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The Capital Engineering Network Public Company Limited
Management's Discussion and Analysis for Third quarter of Year 2023

The group of company overview

Overview of the business group for the Third quarter of Year 2023, Capital Engineering Network Public Company Limited, the company and its subsidiaries (collectively referred to as the "the Group").

The Thai economy expanded in the latest quarter, driven by increased private consumption and a strengthened service sector, fueled by a rise in Thai tourist numbers, but the private sector investment has declined, accompanied by reductions in both fixed and investment expenditures by the government. This has contributed to heightened uncertainty in the domestic economy, compounded by a global economy experiencing a low growth trend. Moreover, the Thai capital market is currently grappling with an event eroding investor confidence. Resulting in the issuance of various financial tools to help the company's liquidity slow down and resulting in various financial institutions slow down consideration of the limit and increase interest rates.

PROSPERA ALLIANCE PTE. LTD ("Prospera"), which is considered **"The company's joint company"** has issued a notice on October 23, 2023, announcing the termination of interest in investing in **ASTI HOLDING LIMITED** due to financial reporting results and financial statements does not meet the conditions that must be met before investing more in ASTI HOLDING LIMITED.

Skytowers Infra Inc., **the Philippine subsidiary of Sky Tower Public Company Limited ("STOWER"), has recognized revenue from leasing of telecommunications towers for a total of 40 stations, resulting in increased revenue from telecommunications tower rentals.** Which will increase the company's revenue base through rental income. Furthermore, QROI Network Services Inc. (QNSI), the subsidiary in the Philippines, experienced a decline in equipment installation revenue. This reduction is a consequence of reviewing the communication equipment installation plan provided by the primary mobile service provider company. **There is a rising awareness of revenue generated from new services on Tower Audit and Maintenance.** The company is developing a business for installation of solar cells for both telecommunications stations and general buildings in the Philippines. This serves as an additional revenue stream, complementing the existing business of providing installation and testing services for mobile phone signal transmission equipment on established telecommunication towers.

On November 10, 2023, Pipeline Engineering Company Limited underwent registration for a change in the company name and business objectives. The company has transitioned from its original business on such as the construction business, excavating underground tunnels, and all other types of construction. **It has shifted its business to specialized hospital Clinics, aesthetic medicine, and a clinical medical facility under the name "Janine Wellness Center" to provide a full range of cosmetic surgery services. This includes facial care, skin treatments, body shaping, and general surgery. These services are led by specialist doctors under management by the new name, the company is Medisphere Company Limited ("MDS").**

Overview of the Group Performance in the Third Quarter of 2023 for Capital Engineering Network Public Company Limited, the Company and its subsidiary (entities collectively referred to as "the Group") have the group's operating results for a period of 3 months from July 1, 2023 to September 30, 2023, **with an operating loss of THB 50.33 million.** And recognized a loss from fair value adjustment of financial assets of

THB 81.11 million, resulting in a net loss of THB 131.44 million, a decrease of THB 44.16 million compared to the loss of THB 175.60 million in 2022. [The Company recognized a loss of THB 88.17 million](#) and [a loss per share of THB 0.118 per share](#). The separate financial statements recorded a net loss of THB 55.03 million or a net loss per share of THB 0.074 per share as follows:

Overview of the performance in the Third Quarter of 2023

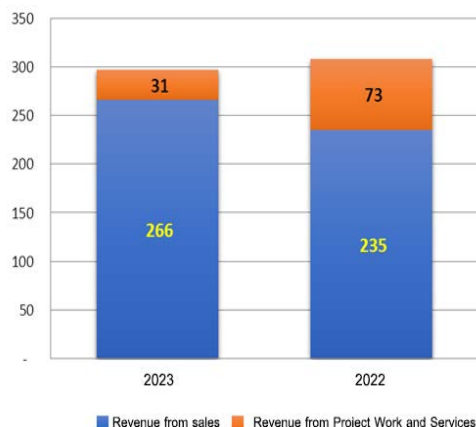
| Consolidate Financial Statement (Audited) | 3M (1.7.2023 -30.9.2023) | | | | 9M (1.1.2023 – 30.9.2023) | | | |
|--|--------------------------|-----------------|--------------|-----------------|---------------------------|-----------------|----------------|----------------|
| | Q2-23 | Q2-22 | QoQ | % | Q2-23 | Q2-22 | QoQ | % |
| Revenue of Sales and Services | 297.54 | 308.26 | (10.72) | (3.48) | 950.95 | 1,036.44 | (85.49) | (8.25) |
| Cost of sales and Services | (286.08) | (323.45) | 37.37 | (11.55) | (945.73) | (1,027.64) | 81.91 | (7.97) |
| Gross Profit (Loss) | 11.46 | (15.19) | 26.65 | (175.44) | 5.22 | 8.80 | (3.58) | (40.68) |
| Distribution cost | (9.45) | (7.59) | (1.86) | (24.51) | (27.79) | (25.45) | (2.34) | 9.19 |
| Administrative Expensed | (48.28) | (53.28) | 5.00 | (9.38) | (157.42) | (134.04) | (23.38) | 17.44 |
| Investment Income and Financial Assets | (81.11) | (120.59) | 39.48 | (32.74) | (64.43) | (90.48) | 26.05 | (28.79) |
| Other Income | 7.00 | 15.26 | (8.26) | (54.13) | 26.37 | 31.98 | (5.61) | (17.54) |
| Profit (Loss) from operation | (120.38) | (181.39) | 61.01 | (33.63) | (218.05) | (209.19) | (8.86) | (4.23) |
| Share of loss from investment in associates | (0.78) | - | (0.78) | (100) | (2.30) | - | (2.30) | (100) |
| Finance cost | (10.24) | (3.20) | (7.04) | 220.00 | (20.14) | (14.03) | (6.11) | (43.55) |
| Income Tax | (0.04) | 8.99 | (9.03) | (100.44) | (0.48) | 12.20 | (12.68) | (103.93) |
| Net Profit (Loss) | (131.44) | (175.60) | 44.16 | (25.15) | (240.97) | (211.02) | (29.95) | (14.19) |
| Profit (Loss) attributable of the Company | (88.17) | (112.18) | 24.01 | | (134.61) | (112.85) | (21.76) | |
| Profit (Loss) attributable of Non-Control | (43.27) | (63.42) | 20.15 | | (106.36) | (98.17) | (8.19) | |
| Net Profit (Loss) Margin | (43.16%) | (54.28%) | | | (24.66%) | (19.75%) | | |

Operational Performance for the Third Quarter Ending on September 30, 2023

Operational Performance for the Third Quarter Ending on September 30, 2023, [showed a loss of THB 131.44 million](#) from an operational performance loss of THB 88.17 million and a loss from fair value adjustment of financial assets of THB 43.27 million compared to last year's performance. [In 2023, the company has demonstrated improved performance compared to the previous year.](#)

Revenue

➤ Revenue from sales



The revenue from sales of steel wires **was increased** from the same period of last year, and revenue from product sales increased by THB 14.61 million. As the price of steel wire products has steadily decreased since the beginning of 2022 and prices have increased in the quarter 3/2023, both the sales volume of the 3rd quarter for all 2 years is at a similar level.

The revenue from sales of electricity and thermal energy from gas-fired power plants has been adjusted to business strategy, contract restructuring and revenue calculation method by adjusting the gas price reference formula, resulting in higher income for the Third Quarter.

➤ Revenue from Project Works and Services

The Company's subsidiary consolidated sales and services income was THB 34.99 million, of which THB 20.03 million (57.24%) was derived from domestic businesses and the revenue from telecommunications business in the Philippines amounted to THB 14.96 million (42.76%) of total revenue. Businesses that still have the opportunity to continuously generate revenue include Hot-Dip Galvanizing Service business, the sale of industrial products, and those associated with telecommunications services in the Philippines.

In this quarter, Skytowers Infra Inc., the subsidiary in the Philippines, has recognized revenue from the leasing of 40 telecommunication towers leading to a notable increase in revenue from telecommunications tower rentals. This development will contribute to expanding the revenue base from rentals. Furthermore, QROI Network Services Inc. (QNSI), the subsidiary in the Philippines, experienced a decline in equipment installation revenue. This reduction is a consequence of reviewing the communication equipment installation plan provided by the primary mobile service provider company. There is a rising awareness of revenue generated from new services on Tower Audit and Maintenance. The company is developing a business for installation of solar cells for both telecommunications stations and general buildings in the Philippines. This serves as an additional revenue stream, complementing the existing business of providing installation and testing services for mobile phone signal transmission equipment on established telecommunication towers.

Regarding government projects in Thailand, the bidding process has commenced and the company has successfully secured an order for the project involving high-voltage transmission towers and sub-station structure for the Electricity Generating Authority of Thailand (EGAT) for the Third Quarter which the project was valued at approximately THB 210 million, enabling the company to deliver and recognize additional revenue from government project work starting from the Fourth Quarter onwards.

➤ Differences from fair value measurement of financial assets

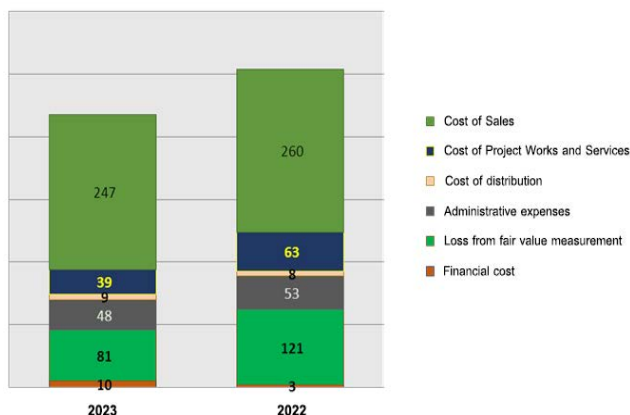
Recording unrealized losses amounting to THB 81.11 attributed to fluctuations in the fair value of other current financial assets. This adjustment encompasses the fair value realignment of marketable securities for trade.

➤ Other Income

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

Expenses

The total expenses from the group were THB 435.93 million, decreased by THB 72.17 million (14.20%), compared to the same period THB 380.67 million, in 2022.



➤ Cost of Sales and Project Works

The cost of product sales and services was THB 286.08 million, decreased by THB 37.37 million (11.55%), compared to THB 323.45 million the same period of last year due to natural gas prices, the primary cost gas calculation formula is adjusted, which is lower than the previous year of the power plant business group. In addition, the steel wire business

group has witnessed a decrease in the cost of sales attributed to the reduction in fluctuations in raw material prices. The telecommunications business group is currently facing a fixed Cost of Idle Capacity. Plans are underway to enhance channels for revenue generation, optimize capacity utilization, and implement cost reduction measures. These initiatives are expected to contribute to an improvement in gross profit.

➤ Administrative Expenses

The administrative expenses THB of 48.28 million decreased by THB 5.00 million (9.38%) compared to THB 53.28 million in the same period of the previous year. Operating expenses across subsidiaries registered an increase and ROU improved.

➤ Financial Cost

The majority of the financial costs were from interest paid on loans, amounting to THB 10.24 million, increased of THB 7.04 million (220%) compared to the same period in 2022, due to loan adjustments from financial institutions. The increase is due to loans for reserve funds for investment in new projects.

Financial Position

| Statement of Financial Position | 30September 2023 | | 31Dec 2022 | | Increased (Decreased) | |
|---|------------------|-------------|-----------------|-------------|-----------------------|---------------|
| | | % | | % | | % |
| Current Assets | 1,681.17 | 51% | 1,846.94 | 54% | (165.77) | (8.98) |
| Non-Current Assets | 1,619.95 | 49% | 1,544.24 | 46% | 75.71 | 4.90 |
| Total Assets | 3,301.12 | 100% | 3,391.18 | 100% | (90.06) | (2.66) |
| Current Liabilities | 228.25 | 7% | 186.74 | 6% | 41.52 | 22.23 |
| Non-Current Liabilities | 362.91 | 11% | 312.08 | 9% | 50.83 | 16.29 |
| Total Liabilities | 591.16 | 18% | 498.82 | 15% | 92.35 | 18.51 |
| Shareholders' Equity of Company | 1,635.66 | 50% | 1,703.39 | 50% | (67.73) | (3.98) |
| Shareholder's Equity of NC | 1,074.29 | 33% | 1,188.97 | 35% | (114.68) | (9.65) |
| Total Shareholders' Equity | 2,709.95 | 83% | 2,892.36 | 85% | (182.41) | (6.31) |
| Total Liabilities and Shareholders' Equity | 3,301.12 | 100% | 3,391.18 | 100% | (90.06) | (2.66) |

➤ Asset

As of September 30, 2023, the group total assets amounted to **THB 3,301.12 million, decreased by THB**

90.06 million (2.66%), compared with 2022. Total assets decreased primarily driven by a reduction of THB 41 million in assets resulting from contracts-other businesses and other current financial assets decreased.

➤ **Liabilities**

As of September 30, 2023, the group total liabilities amounted to **THB 591.16 million, increased by 18.51%**, as the subsidiaries have procured raw materials to meet the growing customer demand for product preparation, resulting in an increase in trade payables and increased liabilities under lease agreements from lease commitments.

➤ **Shareholders' Equity**

As of September 30, 2023, the Shareholders' equity of the company was **THB 2,709.95 million, decreased by THB 182.41 million (6.31%)**, compared to THB 2,892.36 million on 31 December 2022, due to the performance and recognition of fair value measurement of financial assets.

Financial Ratio

| Financial Ratio Highlights | Q3-2023 | 2022 | Q3-2022 |
|---|---------|----------|---------|
| Current Ratio | 7.37 | 9.89 | 7.98 |
| Debt to Equity Ratio (D/E Ratio) | 0.22 | 0.17 | 0.21 |
| Return on Assets (ROA) | (2.67%) | (7.68%) | (2.98%) |
| Return on Equity (ROE) | (5.39%) | (15.30%) | (6.09%) |
| Book Value Per Share ** | 2.20 | 2.26 | 2.56 |

**Calculated by the number of paid-up registered ordinary shares of the Company in the amount of 745,161,919 shares.

As of September 30, 2023, the group's current ratio of 7.37x, decreased by 0.61x, compared to the same period in 2022. The total D/E ratio was 0.22x, increased by 0.01x compared to 2022, indicating that the Group has managed working capital and liabilities close to the same period last year. Consequently, this has resulted in a slight reduction in the management of liquidity and liabilities.

The ROA was (2.67%) and ROE was (5.39%), decreased when compared to the Year 2022, as the group recognized decreased from fair value valuation in 2023, impacting the utilization of assets and shareholders' equity and creating a difference from the previous year.

The book value per share of the company was THB 2.20 per share, compared to 31 December 2022, which showed that the company has adjusted its business strategy well. However, the company still faces limitations in controlling external factors, particularly within the economic and geopolitical uncertainties worldwide.

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