

[Translation]

No. AQUA-137/SET-017/21

12 November 2021

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

To The President  
The Stock Exchange of Thailand

As Aqua Corporation Public Company Limited ("AQUA") submitted the financial statements for three-month period ended 30 September 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. Revenue and Profit Structure

### Overview of income from business and investment

| Unit : Million Baht                 | Quarter 3/2021 | Quarter 3/2020 | YOY (%)     |
|-------------------------------------|----------------|----------------|-------------|
| Out of home media                   | 92.82          | 128.90         | -28%        |
| Investment Properties               | 70.33          | 85.82          | -18%        |
| Share of profit on investment in EP | 47.06          | 355.28         | -87%        |
| <b>Total</b>                        | <b>210.21</b>  | <b>570.00</b>  | <b>-63%</b> |

### Overview of net profit

| Unit : Million Baht                                   | Quarter 3/2021 | Quarter 3/2020 | YOY (%)     |
|---|----------------|----------------|-------------|
| <b>1. Profit (loss) from operation</b>                | <b>25.10</b>   | <b>345.83</b>  | <b>-93%</b> |
| 1.1 Out of home media                                 | (59.79)        | (59.05)        | 1%          |
| 1.2 Investment Properties                             | 37.83          | 49.60          | -24%        |
| 1.3 Share of profit on investment in EP               | 47.06          | 355.28         | -87%        |
| <b>2. Special items</b>                               | <b>3.18</b>    | <b>17.11</b>   | <b>-81%</b> |
| 2.1 Amortization of fair value from the acquisition   | 4.03           | 3.99           | 1%          |
| 2.2 Differences from adjustments with TFRS 9, TFRS 16 | (0.85)         | 13.12          | >100%       |
| <b>Net profit (loss)</b>                              | <b>28.28</b>   | <b>362.94</b>  | <b>-92%</b> |

Item in 2.1-2.2 net item from Deferred Tax

From the above table it was found that, income from business operation and investment in Q3/2021 decreased by 63% from 2020 and profit decreased by 92%, mainly due to

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

In Q3/2021, out of home media business earned 92.82 million baht compared to Q3/2020, decreased by 28% from the new situation of the spread of Covid-19 that started spreading in Thailand in early 2020, 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, different from the year 2021 that the new situation of the spread of Covid-19 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

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 Q3/2021 earning 70.33 million baht, decrease from Q3/2020 with income of 85.82 million baht. Including the operating results in Q3/2021, net profit was 37.83 million baht, decrease by 24% 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 Q3/2021, representing profit share of Baht 47.06 million, decreased by 87% 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. (details can be found in the letter of clarification of EP)

Summary of cash flow statements for three month period ended September, 30

| Unit : Million Baht                            | Consolidated financial statements |               |                 | Separate financial statements |               |               |
|--|-----------------------------------|---------------|-----------------|-------------------------------|---------------|---------------|
|  | 2021                              | 2020          | Change          | 2021                          | 2020          | Change        |
| Sales and service income                       | 163.14                            | 214.72        | (51.58)         | 80.33                         | 100.62        | (20.29)       |
| Interest income                                | 2.10                              | 5.93          | (3.83)          | 26.28                         | 14.88         | 11.40         |
| Other income                                   | 0.02                              | 0.46          | (0.44)          | 2.73                          | 3.14          | (0.41)        |
| <b>Total income</b>                            | <b>165.26</b>                     | <b>221.11</b> | <b>(55.85)</b>  | <b>109.34</b>                 | <b>118.64</b> | <b>(9.30)</b> |
| Cost of sales and services                     | (116.00)                          | (125.01)      | (9.01)          | (65.94)                       | (79.10)       | (13.16)       |
| Distribution costs                             | (3.39)                            | (4.95)        | (1.56)          | (3.19)                        | (3.58)        | (0.39)        |
| Administrative expenses                        | (39.45)                           | (49.59)       | (10.14)         | (23.05)                       | (16.21)       | 6.84          |
| Share of profit from investment in EP          | 47.06                             | 355.28        | (308.22)        | -                             | -             | -             |
| Financial cost                                 | (29.83)                           | (30.72)       | (0.89)          | (23.60)                       | (14.46)       | 9.14          |
| Income tax income (expense)                    | 4.63                              | (3.18)        | (7.81)          | 1.27                          | (1.35)        | (2.62)        |
| <b>Net profit</b>                              | <b>28.28</b>                      | <b>362.94</b> | <b>(334.66)</b> | <b>(5.19)</b>                 | <b>3.94</b>   | <b>(9.13)</b> |
| Attributable to the non-controlling interests. | (1.72)                            | (1.75)        | (0.03)          | -                             | -             | -             |
| <b>Net profit of AQUA</b>                      | <b>26.56</b>                      | <b>361.19</b> | <b>(334.63)</b> | <b>(5.19)</b>                 | <b>3.94</b>   | <b>(9.13)</b> |

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

| Unit : Million Baht   | 2021         | 2020          | Change (%)  |
|---|--------------|---------------|-------------|
| 1. Profit from operation of the business of the Company and its subsidiaries    | (21.96)      | (9.45)        | ->100%      |
| 2. Share of profits from associates in proportion to the Company's shareholding | 47.06        | 355.28        | -87%        |
| 3. Special items  | 3.18         | 17.11         | -81%        |
| <b>Net profit from consolidated financial statements</b>                        | <b>28.28</b> | <b>362.94</b> | <b>-92%</b> |

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

1. Total income decreased by Baht 55.85 million from Q3/2020 or 25% consisting of :-
  - 1.1 Sales and services income decreased by Baht 51.58 million, from out of home media business decreased by Baht 36.08 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 4.27 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

2. In Q3/2021, cost of sales and services accounted for 71.10% of revenues and in Q3/2020, service costs accounted for 58.22% 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 decreased by Baht 1.56 million compared to Q3/2020, due to the increased in advertising media business.
4. Administrative expenses decreased by Baht 10.14 million compared to Q3/2020 which is a normal reduction from operations.
5. Share of profits from investments in EP decreased by Baht 308.22 million compared to Q3/2020, 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 0.89 million, compared to Q3/2020 caused from
  - 6.1 Decreased by Baht 2.79 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 1.90 million.
7. Income (expenses) income tax decreased by Baht 7.81 million compared to Q3/2020
  - 7.1 Corporate income tax increased by Bath 0.58 million, from increased of operating results for the reasons described above.
  - 7.2 Income (expenses) income tax decrease by Baht 8.39 million.
8. AQUA's net profit decreased by Baht 334.63 million, compared to Q3/2020 or 93% as described above.

Please be informed accordingly,

Yours sincerely,

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