

**EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED**  
**MANAGEMENT DISCUSSION AND ANALYSIS FOR Q1/2024**

**1. ANALYSIS OF FINANCIAL PERFORMANCE**

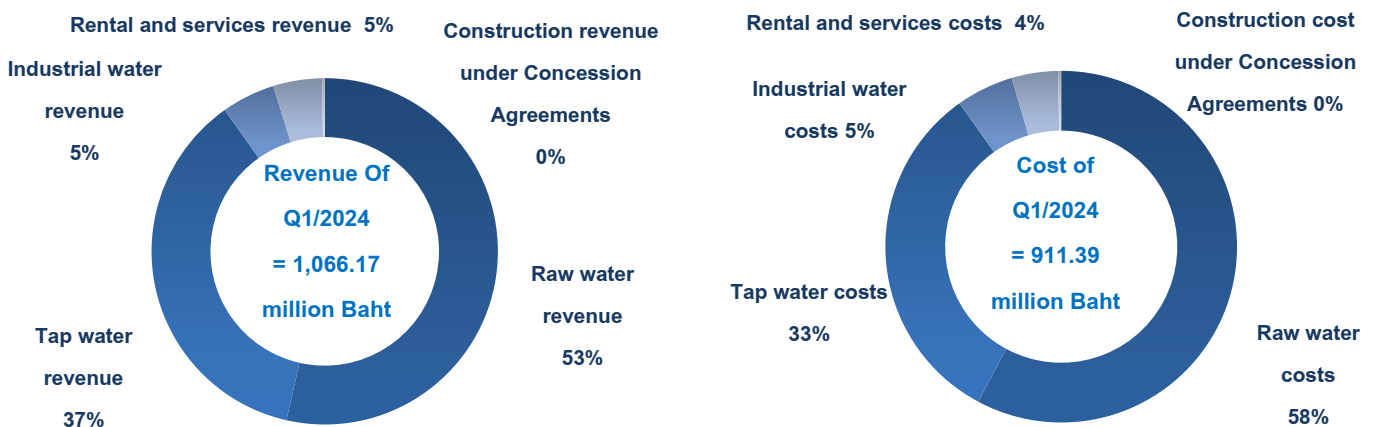
For the first quarter of 2024, East Water Group had total consolidated sales and services income of 1,066.17 million Baht, decreased by 46.98 million Baht or -4.22% compared to the same period of 2023, mainly from decreased raw water sales volume, whilst costs of sales and services totaled 911.39 million Baht, increased by 189.30 million Baht or +26.22% compared to the same period of 2023. East Water Group generated a net loss of 18.66 million Baht, a decrease of 170.43 million Baht or -112.29%, with net loss attributable to equity holders of the parent company of 21.39 million Baht.

Following the significant event in 2023; 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, which comprises of the (1) Dokkrai – Maptaphut, (2) the Maptaphut – Sattahip, (3) the Nongkho – Laemchabang (Phase 1) and (4) Laemchabang – Pattaya Pipeline Projects, reached the end of the contract and were handed over to the Treasury Department on 31 December 2023.

For Q1/2024 the Company has been able to retain most of its customers, thus revenue for sales and services declined only 4.22% compared to the same period of 2023, nevertheless the Company was affected by material costs and some other expenses during the transition period after the return of the assets to the Treasury Department. The Company had estimated and allocated 31 million Baht for the impairment of assets on overlapping areas; comprising of approximately 13 million Baht for assets that cannot be removed and 18 million Baht for the dismantling and removal of assets (note #10 of the Q1/2024 financial statement). Additionally, the Company had added expenses from the purchase of raw water from private companies to supply to its own customers on a temporary basis while waiting for the completion of the delayed replacement pipelines. Thus, the company registered a net loss in Q1/2024, as detailed above.

Currently, the pipeline replacement project is approximately 95% completed, and the company is expediting construction for completion in Q3/2024 so the Company will have access to a complete Water Grid again.

**Proportion of revenues and cost**



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**1. ANALYSIS OF FINANCIAL PERFORMANCE (CONT.)**

Income statement (Million Baht)	Q1/2024 (3-month period)			
	2024	2023	YoY	%
<b>Total Sales and Services revenue</b>	<b>1,066.17</b>	<b>1,113.16</b>	<b>(46.98)</b>	<b>(4.22%)</b>
Raw water revenue	570.94	686.15	(115.21)	(16.79%)
Tap water revenue	390.72	363.99	26.74	7.35%
Industrial water revenue	53.26	22.18	31.08	140.10%
Rental and services revenue	48.69	36.50	12.19	33.38%
Construction revenue under Concession Agreements	2.56	4.34	(1.78)	(40.96%)
<b>Costs of Sales and Services</b>	<b>911.39</b>	<b>722.09</b>	<b>189.30</b>	<b>26.22%</b>
Raw water cost	527.11	377.07	150.04	39.79%
Tap water cost	294.74	270.41	24.34	9.00%
Industrial water cost	48.11	39.26	8.85	22.53%
Rental and services cost	38.87	31.02	7.86	25.34%
Construction cost under Concession Agreements	2.56	4.34	(1.78)	(40.96%)
<b>Gross profit</b>	<b>154.78</b>	<b>391.06</b>	<b>(236.28)</b>	<b>(60.42%)</b>
Other income	22.04	11.75	10.29	87.53%
Sales and administrative expenses	128.54	146.35	(17.80)	(12.17%)
<b>Operating profit</b>	<b>48.28</b>	<b>256.47</b>	<b>(208.19)</b>	<b>(81.18%)</b>
Finance cost	86.52	73.14	13.38	18.29%
Income tax expenses	(19.58)	31.56	(51.14)	(162.05%)
<b>Net profit</b>	<b>(18.66)</b>	<b>151.77</b>	<b>(170.43)</b>	<b>(112.29%)</b>
Net profit attributable to shareholders of the parent company	(21.39)	149.11	(170.50)	(114.35%)
Earnings per share (EPS)	(0.01)	0.09	(0.10)	(114.35%)

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

EBITDA (Million Baht)	Q1/2024 (3-month period)			
	2024	2023	YoY	%
Operating profit	48.28	256.47	(208.19)	(81.18%)
Depreciation	176.33	177.39	(1.06)	(0.60%)
Amortization	93.08	90.85	2.23	2.45%
<b>EBITDA</b>	<b>317.69</b>	<b>524.71</b>	<b>(207.02)</b>	<b>(39.45%)</b>

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 Q1/2024, overall, all the economy was stable compared to the previous year. The manufacturing sector is affected by exports, with high levels of stock and decreased domestic sales, such as the automotive and parts manufacturing sector which contracted due to decreased exports to ASEAN market and decreased local sales, especially for pickup trucks. This is partially due to financial institutions being more cautious in granting loans, while passenger cars market share face intense competition from Chinese EV's. The electrical appliances and semiconductor manufacturing sector shrank following decreased orders from the high levels of stocks. Hard Disk Drive (HDD) manufacturing sectors was relatively stable from demands from the growing Cloud and Data Storage sector, even in the face of high levels of stocks. Steel, appliances and petrochemical

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manufacturing sectors market shares were affected by increasingly intense competition from Chinese goods, both domestically and for export, especially in the ASEAN market, overall, petroleum production sector is stable at the lower level since last year. The costs of energy and transportation increased, partially due to the ongoing conflict in the Red Sea area. The cost of labor increased in line with the increased minimum wage, whilst the majority of businesses have limited capability to increase prices due to high competition in both domestic and international markets.

For Q2/2024, the economy is projected to expand compared to the same period of last year. The service and tourism sectors are expected to expand following the upward trend in the number of foreign tourists. The construction and real estate sectors are expected to be stable, from continually decreasing demands for housing priced below 3 million Baht, whilst demands for housing priced above 10 million Baht is also waning, but still strong. Government budget is expected to be gradually dispensed in Q2/2024. The trading sector is expected to be stable, due to the relatively high level of household debt limiting overall consumption, especially the lower income bracket. Nevertheless, the tourism sector is expected to produce positive influences. Manufacturing has tendencies to shrink slightly, especially for the automotive and electronics manufacturing sectors. Close monitoring of important issues that may affect trends in the next periods is necessary, such as the increased competition from Chinese goods in Thailand's export market, especially in the US and EU markets, which originally only affected the domestic and regional ASEAN markets, and the efficiency of the Government budget disbursement in 2024.

### 3. WATER SITUATION

As of 3 May 2024, the water supply situation in Chonburi and Rayong was in the enhanced monitoring level. The water supply in most main reservoirs was lower than the 10-year average following Thai Meteorological Department prediction that the rainfall in the Q1/2024 period will be approximately 30 percent below normal, whilst predicting the overall rainfall across the country for the next 3 months to be near normal, except for the Northeastern region receiving approximately 10% lower rainfall than average. The Eastern Region is predicted to receive 700-800 mm of rainfall, compare to the average of 753 mm, the temperature will be approximately 1 degree Celsius higher than normal, with average national temperatures of 25-27 degrees Celsius (compared to 24.9 degrees Celsius average).

The water in the reservoirs in Chonburi and Rayong were 35.39% and 47.88% of total capacity, respectively.

Water Volume (Million Cu.M)	Chonburi		Rayong			
	Bangphra	Nongkho	Dokkrai	Nongplalai	Klongyai	Prasae
<b>Water reserve</b>	42.76	6.22	25.90	86.48	19.40	135.44
Percentage of total capacity	37.00%	29.00%	36.00%	53.00%	48.00%	45.90%
Average (2013-2023)	62.50	11.76	49.33	117.21	27.62	192.32
Above/(below) average (2013-2022)	(19.74)	(5.54)	(23.43)	(30.73)	(8.22)	(56.88)

### 4. SIGNIFICANT EVENTS

**Dividend Payment:** On 30 April 2024, the Annual General Meeting (AGM) approved annual dividend payout, for the 2023 operation period, to shareholders of 0.10 Baht per share, which is comprised of the interim dividend payment of 0.05 Baht per share, totaling 83.19 million Baht, which was paid to shareholders on 29 September 2023, and the dividend payment for the operations during the second half of 2023 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 9 May 2024 and dividend payment on 29 May 2024.

**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".

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4. SIGNIFICANT EVENTS (CONT.)

**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.

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.

On 28 December 2023, the Central Administrative Court dismissed the case file by Eastern Water Resources Development and Management Public Company Limited, against the selection committee for the selection of a private company to manage and operate major water distribution pipeline systems in the Eastern Seaboard area and the Treasury Department (the Black Case No. 1746/3564). The time limit for filing an appeal of this judgment with the Supreme Administrative Court was within 30 days from the date of acknowledgment of this decision, which ended on January 27, 2024. On 26 January 2024, the Board of Directors has considered and determined that the judgment of the Central Administrative Court is reasonable. Furthermore, after analyzing the avenues for appealing the Central Administrative Court's judgment as presented by the Management and legal advisors, the Board of Directors concluded that arguments do not carry sufficient weight to refute the judgment of the Central Administrative Court. Consequently, the company risks not winning the case in the Supreme Administrative Court, additionally the appeal process will consume a great deal of the Company's time and resources, during which time the company will have future businesses and projects which will be associated and require permission or consent from government agencies. Therefore, preserving the Company's good relationships with government agencies, as well as taking into account the image of the company, should be taken into consideration by the Board of Directors. Therefore, the Board of Directors considers it is appropriate to not appeal the case.

**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

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#### 4. SIGNIFICANT EVENTS (CONT.)

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.

On 31 December 2023, marking the expiration date of the contract for the management and operation of the main water pipeline system in the Eastern region with the Ministry of Finance (the Treasury Department), signed on 26 December 1993, the Company has fulfilled its obligation to deliver assets back to the Ministry of Finance. These assets include: (1) Dokkrai- Map Ta Phut water pipeline project; (2) Map Ta Phut-Sattahip water pipeline project; (3) Nong Kho - Laem Chabang water pipeline project (Phase 1); and (4) Laem Chabang -Pattaya water pipeline project. 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.

Furthermore, the Company anticipates that the delivery of these assets may result in the lessening of the Company's raw water revenue for the year 2024 compared to the total revenue in 2023. However, the Company is in the process of constructing its own additional water distribution pipeline systems of approximately 139 kilometers, along with water pumping stations, this will extend the Company's water distribution pipeline systems to a total length of approximately 526 kilometers to accommodate the increasing demand for water both in the present and future, especially in the Eastern Economic Corridor (EEC). Thus, the Company is still able to operate its business as usual using the Water Grid to manage water distribution in Rayong, Chon Buri and Chachoengsao Provinces.

**Compliance with orders from the Treasury Department and notice of plans to dismantle assets from Ratchaphatsadu land that the Treasury Department has reclaimed.** The Company received a letter from the Treasury Department, dated March 12, 2024, informing of the cancellation of the use of Ratchaphatsadu land, totaling approximately 4-3-21 rai in area, including canceling the rights to use the area, which is an overlapping area and other assets of the Nongplalai - Nongkho Water Pipeline Project and the Nongkho - Laemchabang Water Pipeline Project (Phase 2), which the Company transferred the assets on April 11, 2023, which must be completed within 30 days of the receipt of the letter. The company sent a clarification letter and continued discussions with the Treasury Department before the due date, since the dismantling of the assets in order to transfer the aforementioned area would be an action with possible wide ranging negative impact to water users. Therefore, the action must be carefully evaluated and prudent planning must be formulated. Nonetheless, the Company has a duty to comply with the laws, rules, regulations, and orders of the government agency. Therefore, the Board of Directors resolved to direct the Management to prepare an action plan, within May 2024, to define the processes and required time period for the dismantling of the assets, ensuring that the transfer of the area to the Treasury Department would not affect the pumping and delivery of water to the Company's water users, as well as to avoid causing impact to the overall economy of the country, which matches the Treasury Department's intents. This dismantling the assets might be directly lead to higher cost from operations, as well as the cost of securing replacement water other sources

#### 5. RAW WATER BUSINESS

Raw water revenue Q1/2024 was 570.94 million Baht, decreased by 115.21 million Baht or -16.76% compared to the same period of 2023, mainly from raw water sales volume decrease of 10.95 million Cu.M or -17.89% (excluding internal usage of the Group of Companies of 12.70 million Cu.M.) caused by impact of the global economy and other factors leading to raw water lower demands for customers in the industrial sector, as well as the delay in some parts of the Company's replacement pipeline construction obliging some customers to purchase water from other sources.

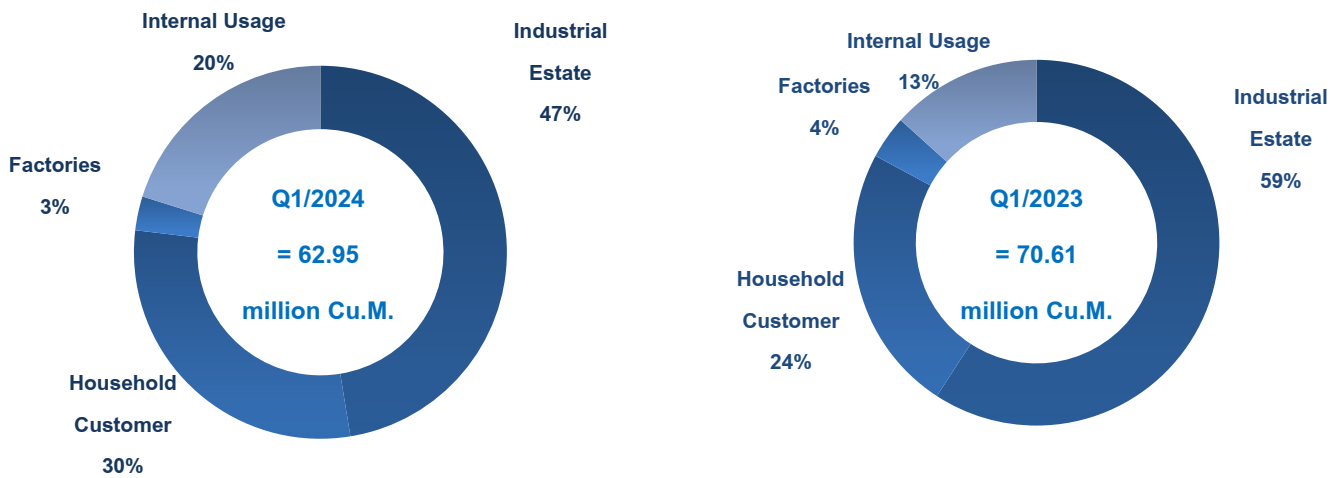
The average raw water sales price was 11.36 Baht per Cu.M., increased by 0.15 Baht per Cu.M. or +1.34% compared to the same period of 2023.

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5. RAW WATER BUSINESS (CONT.)

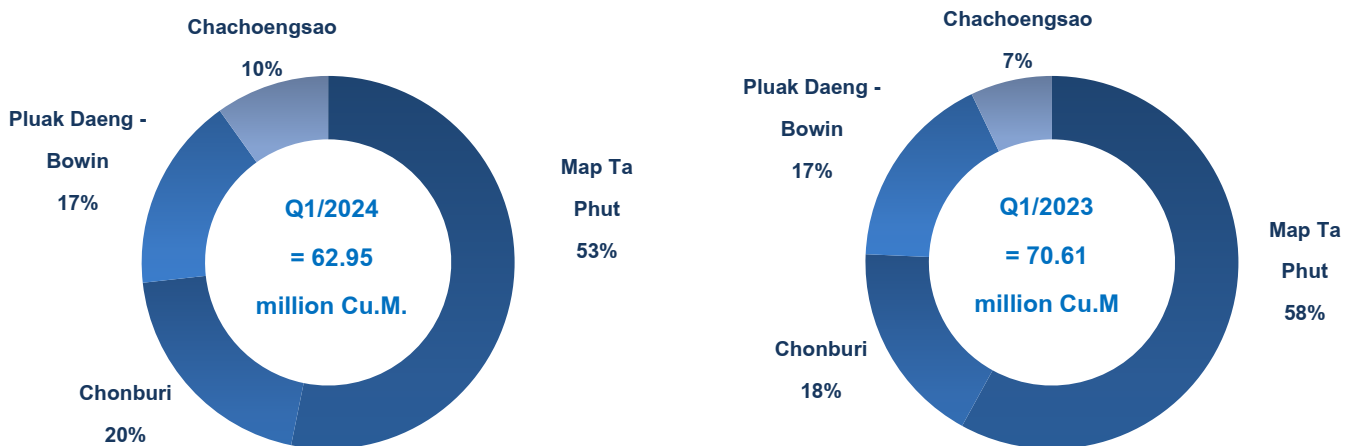
Raw Water Volume (Million Cu.M)	Q1/2024 (3-month period)			
	2024	2023	YoY	%
Total distribution volume	62.95	70.61	(7.66)	(10.85%)
(deduct) Internal usage for within the group of companies	12.70	9.41	3.29	34.97%
<b>Net raw water sales volume</b>	<b>50.26</b>	<b>61.21</b>	<b>(10.95)</b>	<b>(17.89%)</b>

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



Considering the direction and trend of industries, there is substantial raw water business growth potential from the expansion of industries, as well as, the government policy promoting Rayong, Chonburi and Chachoengsao 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.

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





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**5. RAW WATER BUSINESS (CONT.)**

**Gross Profit of Raw Water Business** for Q1/2024 was 43.83 million Baht, decreased by 265.24 million Baht or -85.82% compared to the same period of 2023. The details are as follow:

- 1) Raw water revenue decreased 115.21 million Baht or -16.97% mainly from the lower raw water demands from global economic impact and other factors to industrial sector, as detailed above.
- 2) Costs of sales increased 150.04 million Baht or +39.79%, mainly from cost of raw water increase of 219.29 million Baht, an increase of 173.42 million Baht or +378.12% compared to the same period of 2023, due to the Company having to temporarily purchase raw water from other private company to supply its customers due to construction delays with the replacement pipeline, as well as other expenses of water diversion operations and management and improvements to the pipeline for customers in the service area of the Treasury Department's pipelines, as detailed previously. Currently the Company's replacement pipeline is 95% complete and is expedited to be operational by Q3/2024.

As a result, the gross profit margin of raw water business for Q1/2024 decreased to 7.68% from 45.05% over the same period of the previous year.

Major costs of raw water business (Million Baht)	Q1/2024 (3-month period)			
	2024	2023	YoY	%
Raw Water Revenue	570.94	686.15	(115.21)	(16.79%)
Costs of Raw Water	527.11	377.07	150.04	39.79%
Raw Water	219.29	45.86	173.42	378.12%
Electricity	109.27	143.50	(34.23)	(23.85%)
Depreciation	111.92	116.94	(5.02)	(4.29%)
Maintenance	32.75	22.93	9.82	42.85%
Others	53.88	47.84	6.04	12.62%
<b>Gross Profit</b>	<b>43.83</b>	<b>309.08</b>	<b>(265.24)</b>	<b>(85.82%)</b>
<b>Gross Profit Margin</b>	<b>7.68%</b>	<b>45.05%</b>		

**6. TAP WATER BUSINESS**

Tap water revenue for Q1/2024 was 390.72 million Baht, increased 26.74 million Baht or +7.35% compared to the same period of 2023, following increased tap water sales of 0.79 million Cu.M. or +3.28%.

Tap water sales volume (Million Cu.M)	Q1/2024 (3-month period)			
	2024	2023	YoY	%
Tap water sales volume of Company	5.84	5.56	0.28	5.01%
Tap water sales volume of subsidiaries	18.89	18.38	0.51	2.76%
<b>Total tap water sales volume</b>	<b>24.73</b>	<b>23.94</b>	<b>0.79</b>	<b>3.28%</b>

**Gross Profit of Tap Water Business** for Q1/2024 was 95.98 million Baht, increased 2.40 million Baht or +2.57% compared to the same period of 2023, mainly from increased tap water sales and lower electricity costs compared to the same period 2023, as the areas had to temporarily source water from other private companies, nevertheless, the Company had some sales costs that could not be reduced such as the cost of chemicals and other expense. This the gross profit margin was 24.56% compared to 25.71% of the same period of the previous year.

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**6. TAP WATER BUSINESS (CONT.)**

Major Costs of Tap Water Business (Million Baht)	Q1/2024 (3-month period)			
	2024	2023	YoY	%
Tap Water Revenue	390.72	363.99	26.74	7.35%
<b>Costs of Tap Water</b>	<b>294.74</b>	<b>270.41</b>	<b>24.34</b>	<b>9.00%</b>
Raw Water	84.50	59.06	25.44	43.08%
Electricity	39.56	49.58	(10.02)	(20.21%)
Chemical	13.79	10.41	3.38	32.45%
Payroll, Outsource Expenses & Maintenance	48.90	50.64	(1.74)	(3.44%)
Depreciation	87.26	74.26	13.01	17.51%
Others	20.74	26.47	(5.73)	(21.65%)
<b>Gross Profit</b>	<b>95.98</b>	<b>93.58</b>	<b>2.40</b>	<b>2.57%</b>
Gross Profit Margin	24.56%	25.71%		

**7. INDUSTRIAL WATER BUSINESS**

Industrial water revenue for Q1/2024 was 53.26 million Baht, increased by 31.08 million Baht or +140.10% compared to the same period in 2023 as industrial water sales volume gradually increase to match customer demands

**Gross Profit of Industrial Water Business** for Q1/2024 was 5.15 million Baht, increased by 22.23 million Baht or +130.16% compared to the gross loss in the same period of 2023. Revenue increased in line with the sales volume, but depreciation also increased due to 1 additional completed and operating project: Industrial Water Supply to Microchip Technology Project. Additionally, existing customers (Amata City, Gulf PD and Carabao Group Industrial Water Supply Projects) are also gradually increasing demands in annual steps, as projected.

Additionally, the Company has newly contracted customers, such as Rojana Industrial Estate (Pluakdaeng), 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 generating increasing gross profit onwards.

Major Costs of Industrial Water Business (Million Baht)	Q1/2024 (3-month period)			
	2024	2023	YoY	%
Industrial Water Sale Volume	3.85	1.52	2.33	153.69%
Industrial Water Revenue	53.26	22.18	31.08	140.10%
<b>Costs of Industrial Water</b>	<b>48.11</b>	<b>39.26</b>	<b>8.85</b>	<b>22.53%</b>
Direct cost (electricity, chemicals, O&M)	14.20	12.62	1.58	12.52%
Depreciation	29.94	25.88	4.05	15.66%
Other costs	3.97	0.76	3.21	424.18%
<b>Gross Profit</b>	<b>5.15</b>	<b>(17.08)</b>	<b>22.23</b>	<b>130.16%</b>
Gross Profit Margin	9.67%	(77.00%)		



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**8. FINANCIAL POSITION ANALYSIS**

Financial Position (MB)	As of 31 Mar 2024	As of 31 Dec 2023	Increased (Decreased)	%
Total Assets	28,422.15	29,076.66	(654.51)	(2.25%)
Total Liabilities	16,802.46	17,438.31	(635.86)	(3.65%)
Equity	11,619.69	11,638.34	(18.66)	(0.16%)
- Equity attributable to owners of the parent company	11,471.23	11,492.62	(21.39)	(0.19%)

**1) Assets:** As of 31 March 2024, total assets were 28,422.15 million Baht, decreased by 654.51 million Baht or -2.25% since 31 December 2023, mainly from the following changes:

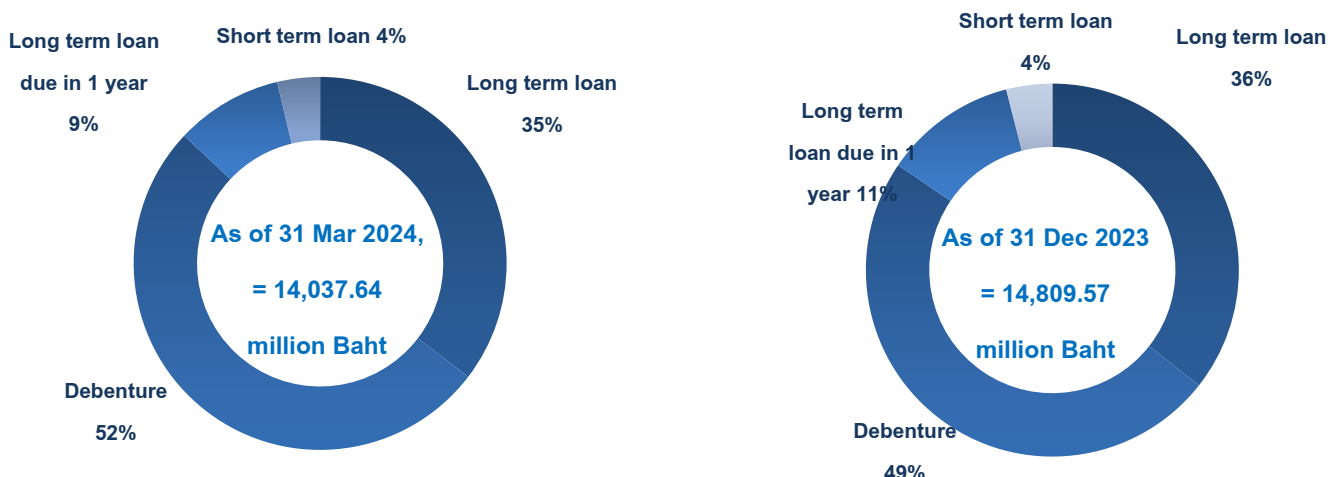
- financial assets measured by amortized cost (long-term savings and bonds) of 1,246.87 million Baht, decreased 860.19 million Baht, compared to end of 2023 due to drawdown payment for the Company's construction project progress and cash and cash equivalents of 286.49 million Baht, a decrease of 357.82 million Baht since end of 2023.

- land, buildings and equipment (net) of 22,484.53 million Baht, increased by 650.62 million Baht since end 2023 from progress of various construction projects, such as, Treasury Department pipeline replacement projects, and industrial water and total water solution projects

**2) Liabilities:** As of 31 March 2024, total liabilities were 16,802.46 million Baht, decreased 6.35.86 million Baht or -3.65% from 31 December 2023, mainly due to changes in the following items:

- long-term loans from financial institutions, both the ones that will be due within 1 year and more than 1 year decreasing by 702.29 million Baht, since end of 2023, following loan contracts that are coming to maturity.

Proportion of Interest-Bearing Debt



**Note:** According to the debentures 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 31 March 2024, Shareholders' equity attributable to owners of the parent company was 11,471.23 million Baht, decreased by 21.39 million Baht or 0.19% from 31 December 2023 from net loss in Q1/2024.

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**9. LIQUIDITY ANALYSIS AND FUNDING ADEQUACY**

For the Q1/2024, the company had carried over cash and cash equivalents of 644.31 million Baht, whereby during the financial period, net cash increased 357.82 million Baht. This comprised of the following items:

**1) Net cash received from Operating Activities** totaling 379.69 million Baht from net income and the changes in assets and liabilities from operations

**2) Net cash received in Investment Activities** amounted to 131.13 million Baht. This was mainly due to withdrawal of financial assets measured by amortized cost (long-term savings and bonds) increasing by 860.19 million Baht, net off with cash purchase of fixed assets and advance payment for construction of 726.01 million Baht.

**3) Net cash used from Financing Activities** amounted to 868.64 million Baht, from the repayment of long-term loan from financial institutes of 700.00 million Baht.

**10. KEY FINANCIAL RATIOS**

Key Financial Ratios	Q1/2024	Q1/2023
<b>Liquidity Ratio</b>		
Current ratio (times)	0.81	0.50
Average A/R collection days (days) <sup>1)</sup>	42.83	44.87
Average A/P collection days (days)	17.68	21.68
<b>Profitability Ratio<sup>(2)</sup></b>		
Gross profit / total sales and services revenue (%)	14.55%	35.27%
Net profit / total sales and services revenue (%)	(1.75%)	13.69%
<b>Performance Ratio</b>		
Return on Equity (ROE) (%)	1.30%	5.30%
Return on Assets (ROA) (%)	0.55%	2.42%
<b>Capital Structure and Debt Ratio</b>		
Debt to Equity ratio (time)	1.46	1.23
Debt Service Coverage ratio (DSCR) (time)	0.91	1.10

**Note:** 1) A/R collection days is calculated using all accounts receivable customers, which is comprised of both billed and unbilled parts.  
2) Gross profit and Net profit do not include construction revenue under concession agreement and other income.

For Q1/2024, East Water Group reported a net loss and profit margin decrease compared to the same period of 2023, mainly from slightly lower sales and services revenue compared to the same period of 2023 while cost of sales of raw water and tap water increased, mainly from temporary purchase of raw water from other private companies, while waiting for the Company's pipeline construction's completion, combined with the cost of electricity (Ft) still being relatively higher than in the past, higher costs of finance. Consequently, gross profit (loss) margin and net profit (loss) margin decreased to 14.55% and -1.75%, respectively, while in the same period of 2023 the gross profit margin was 35.27% and net profit margin was 13.69%

Return on Equity (ROE) and Return on Asset (ROA) for 2024 decreased to 1.30% and 0.55%, respectively, compared to the same period in 2023, when the ROE was 5.30% and ROA was 2.42%, mainly from net loss in Q1/2024 period.

As for the liquidity in Q1/2024, the Liquidity Ratio was 0.81 times, increased from end of 2023's 0.50 times.. Debt to Equity ratio was 1.46 times, increased from 1.23 times at the end of Q1/2023, due to the issuance of debentures in 2023.

The Debt Service Coverage Ratio (DSCR) decreased to 0.91 times from 1.10 times in Q1/2023 due to long term loans due in 1 year, 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.

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**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".

**12. CAPITAL EXPENDITURE COMMITMENT**

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

Capital Expenditure (MB)	31 March 2024	31 December 2023
Land, buildings and equipment	834.94	1,484.79
Intangible assets	94.11	91.15
<b>Total</b>	<b>929.06</b>	<b>1,575.94</b>

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. 17.1 of the financial statement relating to related transactions with individuals or businesses.