

The Capital Engineering Network Public Company Limited  
Management's Discussion and Analysis for the year ended 2021

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### Business Overview

The Capital Engineering Network Public Company Limited. “**CEN**” operates a business as Holding Company which focus on investment in holding shares in other companies, currently has various business groups which is a subsidiary consist of

- 1. Rayong Wire Industry Public Company Limited “RWI”** operates a business of manufacturing and distributing of steel wires for construction, industries and as a listed company on the Stock Exchange of Thailand.
- 2. Sky Tower Public Company Limited “STOWER”** operates a business of manufacturing and distributing of high-voltage, general fabrication, substation structures and also as a designer and manufacturer (Telecommunication Towers) to install for all mobile operator network providers for renting telecommunication towers in abroad.
- 3. Enesol Company Limited** operates a business of generating and sales of the electricity and thermal energy or Co-generation power plants, which use natural gas as fuel in both projects for distribution to two tile industrial company.
- 4. The company has investment in the securities** of the company listed on the stock exchange and general companies.

### Performance Results Overview year 2021

| Consolidated Financial Statement                            | 2021              | 2020              | +(-)            |              |
|---|-------------------|-------------------|-----------------|--------------|
|   |                   | (Adjusted)        | YoY             | %            |
|   |                   | (Reclassified)    |                 |              |
| <b>Revenue of Sales and Services</b>                        | <b>1,307.14</b>   | <b>1,468.32</b>   | <b>(161.18)</b> | <b>(11%)</b> |
| <b>Cost of Goods Sold</b>                                   | <b>(1,224.58)</b> | <b>(1,438.51)</b> | <b>213.93</b>   | <b>(15%)</b> |
| <b>Gross Profit</b>   | <b>82.57</b>      | <b>29.81</b>      | <b>52.76</b>    | <b>177%</b>  |
| Other Income  | 71.69             | 106.30            | (34.61)         | (33%)        |
| Cost of Distribution  | (27.89)           | (25.79)           | 2.10            | 8%           |
| Administrative Expensed                                     | (173.73)          | (223.03)          | (49.30)         | (22%)        |
| Profit of measured at fair value                            | 457.01            | 126.26            | 330.75          | 262%         |
| Profit (loss) from Investment and Assets                    | 66.92             | (147.99)          | 214.91          | 145%         |
| Temporarily Stopped Production Cost                         | -                 | (21.91)           | 21.91           | (100%)       |
| <b>Operating Profit</b>                                     | <b>476.57</b>     | <b>(156.35)</b>   | <b>632.92</b>   | <b>405%</b>  |
| Financial Cost  | (21.23)           | (48.22)           | 26.99           | (56%)        |
| Income Taxes  | (82.21)           | 28.54             | (110.75)        | (388%)       |
| <b>Net Profit</b>   | <b>373.13</b>     | <b>(176.03)</b>   | <b>549.16</b>   | <b>312%</b>  |
| <b>Profit attributable to equity holders of the company</b> | <b>348.52</b>     | <b>16.63</b>      |                 |              |
| <b>Profit attributable of Non-Control</b>                   | <b>24.61</b>      | <b>(192.65)</b>   |                 |              |
| <b>Profit (loss) per share</b>                              | <b>0.47</b>       | <b>0.02</b>       |                 |              |
| <b>Net Profit Margin</b>                                    | <b>19.54%</b>     | <b>(10.21%)</b>   |                 |              |

The Capital Engineering Network Public Company Limited, the company and subsidiaries (Called "Group of Company") operates as holding company, manufacturing and distributing of engineering and construction materials, high-voltage transmission tower and substation. In the year ended 31 December 2021, the group has profit from the operation amounted to 373.13 million baht, an increase of 549.16 million baht, compared to the same period of the previous year, which had a loss of 176.03 million baht. The performance result increased 312% from the previous year, The profit attributable to the company in this year was 348.52 million baht with recognized earnings per share of 0.47 baht per share. For a separate financial statements of CEN, CEN has net profit of 537.70 million baht or equal to net profit per share of 0.72 baht, summarized as follow:

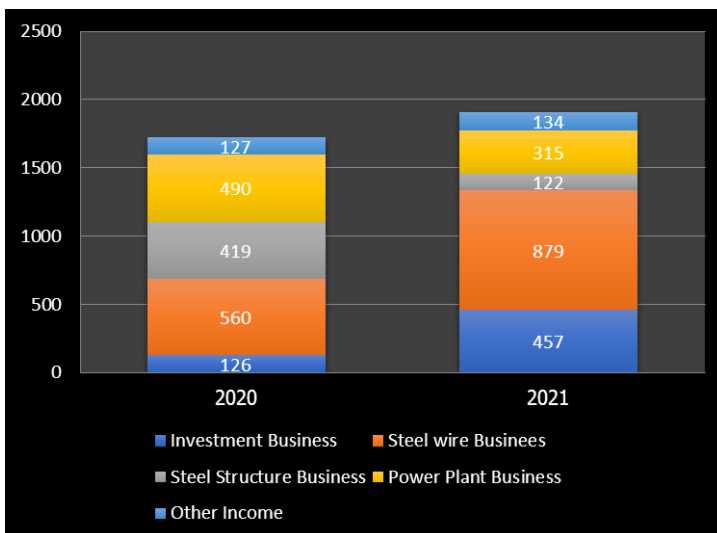
The group of company had net profit in year 2021 amounted to 373.13 million baht, an increase of 549.16 million baht or 312%. The group of company had **gross profit of 82.57 million baht, an increase of 177% or 52.76 million baht**, compared with year 2020, as a result of the focus on delivery products on time and increase the target customers with the management and control of cost of sales and services, cost of distribution in the situation which oil prices are rising and recognize gains from measuring the fair value of securities.

For the performances result grew steadily after the group of company adjusted the business strategy plan, improved business and organizational structure with disposal of biomass power plants which did not generate returns.

A subsidiary **started to recognize revenue from leasing telecommunication tower abroad** in the 3<sup>rd</sup> quarter and will gradually recognize revenue continuously. It has a preliminary agreement on the sale of investment in associated company is Saraburi Energy Systems 2 Co., Ltd. ("SES2") to one shareholder of SES2, according to the business restructuring plan.

The subsidiaries had **received money in advance from the final exercise of warrants with the last maturity** of 363.55 million baht due to a better performance than the previous year and the market value that is reflected by the business value causing the warrant holders to see the added value from the exercise of convertible rights this time in a large number.

**Total Revenue by Type of Business Group**



**The Revenue by Type of Business Unit, Ended 31 December 2021 and 2020**

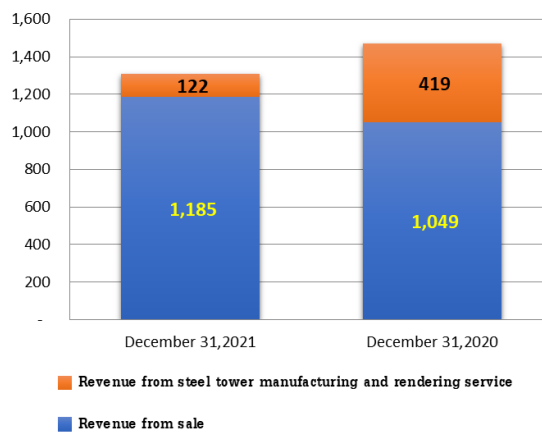
The group of company has revenue by type of business unit and other income of the **year 2021** amounted to **1,907** million baht, an increase of 185 million baht or 10.73% compared to the year 2020, with total revenue of 1,722 million baht, **This results from revenue from the steel wire business unit and investment in other companies with revenue growth more than 57.15% and 265.60%** respectively. During the COVID-19 epidemic situation the power generation and telecom tower business were adversely affected, resulting in a decrease in revenue by 35.71% and 70.89% respectively.

The performance result of the year ended 31 December 2021 and 2020

The performance result of the year ended 31 December 2021 had profit of 373.13 million baht comprising profit of 161.06 million baht from operation and gains from fair value adjustment of financial assets of 212.07 million baht, compared to the previous year. For the year 2021, the group of company had a better performance than the previous year with a loss from operating loss and fair value measurement of financial assets in the amounted to 166.18 million baht.

**Revenue**

**Revenue from sale and steel tower**



➤ **Revenue from Sales**

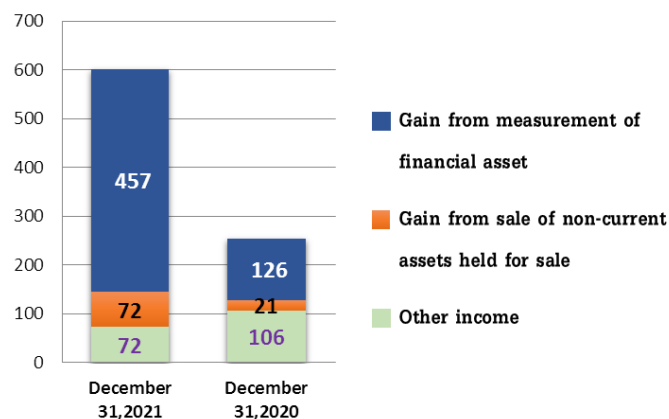
The revenue from sale of steel wires was 57.15% higher than the previous year, Sales revenue increased by 319.83 million baht. This was partly due to the fact that product price increased and the sales of steel wire market increased. The result of the new strategy of the sales department in receiving orders from customers in large numbers and continuously.

The revenue from sale of electricity and thermal energy of 2 power plants generates revenue, as compared to the same period of the previous year with 5 power plants, due to the disposal of investment in the biomass power plant business of all 3 power plants, which did not generate profit, in order to stop loss from the operation to operate a biomass power plant business that the machines were not able to operate at full capacity at the end of the last year.

➤ **Revenue from Project Work and Service**

The revenue from project work and services of telecommunication station rental abroad decreased by 72.68% from the previous year. The revenue decreased by 345.11 million baht, due to the impact of the Covid-19 epidemic since the beginning of 2020 until the present, The Electricity Generating Authority of Thailand (EGAT) has postponed bidding of many large high-voltage transmission towers since the end of 2020 and expected that the auction will begin in the 2<sup>nd</sup> quarter of 2022 This business unit started to recognize income from telecommunication station rental business abroad at the end of the 3<sup>rd</sup> quarter and will gradually recognize revenues in the future.

**Non-recurring income**



➤ **Gain from Measurement at Fair Value of Financial Assets**

In 2021, Recognized profit increased by 353 million baht from unrealized gains of 212.07 million baht and profit from sales of securities of 244.94 million baht.

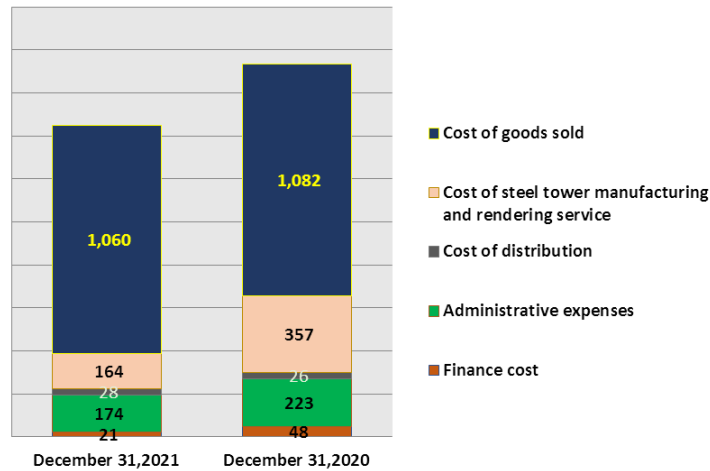
➤ **Gain from sale of non-current assets held for sale**

Realized profit from the sale of financial assets amounted to 66.92 million baht as a profit from investments in associated company of STOWER namely as Dimet (Siam) Public Company Limited, through MAI market completed on June 30, 2021 by recognize the share of loss from investment in the associated company only 4.71 million baht, as compared to the year of 2020 in loss of 147.99 million baht, resulting of investment and assets impairment of power plant with associated company and profit from sales of shares in Saraburi Energy System 2 company limited

➤ **Other income**

Other revenue are income from raw material scrap sales, dividends, profit from sublease, an interest income and foreign exchange gains.

## Expenses



For the year 2021, the total expenses amounted to 1,453.77 million baht, decreased by 472.52 million baht or 24.53% from the year 2020, which has total expenses of 1,926.29 million baht

### ➤ **Cost of Goods Sold and Cost of Distribution**

The cost of goods sold amounted to 1,060.45 million baht, decreased by 21.25 million baht or 1.96% as compared to the previous year, of 1,081.70 million baht, due to the natural gas prices decrease from the previous year of the power plant with steel wires business had the cost of sales varied according to the increased sales volume. The improved management resulted in cost increase only by 14.85% from management and control of logistic stock, raw materials and raw material price as a main factor of cost of goods sold properly and effectively.

In Year 2020, the power plant business unit, the cost of goods sold was decreased by disposed of all investments in biomass power plants and during the shutdown of the electricity generator, the temporarily stopped production cost of 21.91 million baht.

### ➤ **Cost of project and service**

The cost of project work and services amounted to 164.31 million baht, decreased by 192.67 million baht or 54% as compared to the same of the previous year of 356.80 million baht. The cost of project in the financial statements are higher than project revenues, which is caused by recording the cost of all expenses in the production plant, totally is the cost of revenue from actual production projects.

### ➤ **Administrative Expenses**

The administrative expenses amounted to 173.73 million baht, decreased by 49.30 million baht or 22.10%. As compared to the same period of the previous year these expenses amounted to of 223.03 million baht. The main reason was that the income from some main business activity decreased. There were also staff restructuring and reduction in unnecessary expenditures.

➤ **Financial Cost**

Mostly the financial cost, is an interest paid on loans of the year 2021, amounting to 21.23 million baht, decreased by 26.99 million baht or 55.97% as compared to the year of 2020. This was caused by STOWER repaying the debentures of the subsidiaries and there is a reduction in the credit limit of the group of company. As a result, the financial cost was lowered.

The group had less non-recurring expenses of 0.68 mill baht from investment impairment in 2021. When compare to 2020, the majority of loss from investment impairment of 166 million baht, was caused by impairment and loss from 3 power plants.

**Financial Position**

| Statement of Financial Position                   | December 31, 2021 | %           | December 31, 2020 | %           | Increased<br>(Decreased) | %          |
|---|-------------------|-------------|-------------------|-------------|--------------------------|------------|
| Current Assets                                    | 2,587.80          | 65%         | 1,241.73          | 46%         | 1,346.07                 | 108%       |
| Non-Current Assets                                | 1,416.93          | 35%         | 1,462.58          | 54%         | (45.65)                  | (3%)       |
| <b>Total Assets</b>                               | <b>4,004.73</b>   | <b>100%</b> | <b>2,704.31</b>   | <b>100%</b> | <b>1,300.42</b>          | <b>48%</b> |
| Current Liabilities                               | 422.17            | 11%         | 401.09            | 15%         | 21.08                    | 5%         |
| Non-Current Liabilities                           | 414.23            | 10%         | 400.94            | 15%         | 13.29                    | 3%         |
| Total Current Liabilities                         | 836.40            | 21%         | 802.03            | 30%         | 34.37                    | 4%         |
| Shareholders' Equity of Company                   | 2,123.13          | 53%         | 1,608.43          | 59%         | 514.70                   | 32%        |
| Shareholders' Equity of NC                        | 1,045.20          | 26%         | 293.85            | 11%         | 751.35                   | 256%       |
| Total Shareholders' Equity                        | 3,168.33          | 79%         | 1,902.28          | 70%         | 1,266.05                 | 67%        |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>4,004.73</b>   | <b>100%</b> | <b>2,704.31</b>   | <b>100%</b> | <b>1,300.42</b>          | <b>48%</b> |

➤ **Assets**

As of December 31, 2021 the group had total assets equal to 4,004.73 million baht or 48% increase. Total assets increased from received money in advance from the final exercise of warrants with the last maturity of 363.55 million baht, account receivable more than previous year of 146 million baht, raw material and inventory of finished goods to prepare for delivery to customers and recognition of fair value measurements of other current financial assets increased by 308.23 million baht.

➤ **Liabilities**

As of December 31, 2021, the group had total debt amounted to 836.40 million baht, due to the subsidiary received higher credit line from the financial institution to produce and sell more products. prepare products for delivery increasing customer demand and income tax liabilities from operating profit and profit from measuring the fair value of financial assets and profits from the sale of investments. This showed that the group was able to better manage assets.

➤ **Shareholders' Equity**

As of December 31, 2021 the company has shareholders' equity of 3,168.33 million baht, an increase of 1,266.05 million baht or 67%, as compared to December 31, 2020 (Adjusted), amounted to 1,902.28 million baht, due to surplus from the change, in shareholding proportions in the subsidiaries and the group's profits for the year 2021.

**Financial Ratio**

| <b>Financial Ratio Highlights</b>       | <b>2021</b>   | <b>2020</b>  |
|---|---------------|--------------|
| <b>Current Ratio</b>                    | <b>6.13</b>   | <b>3.10</b>  |
| <b>Debt to equity Ratio (D/E Ratio)</b> | <b>0.26</b>   | <b>0.42</b>  |
| <b>Return on Asset (ROA)</b>            | <b>8.70%</b>  | <b>0.22%</b> |
| <b>Return on Equity (ROE)</b>           | <b>16.41%</b> | <b>0.36%</b> |
| <b>Book Value per Share</b>             | <b>2.85</b>   | <b>2.16</b>  |

As of 31 December 2021, the group of company has current ratio of 6.13 times, an increase of 3.03 times, compared to the same period of the year 2020.

The debt to equity ratio equal to 0.26 times, decreased by 0.16 times, as compared the year 2020 from lower liabilities and better performance in year 2021.

The return on assets was 8.70% and return on equity was 16.41%, both increased significantly as compared to the year of 2020 as a result of the higher net profit on the year 2021. It can be considered that the group utilized assets, equity and cost more effectively and generate revenue and profit on a continuing basis.

As of 31 December 2021, the net assets value of the group of company is 2.85 baht per share, as compared to the previous year 2020. This increase showed that the group of company has better managed the business to create higher additional value for shareholders.

Best Regards

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Chief Executive Officer