

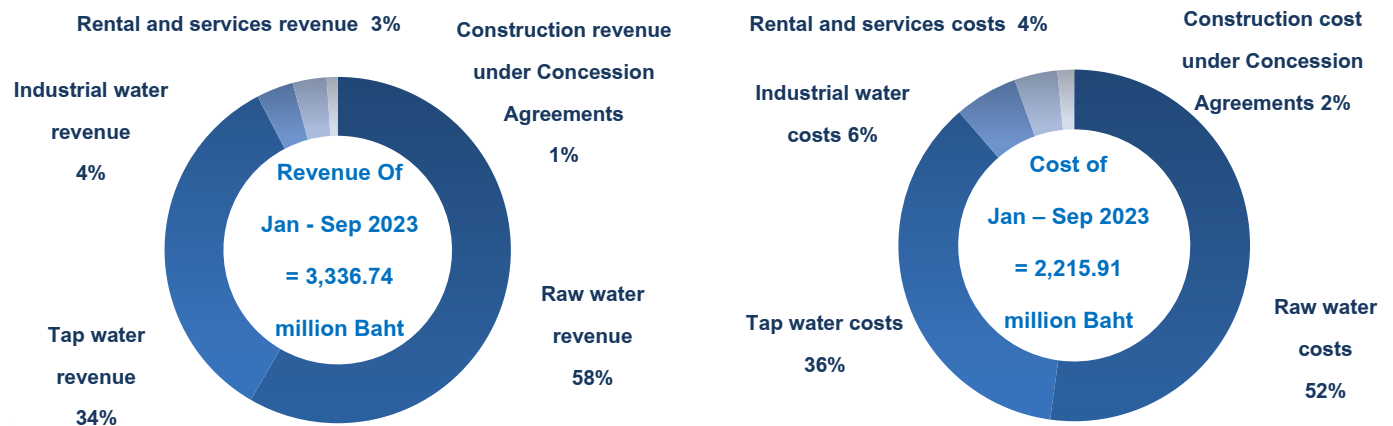
EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS FOR Q3/2023

1. ANALYSIS OF FINANCIAL PERFORMANCE

For the first 9 months of 2023, East Water Group had total consolidated sales and services income of 3,336.74 million Baht, increased by 24.16 million Baht or +0.73% compared to the same period of 2022, whilst costs of sales and services totaled 2,215.91 million Baht, increased by 228.56 million Baht or +11.50% compared to the same period of 2022. East Water Group generated a net profit of 352.54 million Baht, with net profit attributable to equity holders of the parent company of 344.30 million Baht, decreased by 284.93 million Baht or -45.28%.

Proportion of revenues and cost



Income statement (Million Baht)	Q3 (3-month period)				Q3 (9 months cumulative)			
	2023	2022	YoY	%	2023	2022	YoY	%
Total Sales and Services revenue	1,055.26	1,024.14	31.12	3.04%	3,336.74	3,312.59	24.16	0.73%
Raw water revenue	580.27	607.63	(27.36)	(4.50%)	1,947.69	2,056.06	(108.37)	(5.27%)
Tap water revenue	383.55	354.53	29.02	8.19%	1,133.54	1,044.08	89.46	8.57%
Industrial water revenue	47.26	15.71	31.55	200.87%	115.39	45.18	70.21	155.40%
Rental and services revenue	30.12	23.47	6.65	28.32%	105.90	96.70	9.20	9.52%
Construction revenue under Concession Agreements	14.07	22.81	(8.74)	(38.31%)	34.22	70.57	(36.35)	(51.51%)
Costs of Sales and Services	726.91	652.04	74.87	11.48%	2,215.91	1,987.35	228.56	11.50%
Raw water cost	372.42	325.03	47.39	14.58%	1,156.57	1,016.55	140.02	13.77%
Tap water cost	271.12	254.87	16.26	6.38%	808.22	732.63	75.59	10.32%
Industrial water cost	44.04	33.15	10.89	32.86%	129.24	87.50	41.74	47.70%
Rental and services cost	25.25	16.18	9.06	56.01%	87.66	80.09	7.56	9.44%
Construction cost under Concession Agreements	14.07	22.81	(8.74)	(38.31%)	34.22	70.57	(36.35)	(51.51%)
Gross profit	328.36	372.10	(43.75)	(11.76%)	1,120.83	1,325.25	(204.41)	(15.42%)
Other income	14.41	11.08	3.33	30.10%	38.70	71.09	(32.39)	(45.56%)
Sells and administrative expenses	133.59	139.02	(5.43)	(3.91%)	493.29	407.15	86.15	21.16%
Operating profit	209.18	244.16	(34.98)	(14.33%)	666.24	989.18	(322.95)	(32.65%)
Finance cost	75.98	64.10	11.88	18.53%	226.66	184.25	42.41	23.02%
Income tax expenses	21.39	54.00	(32.61)	(60.39%)	87.03	169.70	(82.67)	(48.71%)
Net profit	111.81	126.06	(14.25)	(11.30%)	352.54	635.24	(282.70)	(44.50%)
Net profit attributable to shareholders of the parent company	108.97	123.62	(14.66)	(11.86%)	344.30	629.23	(284.93)	(45.28%)
Earnings per share (EPS)	0.07	0.07	0.00	0.00%	0.21	0.38	(0.17)	(45.28%)

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1. ANALYSIS OF FINANCIAL PERFORMANCE (CONT.)

In the first 9 months of 2023, the significant events were as follow: the Company has obeyed the orders of the Treasury Department to hand over the operating area and assets of the Nongplalai – Nongkho and Nongkho – Laemchabang (Phase 2) Pipeline Projects on 11 April 2023. The Dokkrai Pipeline Project will reach the end of the contract and will be handed over to the Treasury Department on 31 December 2023, even though the lawsuit is still under the consideration of the Central Administrative Court. Thus, the Company has estimated a total asset write-off value of 104.84 million Baht for assets for these 3 projects that cannot be relocated or dismantled. This one-time expense caused an increase in administrative expenses during the first 9 months of 2023. Nevertheless, the Company reserves the right to pursue any legal action, as well as, the right to demand restitution for any issue that occurs or may occur.

The operating profit before interests, taxes, depreciation and amortization (EBITDA) is shown in the following table:

EBITDA (Million Baht)	Q3 (3-month period)				Q3 (9 months cumulative)			
	2023	2022	YoY	%	2023	2022	YoY	%
Operating profit	209.18	244.16	(34.98)	(14.33%)	666.24	989.18	(322.95)	(32.65%)
Depreciation	179.84	192.58	(12.74)	(6.61%)	537.74	540.56	(2.82)	(0.52%)
Amortization	93.21	90.64	2.58	2.84%	275.68	265.93	9.75	3.66%
EBITDA	482.24	527.38	(45.14)	(8.56%)	1,479.65	1,795.67	(316.02)	(17.60%)

Note: Depreciation does not include depreciation from recognizing the rights to use assets in accordance with the lease financial standards (TFRS16)

2. ECONOMIC SITUATION

For Q3/2023, overall businesses expanded from the same period last year and last quarter, following the ongoing gradual increase in number of foreign tourists, which benefits the service, hospitality, and trade sectors. However, the manufacturing and export sectors shrank slightly from the decreased demands from major trading partner countries. Additionally, the petrochemical sector was in a slowdown cycle in the first half of the year from the maintenance shutdown of petrochemical plants and decreased demand for plastic for export, especially for basic petrochemicals such as ethylene and propylene, from the upward price adjustment following the global crude oil price hike due to the Ukraine – Russia war, which hindered production in several countries. Overall, Thailand's trade sector is stable, with most businesses still dealing with sustained high production costs, while still facing limitations on raising prices from the still incomplete economic recovery and the high levels of competition, compelling several businesses to employ alternative strategies instead of increasing prices to sustain the economic recovery.

For Q4/2023, the economy is projected to expand compared to the same period of last year and the previous quarter, following the upward trend in the number of foreign tourists during the high season and the government's economic measures, such as measures to lower the cost of living and the implementation of visa-free entry for tourists, which should boost the confidence of both consumers and business operators. For the manufacturing sector, foreign orders are expected to increase following recovering demands in trading partner countries for goods, such as food and chemical goods. Nevertheless, some detrimental factors may hamper the economic recovery, including higher costs in case the minimum wage is increased, slow recovery of partner countries' economy and still fragile domestic purchasing power and high household debt, especially in grass root level families.

3. WATER SITUATION

As of 3 November 2023, the water supply situation in Chonburi and Rayong was in the higher-than-normal range. The water supply in several main reservoirs was higher than the 10-year average. Nevertheless, heavy rainfall is expected during the period near the end of Q3/2023 due to the influence of passing low pressure troughs and southwestern monsoons. The Thai Meteorological Department predicts the rainfall in Q4/2023 period, which normally has heavy rainfall, to be close to or slightly lower than normal and the temperature will be approximately 1.0-1.5 degrees Celsius higher than average 32-34 degrees Celsius.

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3. WATER SITUATION (CONT.)

The water in the reservoirs in Chonburi and Rayong were 63.58% and 84.78% of total capacity, respectively.

Water Volume (Million Cu.M)	Chonburi		Rayong			
	Bangphra	Nongkho	Dokkrai	Nongplalai	Klongyai	Prasae
Water reserve	77.30	10.70	52.75	151.70	28.92	282.87
Percentage of total capacity	66.00%	50.00%	74.00%	93.00%	72.00%	95.90%
Average (2013-2022)	53.02	9.39	37.81	97.10	18.97	152.25
Above/(below) average (2013-2022)	24.28	1.31	14.94	54.60	9.95	130.62

4. SIGNIFICANT EVENTS

Dividend Payment: On 31 August 2023, the Board of Directors approved the interim dividend payout, for the 1 January 2023 to 30 June 2023 operation period, to shareholders of 0.05 Baht per share, totaling 83.19 million Baht, with the list of shareholders entitled to the dividend payment cut-off date of 14 September 2023 and dividend payment on 29 September 2023.

TRIS Rating: On 30 June 2023, TRIS RATING maintained the rating of the Company's credit and the ratings on its outstanding senior unsecured debentures at "A" with "Stable Outlook". The rating reflects the strength of the Company as a major raw water supplier with a comprehensive pipeline network in the Eastern Economic Corridor (EEC), its reliable services and lengthy track record, and its strong profitability.

On 21 August 2023, TRIS RATING maintained the rating of the Company's outstanding senior unsecured debentures at "A" with "Stable Outlook".

Progress on lawsuits filed with the Central Administrative Court concerning lease of the Treasury Department's pipelines: On 30 July 2021, the Company participated in the bid process to selection of a private entity to operate and manage the main pipe system in the Eastern Region which comprises 1) the Dokkrai pipeline, 2) the Nongplalai-Nongkho pipeline and 3) Nongkho – Laemchabang (Phase 2) pipeline in accordance with the governmental agency's application of Ratchaphatsadu Land Act, B.E. 2562 (2019) and the Ministerial Regulations on Ratchaphatsadu, B.E. 2564 (2021). The Company submitted a proposal on 9 August 2021. On 26 August 2021, the government agency sent a letter announcing the annulment of the bidding process and invited the Company to resubmit a proposal for a revised bid, dated 10 September 2021. The Company submitted the proposal for the new bid on 28 September 2021.

However, the Company considers the aforementioned annulment of the bid may cause damage to the Company. Thus, on 23 September 2021, the Company filed a lawsuit with the Central Administrative Court (Court) against the Private Entity to Operate and Manage Pipe System Selection Committee (Committee) and the Treasury Department, petitioning the Court to order the revocation the Committee's resolution or its order to annul the bid and to revoke the Committee's announcement and Request for Proposal for the second bid, as well as file a petition for a temporary measure while the Court deliberates. The Court dismissed the temporary measure petition, although the Court's decision also stated that even after the contract for the project in dispute is signed, but the selection process of the private company is subsequently found to not be in compliance with the law, the Court will still have the authority to revoke the proceedings, and that if the Company determines that it has incurred damages, then it has the right to file a suit for damages.

On 1 August 2022, the Company filed a petition for a temporary measure with the Central Administrative Court to postpone the signature of the lease contract for the management and operation of the major water distribution pipelines in the Eastern Seaboard area between the Treasury Department and the private company that acquired the lease scheduled for 3 August 2022. On 2 August 2022, the Central Administrative Court issued a court order granting the temporary measure before the court's final deliberation to suspend the implementation of the announcement and Request for Proposal for the management and operation of the major water distribution pipelines in the Eastern Seaboard area dated 10 September 2021. This results in the temporary postponement of the signature of the above-mentioned contract until the Court issues its ruling or other order.

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4. SIGNIFICANT EVENTS (CONT.)

On 21 September 2022, the Supreme Administrative Court ruled against the Central Administrative Court's decision, thus reversing the Central Administrative Court's decision, and dismissing the petition.

Nonetheless, the Supreme Administrative Court's ruling only affected the petition for a temporary measure to postpone the signature of the contract and is in no way a ruling on the main case. The specifics of the main case are still being deliberated by the Central Administrative Court; the results are still uncertain. Once the Central Administrative Court issues an order or renders judgement on the main case, the Company may file an appeal with and enter the Supreme Administrative Court's deliberation process. If the Company determines that it has incurred damages, then it has the right to file a suit for damages.

Transfer of pipeline assets to Treasury Department: On 10 March 2023, the government agency issued a lease/management termination notice for two water pipeline projects: Nong Pla Lai-Nong Kho and Nong Kho-Laem Chabang (Phase 2). The notice requested the Company to demolish its buildings and structures on the site, remove its assets and personnel, and completely deliver the area and assets of the two projects to the government agency by 11 April 2023. On 22 March 2023, the Company disputed the notice's accuracy and explained the potential impacts on water users if the property was handed over to the government agency on the specified date. The Company is still awaiting the Central Administrative Court's order results regarding the lawsuits it filed. Despite the ongoing legal dispute, the government agency insisted that the Company deliver the assets by the 11 April 2023 deadline. As a result, the Company delivered the projects' assets to the government agency on that date.

However, for the handover of assets the Company has reserved the right to object and the right of use and manage the main water distribution pipeline in the Eastern Region as per the legal relations between the Company and the government agency, including the right to file any additional lawsuit with the Court, as well as take any required legal action, including the right to file a suit for all damages that occur or may occur.

The period of the handover of assets to the new operator must have clear plans and actionable steps, agreed upon by all stakeholders, and the Company must prepare the assets to be transferred and separate the operations and management of said assets to ensure minimal impact to the customers along both the Treasury Department's pipelines and the Company's pipelines. Presently, the Company reserves the right to take further legal actions.

The Company is still able to operate its business as usual. Additionally, the water grid that the Company uses to manage water distribution in Rayong, Chon Buri and Chachoengsao Province area has a total length of 523 kilometers, of which, 135.90 kilometers of which are pipes that leased to manage from the Treasury Department (after 11 April 2023 handover, only 77.40 kilometers remain). The rest of the water grid that the Company invested in is operating normally. Moreover, the Company is implementing the Water Resources and Main Pipe System in the Eastern Region Development Masterplan which includes the construction of an additional 139.08 kilometers of pipeline to replace, expand and connect the Water Grid, as well as improve the water security in the region to support the increasing future water demands from the expansion of the EEC. These constructions are scheduled to be completed in time to be able to supply water to the main customers in December 2023.

Extension of concessions of tap water contract that ended: The Lan Island Waterworks contract ended on 30 September 2021, however the Company and the City of Pattaya have signed an agreement to extend the operations of the Lan Island Waterworks for another 3 years, from the original date of 30 September 2021 to 30 September 2024.

5. RAW WATER BUSINESS

Raw water revenue for the first nine months of 2023 was 1,947.69 million Baht, decreased by 108.37 million Baht or -5.27% compared to the same period of 2022, mainly from raw water sales volume decrease of 7.28 million Cu.M or -3.99% (excluding internal usage of the Group of Companies of 30.81 million Cu.M.) caused by the handover of assets of the Nongplalai – Nongkho and Nongkho – Laemchabang (Phase 2) pipeline projects to the Treasury Department on 11 April 2023, as described above, which compelled some customers in the Pluakdaeng-Bowin area to temporarily source raw water from the other private

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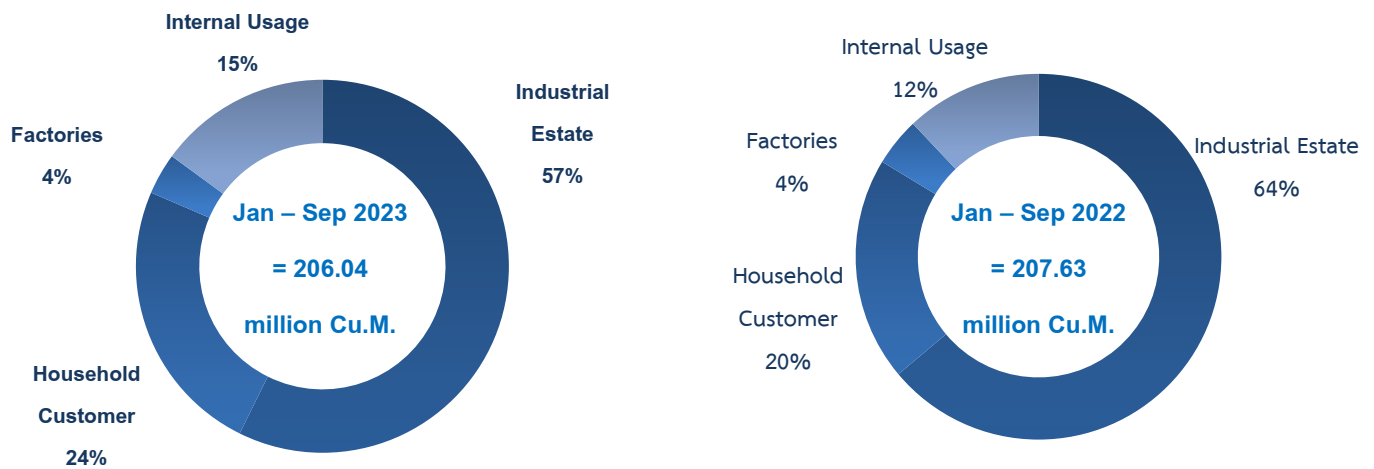
5. RAW WATER BUSINESS (CONT.)

supplier while the Company’s replacement pipeline is under construction (Nongplalai – Nongkho – Laemchabang Pipeline Project). Additionally, compared to the previous year, the slowdown in petrochemical industry from the impact of the global economy caused raw water lower demands for customers in the petrochemical sector from reduced production and exports.

The average raw water sales price was 11.12 Baht per Cu.M., decreased by 0.15 Baht per Cu.M. or -1.33% compared to the same period of 2022.

Raw Water Volume (Million Cu.M)	Q3 (3-month period)				Q3 (9 months cumulative)			
	2023	2022	YoY	%	2023	2022	YoY	%
Total distribution volume	63.65	62.25	1.39	2.24%	206.04	207.63	(1.60)	(0.77%)
(deduct) Internal usage for within the group of companies	11.14	8.63	2.51	29.10%	30.81	25.12	5.69	22.64%
Net raw water sales volume	52.51	53.62	(1.12)	(2.08%)	175.23	182.51	(7.28)	(3.99%)

Raw Water Distribution by Customer Group (Internal usage for tap water production is included)

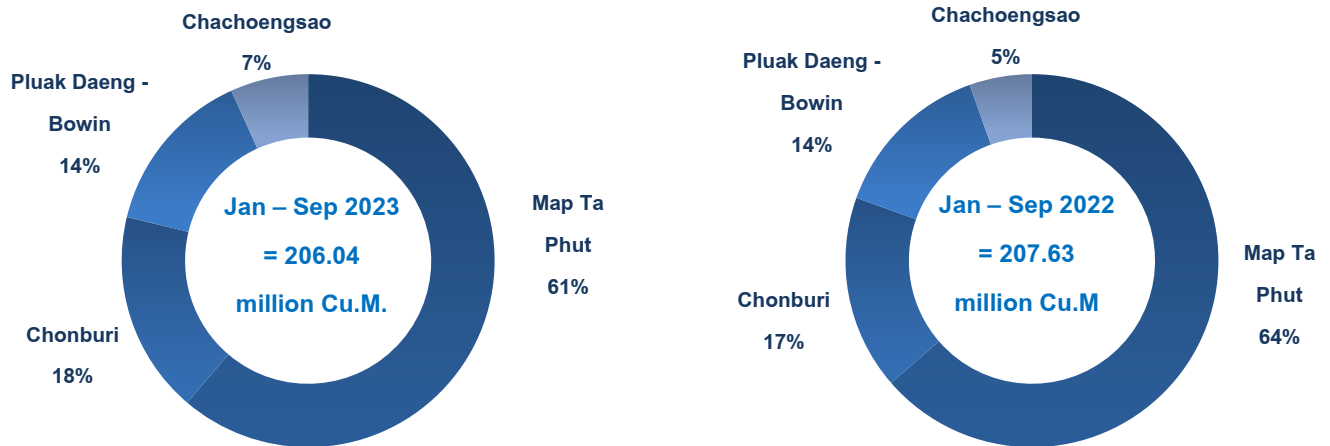


Considering the direction and trend industries, there is substantial raw water business growth potential from the expansion of industries, as well as, the government policy promoting Rayong, Chonburi and Chachoensao provinces to be the production hub of high-tech industries and increasing competitiveness with the Eastern Economic Corridor (EEC). The Company’s raw water capabilities are considered highly ready to support the EEC; from investments, stability of water resources and water distribution network.

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5. RAW WATER BUSINESS (CONT.)

Raw Water Distribution by Area (Internal usage for tap water production is included)



Gross Profit of Raw Water Business for the first 9 months of 2023 was 791.12 million Baht, decreased by 248.39 million Baht or -23.89% compared to the same period of 2022. The details are as follow:

- 1) Raw water revenue decreased 108.37 million Baht or -5.27% from the impact of the handover of pipeline assets to the Treasury Department on 11 April 2023 and the lower raw water demands from global economic impact to customers in the petrochemical sector, as detailed above.
- 2) Costs of sales increased 140.02 million Baht or +13.77%, mainly from the government's escalation of the electricity's FT rate at the end of 2022 to the third quarter of 2023, causing the electricity cost for pumping operations to increase significantly to 34% of raw water costs, compared to 30% over the same period in 2022. Additionally, the cost of raw water and maintenance costs increased, opposite to the lower raw water sales volume, from increased water diversion costs and improvements to the water grid to be able to supply water to customers in the Pluakdaeng-Bowin and Chonburi areas after the handover of assets to the Treasury Department on 11 April 2023

As a result, the gross profit margin of raw water business for the first 9 months of 2023 decreased to 40.62% from 50.56% over the same period of the previous year.

Major costs of raw water business (Million Baht)	Q3 (3-month period)				Q3 (9 months cumulative)			
	2023	2022	YoY	%	2023	2022	YoY	%
Raw Water Revenue	580.27	607.63	(27.36)	(4.50%)	1,947.69	2,056.06	(108.37)	(5.27%)
Costs of Raw Water	372.42	325.03	47.39	14.58%	1,156.57	1,016.55	140.02	13.77%
Raw Water	37.01	28.62	8.39	29.31%	136.65	116.02	20.63	17.78%
Electricity	110.79	90.52	20.27	22.39%	397.65	301.57	96.07	31.86%
Maintenance	114.25	123.24	(8.99)	(7.29%)	354.22	368.64	(14.41)	(3.91%)
Depreciation	40.38	36.89	3.49	9.46%	93.87	88.05	5.82	6.61%
Others	70.00	45.76	24.23	52.96%	174.18	142.27	31.91	22.43%
Gross Profit	207.85	282.60	(74.75)	(26.45%)	791.12	1,039.51	(248.39)	(23.89%)
Gross Profit Margin	35.82%	46.51%			40.62%	50.56%		

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6. TAP WATER BUSINESS

Tap water revenue for the first 9 months of 2023 was 1,133.54 million Baht, increased 89.46 million Baht or +8.57% compared to the same period of 2022, following the tap water sales increase of 3.42 million Cu.M. or +4.87% compared to the same period 2022.

Tap water sales volume (Million Cu.M)	Q3 (3-month period)				Q3(9 months cumulative)			
	2023	2022	YoY	%	2023	2022	YoY	%
Tap water sales volume of Company	5.93	5.35	0.58	10.80%	17.39	15.79	1.60	10.16%
Tap water sales volume of subsidiaries	18.59	18.33	0.26	1.41%	56.11	54.30	1.81	3.34%
Total tap water sales volume	24.52	23.68	0.84	3.53%	73.51	70.09	3.42	4.87%

Gross Profit of Tap Water Business for the first 9 months of 2023 was 325.32 million Baht, increased by 13.87 million Baht or +4.45% compared to the same period of 2022, although sales volume and revenue increased but, similarly to the raw water business, the cost of tap water increased, mainly from the government's escalation of the electricity FT rate at the end of 2022 to the third quarter of 2023. The gross profit margin was 28.70%, decreased from 29.83% during the same period of 2022.

Major Costs of Tap Water Business (Million Baht)	Q3 (3-month period)				Q3 (9 months cumulative)			
	2023	2022	YoY	%	2023	2022	YoY	%
Tap Water Revenue	383.55	354.53	29.02	8.19%	1,133.54	1,044.08	89.46	8.57%
Costs of Tap Water	271.12	254.87	16.26	6.38%	808.22	732.63	75.59	10.32%
Raw Water	64.02	53.27	10.75	20.19%	180.63	148.79	31.84	21.40%
Electricity	43.13	37.95	5.18	13.64%	139.91	107.90	32.01	29.67%
Chemical	14.05	11.81	2.24	18.98%	35.22	32.85	2.37	7.20%
Payroll, Outsource Expenses & Maintenance	48.94	46.09	2.85	6.19%	145.98	142.99	2.99	2.09%
Depreciation	84.11	68.82	15.29	22.22%	254.40	240.94	13.46	5.59%
Others	16.87	36.93	(20.06)	(54.31%)	52.08	59.16	(7.07)	(11.96%)
Gross Profit	112.43	99.66	12.77	12.81%	325.32	311.45	13.87	4.45%
Gross Profit Margin	29.31%	28.11%			28.70%	29.83%		

7. INDUSTRIAL WATER BUSINESS

Industrial water revenue for the first 9 months of 2023 was 115.39 million Baht, increased by 70.21 million Baht or +155.40% compared to the same period in 2022, as industrial water sales volume gradually increase to match customer demands

Gross Profit of Industrial Water Business for the first 9 months of 2023 was still negative at -13.85 million Baht, although at a lower ratio compared to the same period of 2022, mainly due to recognizing depreciation of assets of completed construction using the straight-line method (mainly from Amata City and Gulf PD Industrial Water Supply Projects), while customer demands will gradually increase in annual steps.

- Amata City Rayong Industrial Estate has started to purchase water at the contracted minimum guarantee since 2022
- Gulf PD powerplant has started purchasing water in April 2023, with sales volume rapidly increasing to nearly match Amata City demand volume and is projected to further increase in response to Gulf's power production.
- the Carabao Group's monthly average demands are approximately 50% higher compared to the average of 2022

Additionally, the Company has newly contracted customers, such as Amata City Rayong 2 Industrial Estate and Xin Ke Yuan Co. Ltd. (SKY), and several new customers in the contracting process, and thus expects to start generating gross profit from the end of 2023 onwards.

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7. INDUSTRIAL WATER BUSINESS (CONT.)

Industrial Water Sale Volume Industrial Water Revenue	Q3 (3-month period)				Q3 (9 months cumulative)			
	2023	2022	YoY	%	2023	2022	YoY	%
Costs of Industrial Water	3.42	1.09	2.33	212.83%	8.21	3.06	5.15	168.51%
Industrial Water Sale Volume	47.26	15.71	31.55	200.87%	115.39	45.18	70.21	155.40%
Industrial Water Revenue	44.04	33.15	10.89	32.86%	129.24	87.50	41.74	47.70%
Raw Water	0.07	3.73	(3.65)	(98.00%)	15.10	11.11	3.99	35.95%
Direct cost (electricity, chemicals, O&M)	18.96	9.19	9.77	106.41%	37.98	23.39	14.59	62.40%
Depreciation	25.01	20.23	4.77	23.60%	75.40	53.00	22.41	42.28%
Other costs	-	-	-	-	0.76	0.01	0.75	7,474.95%
Gross Profit	3.21	(17.44)	20.66	(118.42%)	(13.85)	(42.32)	28.47	(67.28%)
Gross Profit Margin	6.80%	(111.05%)			(12.00%)	(93.66%)		

8. FINANCIAL POSITION ANALYSIS

Financial Position (MB)	As of 30 Sep 2023	As of 31 Dec 2022	Increased (Decreased)	%
Total Assets	26,522.69	25,097.79	1,424.90	5.68%
Total Liabilities	14,849.23	13,530.13	1,319.10	9.75%
Equity	11,673.46	11,567.66	105.80	0.91%
- Equity attributable to owners of the parent company	11,525.80	11,414.42	111.38	0.98%

1) Assets As of 30 September 2023, total assets were 26,522.69 million Baht, increased by 1,424.90 million Baht or +5.68% since 31 December 2022 due to the changes in land, buildings and equipment (net) were 20,904.97 million Baht, increased by 1,605.93 million Baht or +8.32% from 31 December 2022, mainly from progress of construction, such as, industrial water and total water solution projects, Klong Luang Reservoir Pipeline project and Nongplalai – Nongkho – Laemchabang Pipeline project .

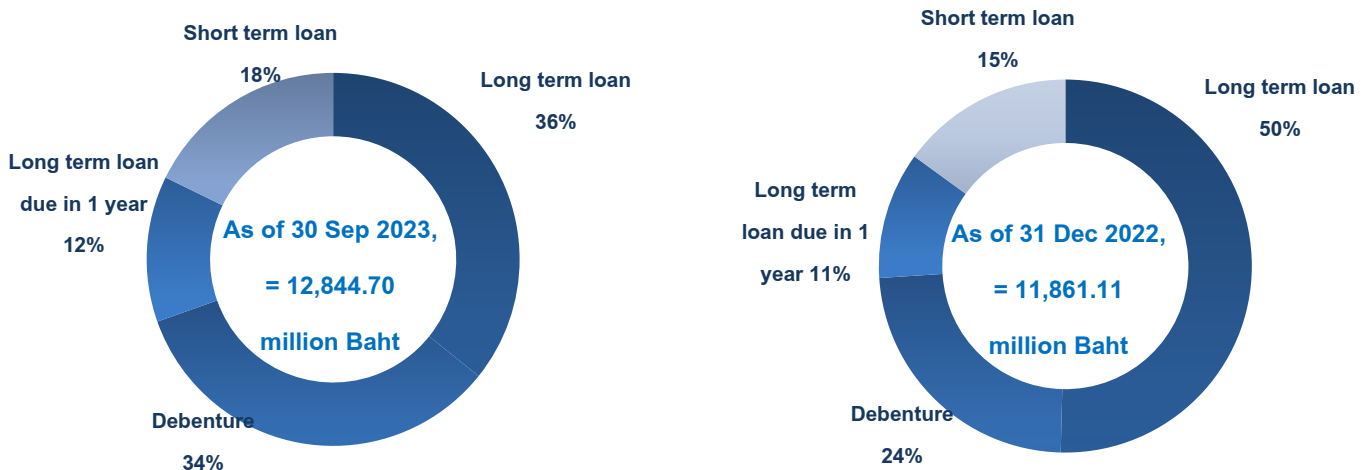
2) Liabilities As of 30 September 2023, total liabilities were 14,849.23 million Baht, increased 1,319.10 million Baht or +9.75% from 31 December 2022, mainly due to changes in the following items:

- Debentures increased to a total of 4,345.29 million Baht, increased by 1,548.18 million Baht from the end of 2022, from the issuance of unsecured senior debentures of 1,550.00 million Baht on 23 February 2023 and 24 April 2023 to financial institutions and high net worth individuals to support the Company's continued investment projects

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8. FINANCIAL POSITION ANALYSIS (CONT.)

Proportion of Interest-Bearing Debt



Note: According to the debtentures and long-term loan agreements, the company was required to maintain its D/E ratio of not higher than 2.00.

3) Shareholders' Equity As of 30 September 2023, Shareholders' equity attributable to owners of the parent company was 11,525.80 million Baht, increased by 111.38 million Baht or +0.98% from 31 December 2022.

9. LIQUIDITY ANALYSIS AND FUNDING ADEQUACY

For the first 9 months of 2023, the company had carried over cash and cash equivalents of 90.93 million Baht, whereby during the financial period, net cash decreased 1.46 million Baht. This comprised of the following items:

1) Net cash received from Operating Activities totaling 1,382.41 million Baht from net income and the changes in assets and liabilities from operations

2) Net cash used in Investment Activities amounted to -1,885.13 million Baht. This was mainly due to cash purchase of fixed assets and advance payment for construction of -1,135.53 million Baht.

3) Net cash received from Financing Activities amounted to 501.27 million Baht, the issuance of debtentures totaling 1,550 million Baht, net off with loan repayment during the year.

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10. KEY FINANCIAL RATIOS

Key Financial Ratios	Q3/2023	Q3/2022
Liquidity Ratio		
Current ratio (times)	0.39	0.58
Average A/R collection days (days) ¹⁾	41.57	36.41
Average A/P collection days (days)	19.89	21.88
Profitability Ratio		
Gross profit / total sales and services revenue (%)	33.94%	40.88%
Net profit / total sales and services revenue (%)	10.67%	19.59%
Performance Ratio		
Return on Equity (ROE) (%)	3.69%	7.34%
Return on Assets (ROA) (%)	1.66%	3.44%
Capital Structure and Debt Ratio		
Debt to Equity ratio (time)	1.29	1.13
Debt Service Coverage ratio (DSCR) (time)	0.95	1.54

Note: 1) Gross profit and Net profit do not include construction revenue under concession agreement and other income.

For the first 9 months of 2023, East Water Group reported a decrease in net profit and profit margin compared to the same period of 2022, mainly from generating slightly higher revenue from sales and services of tap water and industrial water sales, whilst sales expenses increased significantly, mainly from the cost of electricity escalation and the increase in the cost of finance. Consequently, gross profit margin and net profit margin decreased to 33.94% and 10.67%, respectively, while in the same period of 2022 the gross profit margin was 40.88% and net profit margin was 19.59%.

Return on Equity (ROE) and Return on Asset (ROA) for the first 9 months of 2023 decreased to 3.69% and 1.66%, respectively compared to the same period in 2022, when the ROE was 7.34% and ROA was 3.44%, mainly from decreased net profit, whilst assets and shareholders' equity increased.

As for the liquidity at the end of Q3/2023, the Liquidity Ratio was 0.39 times, decreased from Q2/2022's 0.58 times. Debt to Equity ratio was 1.54 times, increased from 1.05 times in Q2/2022, due to the issuance of debentures totaling 1,550.00 million Baht in the 9 months of 2023.

The Debt Service Coverage Ratio (DSCR) decreased to 0.95 times from 1.54 times in Q3/2022 due to long term loans due in 1 year and increased interests from borrowings, whilst EBITDA decreased. Nevertheless, the Company is able to manage liquidity and repay various debts normally, with financial restructuring plans revised annually and at intervals as necessary and prudent.

11. CREDIT TERM POLICY

The Company has set credit terms for raw water customers, tap water customers and tenants at approximately 30 days. For trading partners, the Company will negotiate credit terms to be approximately 30 days as well. The Group of Companies has appropriate policies and procedures to control credit risk from transactions with customers. As the majority of the group's customers are either governmental agencies or large private companies, Management assessed credit risk as "low".

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12. CAPITAL EXPENDITURE COMMITMENT

Capital expenditure commitments that have not yet been recognized in the financial statement are as follows:

Capital Expenditure (MB)	30 September 2023	31 December 2022
Land, buildings and equipment	1,694.68	2,232.40
Intangible assets	107.66	123.06
Total	1,802.35	2,355.46

Capital expenditure commitment in land, buildings and equipment stem from ongoing construction projects, such as the Nongplalai – Nongkho – Laemchabang pipeline project, the Maptaphut – Sattahip pipeline project, the Klong Luang – Chonburi raw water pipeline construction project and total water service for U-Tapao International Airport project.

13. RELATED PARTIES TRANSACTIONS

The Company has related transactions with entities that might experience conflict of interests, as identified by the Auditor as follow:

- 1) The Provincial Waterworks Authority (PWA), which the largest shareholder, with 40.20% of the Company's issued shares and has representatives appointed to the Company's Board of Directors
- 2) The Industrial Estate Authority of Thailand (IEAT), which holds 4.57% of the Company's issued shares and has a representative appointed to the Company's Board of Directors

The details of related transactions are sorted by type of transaction and included in the note to financial statement no. 18.1 of the financial statement relating to related transactions with individuals or businesses.