

No. AKP-MD018/2022

November 10, 2022

Re: Discussion and Analysis of Financial Position and Operating Performance

To: Director and Manager of the Stock Exchange of Thailand

AkkhiePrakarn Public Company Limited (the "Company") hereby clarifies the operating performance for the Quarter3 and 9 month period ended September 30, 2022 as detailed below:

### Operating Performance Analysis

Overall operating results for the Quarter 3 ended September30, 2022

Unit : Thousand Baht

<b>Income Statement</b>	<b>Quarter3/2022</b>	<b>percent</b>	<b>Quarter3/2021</b>	<b>percent</b>	<b>Increase(decrease)</b>	<b>percent</b>
Services revenue	109,295	97.62%	85,934	93.73%	23,361	27.18%
Other income	2,665	2.38%	5,749	6.27%	(3,084)	-53.64%
Total income	111,960	100.00%	91,683	100.00%	20,277	22.12%
Cost of service	(71,768)	-65.66%	(67,825)	-78.93%	(3,943)	5.81%
Gross profit	37,527	34.34%	18,109	21.07%	19,418	107.23%
Services expenses	(1,946)	-1.74%	(1,252)	-1.37%	(694)	55.43%
Administrative expenses	(8,308)	-7.42%	(7,428)	-8.10%	(880)	11.85%
Executive compensation	(4,045)	-3.61%	(4,051)	-4.42%	6	-0.15%
Total expenses	(14,299)	-12.77%	(12,731)	-13.89%	(1,568)	12.32%
EBIT	25,893	23.13%	11,127	12.14%	14,766	132.70%
Finance costs	(1,118)	-1.00%	(1,208)	-1.32%	90	-7.45%
Profit before share investment in associates	24,775	22.13%	9,919	10.82%	14,856	149.77%
Share of profit investment in associates	2,912	2.60%	3,710	4.05%	(798)	100.00%
Profit (loss) before income tax expense	27,687	24.73%	13,629	14.87%	14,058	103.15%
Inome tax expense	(4,282)	-3.82%	(990)	-1.08%	(3,292)	332.53%
Net profit (loss) for the period	23,405	20.90%	12,639	13.79%	10,766	85.18%

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 nine-month period ended September 30, 2022

Unit : Thousand Baht

Income Statement	30-Sep-22	percent	30-Sep-21	percent	Increase(decrease)	percent
Services revenue	273,184	97.19%	279,843	95.73%	(6,659)	-2.38%
Other income	7,889	2.81%	12,488	4.27%	(4,599)	-36.83%
Total income	281,073	100.00%	292,331	100.00%	(11,258)	-3.85%
Cost of service	(213,080)	-78.00%	(214,035)	-76.48%	955	-0.45%
Gross Margin	60,104	22.00%	65,808	23.52%	(5,704)	-8.67%
Services expenses	(4,727)	-1.68%	(4,510)	-1.54%	(217)	4.81%
Administrative expenses	(27,369)	-9.74%	(23,992)	-8.21%	(3,377)	14.08%
Management compensation	(12,566)	-4.47%	(12,560)	-4.30%	(6)	0.05%
Total Expenses	(44,662)	-15.89%	(41,062)	-14.05%	(3,600)	8.77%
EBIT	23,331	8.30%	37,234	12.74%	(13,903)	-37.34%
Finance costs	(3,555)	-1.26%	(3,915)	-1.34%	360	-9.20%
Profit before share investment in associates	19,776	7.04%	33,319	11.40%	(13,543)	-40.65%
Share of profit investment in associates	10,933	3.89%	11,494	3.93%	(561)	100.00%
Profit (loss) before income tax expense	30,709	10.93%	44,813	15.33%	(14,104)	-31.47%
Income tax expense	(4,243)	-1.51%	(6,989)	-2.39%	2,746	-39.29%
Net profit (loss) for the period	26,466	9.42%	37,824	12.94%	(11,358)	-30.03%

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 third quarter increased by 23 million Baht or 27 percent, resulting in revenue accumulated for nine months period decreased by 7 million Baht or 2 percent compared to the same period last year. It had an average service rate per ton for the third quarter decreased by 5 percent. And for the nine-month period, it was down 17 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 third quarter by 39 percent and for a period of nine months by 19 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 13 percent compared to the same quarter of the prior year. Also, for the nine months period, there was a decrease of costs by 2 percent compared to the same quarter last 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. For the Quarter 3 and 9-months period, expenses in this segment slightly increased compared to the same period in prior year.

**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 3 million Baht. For nine-months period, the profit increased by 11 million Baht.

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

According to the previous causes, the company had the net profit for the Quarter 3 for 23 million Baht and had the net profit for nine-month period for 26 million Baht which increased from the same period of the prior year.

**Financial Position Analysis**

Overall financial position as at 30 September 2022

Unit : Thousand Baht

Statement of financial position	30 Sep 22	percent	31 Dec 21	percent	Increase(decrease)	percent
Total assets	719,174	100.00%	724,225	100.00%	(5,051)	-0.70%
Total liabilities	121,270	16.86%	132,588	18.31%	(11,318)	-8.54%
Total shareholders' equity	597,904	83.14%	591,637	81.69%	6,267	1.06%

**Analysis of Asset**

The total assets as at September 30, 2022 decreased by 5 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 September 30, 2022 decreased by 11 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 September 30, 2022 increased by 6 million Baht, resulting from a net profit of 26 million Baht less dividends paid to shareholders 20 million Baht.

Please be informed accordingly.

Sincerely yours,

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(Mr.Vanchai Luengviriya)

President & CEO