

-Translation-

**The Capital Engineering Network Public Company Limited
Management's Discussion and Analysis for the Year 2022**

The group of company overview

Overview of the business group for the year 2022, Capital Engineering Network Public Company Limited, the company and its subsidiaries (collectively referred to as the "the Group"). The Thai economy continued to recover despite the pressure from the global economic slowdown due to the impact of rising inflation, exchange rates, and energy costs. As well as volatility in steel prices and competition in large-scale structural industries. In addition, the Company have been affected by the Russian-Ukrainian War including interest rate increases in major economies, resulting in a change in the value of the securities in the Stock Exchange of Thailand (SET).

On February 7, 2023, the Board of Directors approved the acquisition of 130,209,600 shares of ASTI Holdings Limited (ASTI), or 19.89% of all issued and paid-up shares of ASTI from Mr. Loh Soon Gnee (the ASTI Share Seller) in an amounting of THB 216,147,936. The Company will issue up to 80,000,000 shares of capital increase ordinary shares to the private placement at the offering price of THB 2.702 per share. [In order to pay for the purchase and transfer of ASTI shares in accordance with the Rules of Procedure of the Singapore Stock Exchange, the allocation of the capital increase shares must be approved by the Extraordinary General Meeting of Shareholders No. 1/2023 to the ASTI Share Seller.](#) The Group of Companies has continuously expanded its overseas investment and investment in the Philippines. The investment in the semiconductor business, which is a subsidiary of ASTI. Consequently, the Company now has an opportunity to expand its operations in the Philippines to keep up with technological advancements and the increasing demand for Data Center, Cloud Computing, and IoT services. Furthermore, the Company can leverage its business partners and customers in the semiconductor industry [to extend its operations and minimize production costs](#) in other areas of investment, thereby promoting future business expansion.

[Overview of the performance of the year 2022](#)

As a result in 2022, Ultra Asia Co., Ltd., a subsidiary of [Sky Tower Public Company Limited or "STOWER"](#) has acquired the ordinary shares of QROI Network Service Inc. ("QNSI"), Philippines, which provides telecommunications transmission system installation and testing services in the Philippines, in February 2022, at 67% of QNSI's issued and paid-up shares in a total amount of \$3.84 million or approximately THB 126 million, which resulted in a significant growth in operating income. As a result of the restructuring of the company's investment in telecommunications services in the Philippines including the recognition of revenue from the investment through the subsidiary, QROI Network Services Inc. (QNSI). Additionally, there was a positive inclination in revenue from the domestic electrical and telecommunications infrastructure business, especially in the last quarter of the year. [Rayong Wire Industries Public Company Limited or "RWI"](#) had revenue from sales of steel wire products decreased from last year due to continued declines in the market price, resulting in lower selling prices, as well as lower material prices, with a sales volume close to 2021,

under intense market competition. Besides, loss in fair value measurement of assets was recognized. In addition, the production machinery, and distribution of electricity and thermal energy of **Enesol Company Limited** or “**ENESOL**” were shut down to stop losses from gas price fluctuations, which incurred a cost increase of more than 100%, as a result of the higher prices of LNG imports from major suppliers of Thailand. In this year, the group performance results grew steadily after the group adjusted the business strategy plan.

Group performance overview in 2022, has net loss amounted to THB 434.90 million, decreased by THB 808.05 million or 217%. The gross profit from operations amounted to THB15.49 million. In addition to the impairment of goods caused by the difference in raw material prices, the company experienced a gross loss of THB 24.51 million, decrease of 323% or THB 79.19 million, when compared to the performance of 2021, **which recognized losses of the company amounted to THB 260.55 million** and **earning per shares (EPS) of 0.36 Bath per share**. In addition, the net loss of specific business financial statements amounted to THB 155.18 million, and net EPS was 0.21 per share, as follows:

| Consolidate Financial Statement (Audited) | For the Year | | | |
|--|--------------|------------|----------|----------|
| | 2022 | 2021 | YoY+(-) | % |
| Revenue of Sales and Services | 1,401.76 | 1,307.15 | 94.61 | 7.24 |
| Cost of Sales and Services | (1,426.27) | (1,252.47) | 173.80 | 13.88 |
| Gross Profit | (24.51) | 54.68 | (79.19) | (144.82) |
| Other Income | 40.19 | 71.70 | (31.51) | (43.95) |
| Investment Income and Financial Assets | (273.71) | 523.94 | (797.65) | (152.24) |
| Administrative Expensed | (211.20) | (173.73) | 37.47 | 21.57 |
| Profit (Loss) from operation | (469.23) | 476.59 | (945.82) | (198.46) |
| Finance cost | (18.27) | (21.23) | (2.96) | (13.94) |
| Income Tax | 52.59 | (82.22) | (134.81) | (163.96) |
| Net Profit (Loss) | (434.91) | 373.14 | (808.05) | (216.55) |
| Profit (Loss) attributable of the company | (262.87) | 348.52 | (611.39) | (175.42) |
| Profit (Loss) attributable of Non-Control | (172.03) | 24.61 | (196.64) | (799.02) |
| Profit (Loss) per share | (0.36) | 0.47 | | |
| Net Profit (Loss) Margin | (30.16%) | 19.56% | | |

Performance Results in 2022

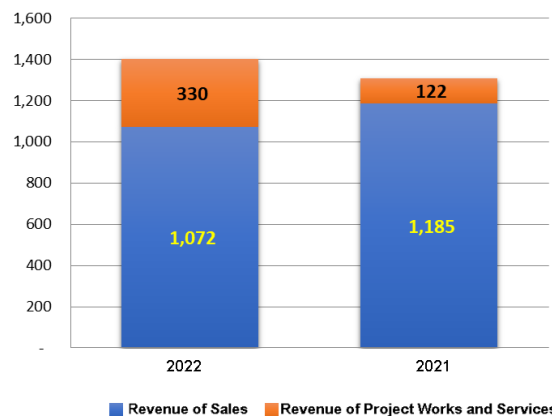
The group's operating performance resulted in a **loss of THB 434.91 million**, due to operating losses amounting to THB 161.20 million, and THB 273.71 million from fair value adjustment of financial assets, compared to last year. **In 2021, the turnover was reduced from the year before.** As the profit recognition of investment sales in associated companies and profit of fair value measurement of assets amounted to THB 523.94 million.

Revenue

1. Revenue from sales

The revenue from sales of steel wires was **higher** than the previous year, and revenue from product sales increased by THB 61.69 million, as a result of the continuous and significant increase in steel prices with a sales volume was 1,254 tons less than the Year 2021.

The revenue from electricity and thermal energy sales of 2 power plants, which use natural gas as fuel were affected by the war, resulting in the machine's temporary shutdown to reduce operating losses. The shutdown does not affect the duration of the electric current and thermal energy contracts, which can be extended to the end of the contract. As a result, total sales revenue decreased by THB 174.69 million and revenue from sales of industrial products was THB 9.22 million, an increase from the previous year.



2. Revenue from Project Works and Services

The subsidiaries' total revenue from sales and services amounted to THB 329.89 million, increased from previous year by THB 207.80 million (170%), mainly due to the telecommunication services provided in the Philippines, which was THB 213.41 million (64.69%), of revenue from sales and services. In addition, the revenue from the manufacturing of electrical substations structures (Substation) and domestic telecommunication towers amounted to THB 116.48 million.

The significant growth of revenue from operating was attributed to the business restructuring by expansion of investment in telecommunications services and revenue from investment was recognized through QROI Network Service Inc. ("QNSI"), Philippines, a subsidiary. Meanwhile, the domestic electrical and telecommunications infrastructure business continued to post stable revenue. The gross profit is expected to improve in line with the growth of the telecommunications business in the Philippines.

3. Profit(Loss) of Financial Assets Fair Value Measurement

The unrealized profit(Loss) from the adjustment of fair value of securities in the market demand for trading at a certain time only.

4. Other Income

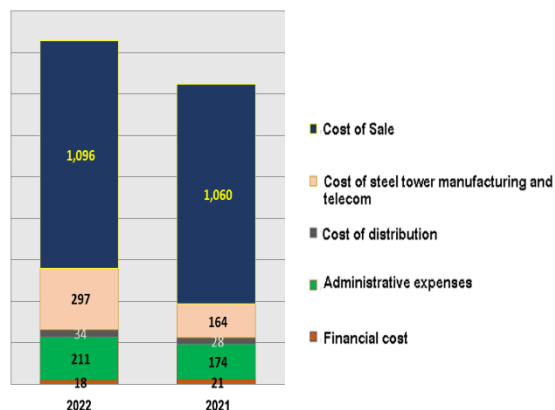
As part of other income was from raw material scrap sales, interest receivable, and other income.

Expenses

The total expenses from the group were THB 1,929.61 million, increased by THB 482.19 million (33.31%), compared to THB 1,447.42 million, in 2021.

1. Cost of Sales and Project Works

The cost of product sales and services was THB 1,426.27 million, increased by THB 173.80 million (13.88%), compared to THB 1,252.47 million of 2021, as a result of increased natural gas prices from the power plant business group last year, and



the significant increase in global raw material prices from steel wires business group. In addition, the company recorded a loss on the selling price of goods below the capital price of THB 40 million. Therefore, the company focuses on management, appropriately controlling and concisely raw materials in order not to overstock and to reduce the risk from raw materials price fluctuations. In addition, the telecommunication business group have improved cost management. Which is from the gradual domestic and international telecommunication tower delivery to customers, resulting in a 22.52% increase in distribution costs and a good control of freight costs.

2. Administrative Expenses

The administrative expenses were THB 211.20 million, increased by THB 37.47 million (21.57%), compared to THB 173.73 million of the previous year. In addition, this is the first year that the subsidiary has consolidated expenses of foreign companies investing this year. Furthermore, the company has reduced unnecessary expenses and focused on management as the previous year.

3. Financial Cost

The majority of the financial costs incurred were in the form of interest expenses, which were accrued from the credit lines obtained from financial institutions. This year, debt management has been enhanced, resulting in improved financial costs compared to the previous year, resulting in a 13.95% reduction in financial costs compares with 2021.

Financial Position

| Statement of Financial Position | 2022 | % | 2021 | % | Increased (Decreased) | % |
|---|-----------------|-------------|-----------------|-------------|-----------------------|--------------|
| Current Assets | 1,846.94 | 54% | 2,587.80 | 65% | (740.86) | (29%) |
| Non-Current Assets | 1,544.24 | 46% | 1,416.93 | 35% | 127.31 | 9% |
| Total Assets | 3,391.18 | 100% | 4,004.73 | 100% | (613.55) | (15%) |
| Current Liabilities | 186.74 | 6% | 422.17 | 11% | (235.43) | (56%) |
| Non-Current Liabilities | 312.08 | 9% | 414.23 | 10% | (102.15) | (25%) |
| Total Liabilities | 498.82 | 15% | 836.40 | 21% | (337.58) | (40%) |
| <i>Shareholders' Equity of Company</i> | <i>1,703.39</i> | <i>50%</i> | <i>2,123.13</i> | <i>53%</i> | <i>(419.74)</i> | <i>(20%)</i> |
| Shareholder's Equity of NC | 1,188.97 | 35% | 1,045.20 | 26% | 143.77 | 14% |
| Total Shareholders' Equity | 2,892.36 | 85% | 3,168.33 | 79% | (275.97) | (9%) |
| Total Liabilities and Shareholders' Equity | 3,391.18 | 100% | 4,004.73 | 100% | (613.55) | (15%) |

➤ Asset

As of 31 December 2022, the group total assets amounted to **THB 3,391.18 million, decreased by THB 613.55 million (15.32%)**, compared with 2021. The total assets as a result of debt repayment with financial institutions and increased contractual assets from the telecommunications service businesses in which the subsidiary invested more in overseas expansion and **recognized the goodwill of the investment value** of THB 99.32 million.

➤ Liabilities

As of 31 December 2022, the group total liabilities amounted to **THB 498.89 million, decreased by 40%**, due to the subsidiaries reduced its borrowings from financial institutions and paid corporate tax of the previous year, when compared to the decrease in total assets, indicating that the group was able to manage its assets well.

➤ Shareholders' Equity

As of 31 December 2022, the Shareholders' equity of the company was **THB 2,892.36 million, decreased by THB 275.97 million (8.71%)**, compared to THB 3,168.33 million on 31 December 2021, due to the revaluation surplus of proportions in the subsidiaries, which the company had share repurchase program (Treasury Stock) of 21,277,600 shares or THB 68.81 million in this quarter.

Financial Ratio

| Financial Ratio Highlights | Y2022 | Q3-2022 | Y2021 | Q3-2021 |
|---|----------|---------|--------|---------|
| Current Ratio | 9.89 | 7.98 | 6.13 | 5.72 |
| Debt to Equity Ratio (D/E Ratio) | 0.17 | 0.21 | 0.26 | 0.33 |
| Return on Assets (ROA) | (7.68%) | (2.98%) | 8.70% | 2.29% |
| Return on Equity (ROE) | (15.30%) | (6.09%) | 16.41% | 4.00% |
| Book Value Per Share | 2.35 | 2.56 | 2.85 | 2.96 |

As of 31 December 2022, the group's current ratio of 9.89x, increased by 3.76x, compared to the Year 2021. This demonstrates that the company has improved its liquidity management compared to the previous year.

The D/E total ratio was 0.17x, decreased by 0.09x, compared to the Year 2021, and down 0.05x from 2021, which showed liabilities well managed by the group.

The ROA was 7.68% and ROE was (15.30%), decreased when compared to the Year 2021, as a result of the group recognized loss of fair value assessment in 2022, resulting in a different utilization of assets and shareholders' equity from the previous year.

The book value per share of the company was THB 2.35 per share, compared to 31 December 2021, which showed that the company was affected by the global economic and war conditions.

-Laphassarin Kraiwongwanitrueng-
(Laphassarin Kraiwongwanitrueng)
Acting Chief Executive Officer