

[Translation]

No. AQUA-153/SET-022/20

August 14, 2020

Subject Management Discussion and Analysis for three-month period ended 30 June 2020

To Director and Manager
The Stock Exchange of Thailand

As Aqua Corporation Public Company Limited (“AQUA / the Company”) submitted the interim financial statements ended June 30, 2020 which was reviewed by the Company’s auditor, summarized as follows.

Million Baht	Quarter 2/2020	Quarter 2/2019	Changed (%)
1. Profit from the business operations	(14.54)	64.36	>-100.00%
<i>1.1 Advertising media business</i>	<i>(67.11)</i>	<i>18.25</i>	<i>>-100.00%</i>
<i>1.2 Investment Properties</i>	<i>49.92</i>	<i>43.44</i>	<i>14.92%</i>
<i>1.3 Others</i>	<i>2.65</i>	<i>2.67</i>	<i>-0.75%</i>
2. Share of profits from the associates in proportion to the Company’s shareholding	46.72	50.10	-6.75%
3. Non-recurring items	(8.36)	(6.49)	28.81%
<i>3.1 Amortization of the fair value of the assets at the acquisition date</i>	<i>(3.36)</i>	<i>(3.36)</i>	<i>-</i>
<i>3.2 Adjusted to the new accounting standards (TFRS 9 and TFRS 16)</i>	<i>(5.00)</i>	<i>-</i>	<i>100.00%</i>
<i>3.3 Adjusted employee benefits according to TAS 19</i>	<i>-</i>	<i>(3.13)</i>	<i>-100.00%</i>
Net profit from consolidated financial statements	23.82	107.97	-77.94%

The Company would like to explain the details of business and operating results of the AQUA group to enable the users to understand the Company’s financial statements 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) (Formerly : Eastern Printing Plc.)	40.08	Printing and Renewable Energy	Associate

2. Summary of income and profit from the business

In the year 2020, the Company adjusted the advertising media business operations of the Group under the brand "AQUA" only. By Aqua Corporation Public Company Limited to be the sales management and manage of all advertising media of 4 subsidiaries and indirect subsidiaries (the table 1, Company no. 1-4) and 4 subsidiaries and indirect subsidiaries shall change to be the only owner of the advertising media and providing the construction, procurement, installation and maintenance of the said advertising media only. Therefore, the presentation of the information of the advertising media business will be presented as an overview of the business. (Not classified by company) as follows;

Million Baht	Quarter 2/2020		Quarter 2/2019	
	Revenue	Net Profit	Revenue	Net Profit
Advertising media	98.18	(67.11)	200.49	18.25
Investment Properties	85.74	49.92	84.27	43.44
Renewable energy	108.60	46.72	112.85	50.10
Printing and Packaging	37.18		52.39	
Total	329.70	29.53	450.00	111.79

The net profits from the above table are profits from business operations, excluding non-recurring items and profit from renewable energy business, printing and packaging, the allocation is calculated from AQUA's shareholding proportion.

From the above table, it was found that

2.1 Total revenue from 4 businesses in Q2/2020 decreased by 26.73% from 2019, the main reason from

(1) Service revenues from Advertising Media business decreased by Bath 102.31 Million or 51.03% compared to Q2/2019, classified by media type as follows

Type (Unit : Million Baht)	Q2/2020	Q2/2019	Increased (Decreased)	%
STATIC	68.21	85.91	(17.70)	-20.60%
LED	28.58	111.00	(82.42)	-74.25%
PROJECT	1.39	3.58	(2.19)	-61.17%
Total	98.18	200.49	(102.31)	-51.03%

Revenue from Static decreased by Bath 17.70 million or 20.60% from 2019 and revenue from LED decreased by Bath 82.42 million or 74.25% from 2019 due to the situation of the spread of Covid 19.

(2) Investment Properties business increased by Bath 1.47 million compared to Q2/2019 due to the adjustment of rent according to the contract.

(3) Revenue from Renewable energy business decrease by Bath 4.25 million or 3.77% compared to Q2/2019 (Details can be considered from the EP's clarification letter)

(4) Revenue from Printing and Packaging business decreased by Bath 15.21 million or 29.03% compared to Q2/2019 (Details can be considered from the EP's clarification letter)

2.2 Profit allocation from 4 businesses in Q2/2020 decreased by 74% from 2019 in which the profit from the advertising media business decreasing more than 100% and profit sharing from EP decrease by 6.75%, the reasons for the decline are explained in the next step.

Financial highlights of AQUA

Summarized Consolidated Statements of Financial (Million Baht)	30 June 2020	31 Dec 2019 (Adjust)	Changed
Cash and cash equivalents	131.85	158.09	(26.24)
Trade and other receivables-net	243.76	332.23	(88.47)
Short-term loans to associates	40.00	-	40.00
Investment in associates	1,182.57	1,276.55	(93.98)
Other long-term investments	29.90	29.90	-
Assets usage rights - net	398.13	-	398.13
Investment properties	3,934.06	3,934.06	-
Property, plant and equipment-net	1,404.53	1,350.46	54.07
Goodwill	640.58	640.58	-
Other current and non-current assets	77.58	81.85	4.27
Total assets	8,082.96	7,803.72	279.24
Overdrafts / short-term loans	43.53	40.61	2.92
Trade and other payables	115.30	99.13	16.17
Loans from financial institutions	1,814.53	1,825.92	(11.39)
Debenture	519.37	477.67	41.70
Lease liabilities	446.36	89.80	356.56
Non-current liabilities arising from contracts	36.42	39.66	(3.24)
Deferred tax liabilities and employee benefits	459.18	470.03	(10.85)
Other current and non-current liabilities	173.22	174.81	(1.59)
Total liabilities	3,607.91	3,217.63	390.28
Paid-up capital	2,296.50	2,296.50	-
Share premium	312.84	312.84	-
Legal reserve	50.34	50.34	-
Retained earnings	1,746.95	1,787.87	(40.92)
Other elements	(2.28)	70.91	(73.19)
Non-controlling interests	70.71	67.63	3.08
Shareholders' Equity	4,475.06	4,586.09	(111.03)
Debt-to-equity ratio	0.81	0.70	0.11
Book value per share	0.97	0.98	(0.02)

Summarized consolidated statement of income for three-month period ended 30 June

Million Baht	Consolidated			Separate		
	2020	2019	Changed	2020	2019	Changed
Sales and services income	183.91	284.77	(100.86)	62.73	-	62.73
Dividend received	-	-	-	73.88	55.56	18.32
Interest income	1.94	0.67	1.27	15.02	11.86	3.16
Others income	0.79	2.61	(1.82)	3.17	4.21	(1.04)
Total income	186.64	288.05	(101.47)	154.80	71.63	83.17
Cost of sales and services	131.97	126.19	5.78	49.64	-	49.64
Selling expenses	3.85	10.94	(7.09)	2.96	-	2.96
Administrative expenses	49.27	53.41	(4.14)	24.15	21.68	2.47
Share of profits from investments in associates	(46.72)	(50.10)	3.38	-	-	-
Financial cost	30.13	23.86	6.27	14.39	9.99	4.40
Income tax income (expense)	(5.68)	15.78	(21.46)	0.19	(0.34)	0.53
Net profit	23.82	107.97	(84.15)	63.47	40.30	23.17
Attributable to the non-controlling interests	1.55	1.22	0.33	-	-	-
Net profit of AQUA	22.27	106.75	(84.48)	63.47	40.30	23.17

The Company classified the net profit from consolidated financial statements for three-month period ended 30 June 2020 and 2019 according to the operations of each year as follows:

Million Baht	2020	2019	Changed (%)
1. Profit from the business operations	(14.54)	64.36	>-100.00%
2. Share of profits from associates in proportion to the Company's shareholding	46.72	50.10	-6.75%
3. Non-recurring items	(8.36)	(6.49)	28.81%
Net profit from consolidated financial statements	23.82	107.97	-77.94%

From the table, it was found that in 2020, the AQUA group has profits increased and decreased from 2019 as follows.

- (1) From the business operation decreased by Baht 78.90 million decreasing more than 100%
- (2) Share of profits from associates decreased by Baht 3.38 million or 6.75%.
- (3) Profit from non-recurring items decreased by Baht 1.90 million or 28.81%

The operating results for three-month period ended 30 June 2020 compared to 2019, has the reasons for the changes as follows:

1. Total revenue decreased by Baht 101.47 million from 2019 or 35.23% consisting of;
 - 1.1 Sales and services income decreased by Baht 100.84 million which was mainly decreasing from advertising media due to the situation of the spread of Covid 19.
 - 1.2 Interest income and others income decreased by Baht 0.55 million.
2. In Q2/2020, the cost of service is 71.76% of service income and Q2/2019, the cost of service is 44.31% of service income. Rate of service cost increased due to the declining revenue of the advertising media business, while most of the costs are fixed costs, such as rental, depreciation, insurance premiums, signage tax, etc.
3. Selling expenses decreased by Baht 7.09 million compared to 2019, decreasing from advertising media business.
4. Administrative expenses decreased by Baht 4.14 million compared to 2019.
5. Share of profits from investments in associates decreased by Baht 3.38 million from 2019 or 6.75%, the reason for the decreased in EP's profits can be considered from the information of EP.
6. Financial costs increased by Baht 6.27 million from 2019 caused from
 - 6.1 Increased from loans from financial institutions and the issuance of debentures to use as a capital to purchase of shares in subsidiaries and indirect subsidiaries including the expansion of billboard approximately by Baht 5 Million.
 - 6.2 Increased from the adjustment of TFRS 9 and TFRS 16 approximately by Baht 4.33 million.
 - 6.3 Decreased from interest rates and loans approximately by Baht 4.26 million.
7. Income (expense) income tax decreased by Baht 21.46 million
 - 7.1 Corporate income tax decreased by Baht 4.43 million
 - 7.2 Income (expense) income tax decreased by Baht 17.03 million.
8. AQUA's net profit decreased by Baht 84.48 million from 2019 or 79% as described above.

Please be informed accordingly,

Yours truly,

(Miss Rewadee Whanchid)
Chief Financial Officer

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