

[Translation]

No. AQUA-086/SET-009/21

August 13, 2021

Subject Management's Discussion and Analysis (MD&A) for three-month period ended 30 June 2021

To Director and Manager  
The Stock Exchange of Thailand

As Aqua Corporation Public Company Limited ("AQUA") submitted the financial statements for three-month period ended June 30, 2021 which was reviewed by the Company's auditor. In order for users of the Company's financial statements to understand. Therefore, we would like to explain the details of the business operation and operating results of the Group as follows:

**1. Investment in subsidiaries and associates**

Companies	Shareholding	Business	Investment Status
1. Aqua Ad PLC. (AA)	99.99 %	Media	Subsidiary
2. Boardway Media Co., Ltd. (BWM)	99.99 %	Media	Subsidiary
3. M.I.S. Media Co., Ltd. (MIS)	99.99 %	Media	Subsidiary of AA
4. S. Thana Media Co., Ltd. (STN)	99.99 %	Media	Subsidiary of BWM
5. Mantra Asset Co., Ltd. (MANTRA)	99.99 %	Real estate for rent and service	Subsidiary
6. Thai Consumer Distribution Center Co., Ltd. (TCDC)	96.13 %	Warehouse for rent and service	Subsidiary
7. Accomplish Way Holdings Co., Ltd. (AWH)	99.99 %	Warehouse for rent and service	Subsidiary of TCDC
8. Eastern Power Group PLC (EP)	39.61 %	Renewable energy and packaging	Associate

**2. Summary of income and profit structure**

Since 2020, the company has adjusted the business direction of the group's advertising media business under one brand of "AQUA" by allowing Aqua Corporation Public Company Limited to be the media sales and management executive all advertisements of four subsidiaries and indirect subsidiaries (No. 1-4), the four subsidiaries and indirect subsidiaries change to only owners of advertising media and provide construction, procurement, installation and maintenance services of such media only. Therefore, the information presentation will be reported according to the type of business invested as follows:

### Overview of income from business operation and investment

Unit : Million Baht	Quarter 2/2021	Quarter 2/2020	YOY (%)
Out of home media	120.62	98.18	22.86%
Investment Properties	70.25	85.74	-18.07%
Share of profit on investment in EP	15.70	46.72	-66.40%
<b>Total</b>	<b>206.57</b>	<b>230.64</b>	<b>-10.44%</b>

### Overview of net profit

Unit : Million Baht	Quarter 2/2021	Quarter 2/2020	YOY (%)
<b>1. Profit (loss) from operation</b>	<b>23.09</b>	<b>37.42</b>	<b>-38.30%</b>
1.1 Out of home media	(32.40)	(58.85)	-44.94%
1.2 Investment Properties	39.79	49.55	-19.70%
1.3 Share of profit on investment in EP	15.70	46.72	-66.40%
<b>2. Special items</b>	<b>(10.02)</b>	<b>(13.60)</b>	<b>-26.32%</b>
2.1 Amortization of fair value from the acquisition	(4.03)	(5.29)	-23.82%
2.2 2.2 Differences from adjustments with TFRS 9, TFRS 16	(0.41)	(4.00)	-89.75%
2.3 Deferred tax adjustment and others	(5.58)	(4.31)	29.47%
<b>Net profit (loss)</b>	<b>13.07</b>	<b>23.82</b>	<b>-45.13%</b>

Items in 2.1-2.2 are net of Deferred Tax rights.

From the above table it was found that, income from business operation and investment in Q2/2021 decreased by 10.44% from 2020 and profit decreased by 45.13%, mainly due to

#### (1) Out of Home Media : OOH

Unit : Million Baht	Quarter 2/2021	Quarter 2/2020	YOY (%)
Billboard	63.51	69.60	-8.75%
LED	57.11	28.58	99.83%
<b>Total</b>	<b>120.62</b>	<b>98.18</b>	<b>22.86%</b>

In Q2/2021, out of home media business earned 120.62 million baht compared to Q2/2020, increased by 22.86% from the new situation of the spread of Covid-19 that started spreading in Thailand in early 2020 and the number of people infected has increased in Q2/2020 which at that time COVID-19 is not yet known. The symptoms of the disease are considered to be quite severe as there is no specific treatment including ways to prevent infection with COVID-19, people who have been infected COVID-19 may be a chance of death causing disruption of various businesses including the government to issue measures for people to refrain from leaving their homes including various businesses was ordered to shut down most of the activities, customers who use the media to delay spending first and is in the process of assessing the situation to reuse advertising because if customers want to use out of home media will be considered the traffic, the number of people traveling outside which at that time was greatly reduced. It can be said that almost no one left the house, different from the year 2021 that the new situation of the spread of Covid-19 in early 2021 and intensified more than in 2020, the number of infected people is from hundreds in 2020 to tens of thousands in 2021.

The number of deaths is several times higher compared to 2020. The government started to announce various measures to control the spread of the disease such measures will affect the revenue of the out of home media business in the Q3/2021 more than the Q2/2021 due to in Q2/2021, there are no strict measures to control the epidemic. Life outside the home is normal. Some customers return to use more advertising media especially LED which is very flexible, that raises the ad image or stops the advertisement, this an increase in revenue from LED compared to 2020.

However, the out of home media business will definitely return with the people living outside. The Company considers to invest in out of home media business by collaborating with Static sign to develop into a large LED, located in the center of the city and invest in a screen with high definition quality including development of Creative Production to support 2D and 3D, and also brings Data Analytics used to provide customers with information in choosing quality advertising media and reaching clear targets. This new product will manage sales under the brand "STARLET", which will create a unique out of home advertising media on Starlet's LED. The official service will begin in Q3/2021 onwards.

However, Investors can follow the performance of "STARLET" through social media channels : Facebook, Instagram Blockdit and the website "STARLET", as well as view advertisements on LED with the logo "STARLET" throughout Bangkok.

(2) **Property business for investment** have a relatively stable income due to the recognition of rental and service income under the long term lease agreement, in Q2/2021 earning 70.25 million baht, decrease from Q2/2020 of Baht 85.74 million. Including the operating results in Q2/2021, net profit was 39.79 million baht, decrease by 19.70% compared to 2020, the main reason for the termination of the lease agreement with The Cabin and return all project area, the subsidiary stopped recognizing revenue from November 2020 onwards. The Warehouse for rent and services of TCDC, the revenues increased by long term lease agreements.

(3) **Energy and packaging business**, operate under the management of Eastern Power Group ("EP"), in which AQUA holds and receives revenue from EP in the form of profit sharing, comes one line at 39.61% in Q2/2021, representing profit share of Baht 15.70 million, decreased by 66.40% compared to 2020, which is mainly due to energy business revenue declined as a result of the sale of several power projects in 2020 and an increase in unrealized foreign exchange loss was recorded in this quarter. However, EP will recognize revenue from the energy business from buying shares from the existing shareholders of SSUT in Q3/2021 and expected that in Q4/2021 wind energy projects in Vietnam will start COD, starting to recognize revenue. (details can be found in the letter of clarification of EP)

#### Financial Highlights of AQUA

Summarized Consolidated Statements of Financial (Million Baht)	30 June 2021	31 Dec 2020	Changed
Cash and cash equivalents	250.58	312.30	(61.72)
Trade and other receivables-net	205.47	288.78	(83.31)
Investment in associates	1,392.46	1,485.20	(92.74)
Other long-term investments	29.35	29.90	(0.55)
Investment property	3,665.98	3,665.98	-
Property, plant and equipment-net	1,811.11	1,365.82	445.29
Rights of use assets	569.70	425.87	143.83

Summarized Consolidated Statements of Financial (Million Baht)	30 June 2021	31 Dec 2020	Changed
Goodwill	640.57	640.57	-
Other current and non-current assets	99.58	68.14	31.44
<b>Total assets</b>	<b>8,664.80</b>	<b>8,282.56</b>	<b>382.25</b>
Overdrafts / short-term loans	-	65.00	(65.00)
Trade and other payables	232.93	113.37	119.56
Loans from financial institutions	1,796.21	1,644.22	151.99
Debenture	940.06	866.10	73.96
Lease liabilities	672.81	521.91	150.90
Deferred tax liabilities and employee benefits	404.48	414.68	(10.20)
Other current and non-current liabilities	176.14	179.96	(3.82)
<b>Total liabilities</b>	<b>4,222.63</b>	<b>3,805.24</b>	<b>417.39</b>
Paid-up capital	2,296.50	2,296.50	-
Capital surplus	312.84	312.84	-
Other elements	(95.87)	(77.39)	(18.48)
Legal reserve	55.48	55.48	-
Earned surplus	1,797.09	1,817.22	(20.13)
Non-controlling interests	76.14	72.67	3.47
<b>Shareholders' Equity</b>	<b>4,442.18</b>	<b>4,477.32</b>	<b>(35.14)</b>
<b>Debt-to-equity ratio</b>	<b>0.95</b>	<b>0.85</b>	<b>(0.10)</b>
<b>Book value per share</b>	<b>0.97</b>	<b>0.96</b>	<b>(0.01)</b>

**Summary of cash flow statements for six month period ended June, 30**

Unit : Million Baht	Year 2021	Year 2020
Net cash received from (used in) operating activities	238.66	275.94
Net cash received from (used in) investment activities	(315.23)	(39.85)
Net cash received from (used in) financing activities	14.85	(262.33)
Cash and cash equivalents increased (decreased)	(61.72)	(26.24)

**3. Summary of cash flow statements for three month period ended June, 31**

Unit : Million Baht	Consolidated financial statements			Separate financial statements		
	2021	2020	Changed	2021	2020	Changed
Sales and service income	190.87	183.91	6.96	106.94	62.73	44.21
Dividend income	-	-	-	92.35	73.88	18.47
Interest income	0.32	1.94	(1.62)	22.06	15.02	7.04
Other income	(1.34)	0.79	(2.13)	8.68	3.17	5.51
<b>Total income</b>	<b>189.85</b>	<b>186.64</b>	<b>3.21</b>	<b>230.03</b>	<b>154.80</b>	<b>75.23</b>
Cost of sales and services	(118.78)	(131.97)	(13.19)	(88.27)	(49.64)	38.63
Distribution costs	(4.40)	(3.85)	0.55	(4.13)	(2.96)	1.17
Administrative expenses	(46.66)	(49.27)	(2.61)	(29.17)	(24.15)	5.02
Share of profit from investment in EP	15.70	46.72	(31.02)	-	-	-

Unit : Million Baht	Consolidated financial statements			Separate financial statements		
	2021	2020	Changed	2021	2020	Changed
Financial cost	(22.13)	(30.13)	(8.00)	(20.22)	(14.39)	5.83
Income tax income (expense)	(0.51)	5.68	(6.19)	(4.11)	(0.19)	3.92
<b>Net profit</b>	<b>13.07</b>	<b>23.82</b>	<b>(10.75)</b>	<b>84.13</b>	<b>63.47</b>	<b>20.66</b>
Attributable to the non-controlling interests.	(1.74)	(1.55)	(0.19)	-	-	-
<b>Net profit of AQUA</b>	<b>11.33</b>	<b>22.27</b>	<b>(10.94)</b>	<b>84.13</b>	<b>63.47</b>	<b>20.66</b>

The Company classified the net profit for three month period ended 30 June 2021 and 2020 as follows

Unit : Million Baht	Year 2021	Year 2020	Changed (%)
1. Profit from operation of the business of the Company and its subsidiaries	7.39	(9.30)	>100.00%
2. Share of profits from associates in proportion to the Company's shareholding	15.70	46.72	-66.40%
3. Special items	(10.02)	(13.60)	-26.32%
<b>Net profit from consolidated financial statements</b>	<b>13.07</b>	<b>23.82</b>	<b>-45.13%</b>

The operating results for three month period ended 30 June 2021 compared to 2020 have the reasons for the change as follows:

1. Total income increased by Baht 3.21 million from Q2/2020 or 1.72% consisting of :-
  - 1.1 Sales and services income increased by Baht 6.96 million, from out of home media business increased by Baht 22.44 million according to the details described above and the income from real estate business decreased by Baht 15.49 million from the termination of the lease agreement with The Cabin and to return all project areas. Subsidiaries cease to recognize revenue from November 2020.
  - 1.2 Interest income and other income decreased by Baht 3.75 million, due to the company is in the process of investing in more LED, the remaining cash to be managed in order to earn interest is reduced, including the purchase of LED screens from abroad, there is a matter of foreign exchange rates involved. In this quarter, the subsidiary has adjusted the gain on exchange rate causing other income to be negative by Baht 1.34 million.
2. In Q2/2021, cost of sales and services accounted for 62.23% of revenues and in Q2/2020, service costs accounted for 71.76% of revenue, cost of services decreased due to the increase in out of home media business, while most of the costs are fixed costs, such as rental, depreciation, Insurance premiums, signage tax, etc.
3. Distribution costs increased by Baht 0.55 million compared to Q2/2020, due to the increased in advertising media business.
4. Administrative expenses decreased by Baht 2.61 million compared to Q2/2020 which is a normal reduction from operations.
5. Share of profits from investments in EP decreased by Baht 31.02 million compared to Q2/2020, for the reasons described above or can be determined by the Management Discussion and Analysis of the Management of EP.

6. Financial costs decreased by Baht 8.00 million, compared to Q2/2020 caused from
  - 6.1 Decreased by Baht 9.11 million from a decrease in the principal of the loan due to the repayment as scheduled and the lower interest rate the company received. Including the issuance of new debentures intended to invest in LED. All financial costs during the construction period are recorded as part of the cost of the property.
  - 6.2 Increased from adjustment of the new accounting standards (TFRS 9 and TFRS 16) by Baht 1.11 million.
7. Income (expenses) income tax decreased by Baht 6.19 million, compared to Q2/2020
  - 7.1 Corporate income tax increased by Bath 4.54 million, from increased of operating results for the reasons described above.
  - 7.2 Income (expenses) income tax decrease by Baht 1.65 million.
8. AQUA's net profit decreased by Baht 10.94 million, compared to Q2/2020 or 49.12% as described above.

Please be informed accordingly,

Yours truly,

(Miss Rewadee Whanchid)  
Chief Financial Officer

Company Secretary Section  
Mrs. Orathai Nateruang Tel .02-694-8888 Ext. 8804