.76%	152	-9.15%
Administrative expenses	(8,165)	-9.06%	(8,391)	-8.89%	226	-2.69%
Management compensation	(4,462)	-4.95%	(4,456)	-4.72%	(6)	0.13%
Total Expenses	(14,136)	-15.69%	(14,508)	-15.38%	372	-2.56%
EBIT	(945)	-1.05%	9,512	10.08%	(10,457)	-109.93%
Finance costs	(1,106)	-1.23%	(1,205)	-1.28%	99	-8.22%
Profit before share investment in associates	(2,051)	-2.28%	8,307	8.81%	(10,358)	-124.69%
Share of profit investment in associates	4,679	5.19%	4,604	4.88%	75	100.00%
Profit (loss) before income tax expense	2,628	2.92%	12,911	13.69%	(10,283)	-79.65%
Inome tax expense	26	0.03%	(2,079)	-2.20%	2,105	-101.25%
Net profit (loss) for the period	2,654	2.95%	10,832	11.48%	(8,178)	-75.50%

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.

Overall operating results for the six-month period ended June30, 2022

Unit : Thousand Baht

Statements of income	30-Jun-22	percent	30-Jun-21	percent	Increase(decrease)	percent
Services revenue	163,889	96.91%	193,908	96.64%	(30,019)	-15.48%
Other income	5,224	3.09%	6,739	3.36%	(1,515)	-22.48%
Total income	169,113	100.00%	200,647	100.00%	(31,534)	-15.72%
Cost of service	(141,311)	-86.22%	(146,209)	-75.40%	4,898	-3.35%
Gross Margin	22,578	13.78%	47,699	24.60%	(25,121)	-52.67%
Services expenses	(2,781)	-1.64%	(3,258)	-1.62%	477	-14.64%
Administrative expenses	(19,276)	-11.40%	(16,732)	-8.34%	(2,544)	15.20%
Management compensation	(8,521)	-5.04%	(8,509)	-4.24%	(12)	0.14%
Total Expenses	(30,578)	-18.08%	(28,499)	-14.20%	(2,079)	7.29%
EBIT	(2,776)	-1.64%	25,939	12.93%	(28,715)	-110.70%
Finance costs	(2,223)	-1.31%	(2,539)	-1.27%	316	-12.45%
Profit before share investment in associates	(4,999)	-2.96%	23,400	11.66%	(28,399)	-121.36%
Share of profit investment in associates	8,021	4.74%	7,784	3.88%	237	100.00%
Profit (loss) before income tax expense	3,022	1.79%	31,184	15.54%	(28,162)	-90.31%
Inome tax expense	38	0.02%	(5,999)	-2.99%	6,037	-100.63%
Net profit (loss) for the period	3,060	1.81%	25,185	12.55%	(22,125)	-87.85%

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 second quarter decreased by 5 million Baht or 5 percent and accumulated for six months period decreased by 30 million Baht or 15 percent compared to the same period last year. It had an average service rate per ton for the second quarter decreased by 20 percent. And for the six-month period, it was down 23 percent compared to the same period last year. This is due to the relatively severe price competition. As a result, the company had to adjust its price strategy to compete. The company has the advantage of operating standards, making it a trust for customers. As a result, the company was able to increase the volume of industrial waste disposed of in the second quarter by 18 percent and for a period of six months by 10 percent compared to the same period last year. The price reduction does not affect the company's financial position. Since the company has relatively adequate cash flow and a small debt burden, there is confidence that in the long run the company will be able to adjust the price of the service fee.

**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 including salaries and employee benefits, depreciation of machinery and equipment, and depreciation of vehicle for transportation. In this quarter, the company was able to develop the machine operation technique to be able to save more costs. As a result, costs declined by 3.35 percent compared to the same quarter of the prior year.

**Other income:**

Other incomes derived from other services and interest income.

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

Most of these expenses are salaries, employee benefits, and office administrative expenses. The company has adjusted some fixed cost strategies in marketing to be variable costs based on the company's revenue.

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

This is an investment in small scale power plant business. The company recognizes profit (loss) under the equity method. For this quarter, the profit rose by 5 million Baht. For six-months, the profit increased by 8 million Baht.

**Profit (loss) for the quarter:**

According to the previous causes, the company had the net profit for the Quarter 2 for 2 million Baht and had the net profit for six-month period for 3 million Baht which increased from the same period of the prior year.

**Analysis**

Overall financial position as at 30 June 2022

Unit : Thousand Baht

Statement of financial position	30 Jun 22	percent	31 Dec 21	percent	Increase(decrease)	percent
Total assets	693,379	100.00%	724,225	100.00%	(30,846)	-4.26%
Total liabilities	118,881	17.15%	132,588	18.31%	(13,707)	-10.34%
Total shareholders' equity	574,498	82.85%	591,637	81.69%	(17,139)	-2.90%

**Analysis of Asset**

The total assets as at June 30, 2022 decreased by 31 million Baht due to the general operating results and there is no significant change in assets transaction.

**Analysis of liabilities**

The total liabilities as at June 30, 2022 decreased by 14 million Baht resulting from the payment of trade payables and general operating liabilities. There is no significant change in liabilities transaction.

**Analysis of shareholders' equity**

From prior causes, shareholders' equity as of June 30, 2022 decreased by 17 million Baht.

Please be informed accordingly.

Sincerely yours,

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(Mr. Vanchai Luengviriyaya)  
President & CEO