

The group of company overview

Business Group Overview for Q1/2024, Capital Engineering Network Public Company Limited, the company, and its subsidiaries (collectively referred to as the "the Group"). The Thai economy began to expand last year despite the impact of the Chinese economic slowdown and the risk of a recession in Europe. However, economic recovery and investment growth in infrastructure and real estate projects, particularly in CLM and Thailand's industrial sector, remain slow. These sectors are awaiting the announcement of the government investment budget to further drive business growth. Another high-growth business in Thailand and Southeast Asia is the beauty industry. Advancements in medical technology and the widespread popularity of social media, providing greater access to cosmetic surgery, are contributing factors to this growth. The market anticipates a compound annual growth rate (CAGR) of 13.2% from 2024 to 2032, aligning with the subsidiary's business, which began recognizing revenue from the end of 2023 onwards. It anticipates generating additional revenue from its full range of services across its 3 clinics by Q2 of this year.

Summary of Operating Results for Q1/2024

Overall, the Group's operating results for Q1/2024 showed a net loss of 95.08 million baht, decreased by 115.47 million baht or 566.31%. In this quarter, there was a gross profit from operations of 16.65 million baht, marking an increase of 9.52 million baht from the same quarter last year, **with a loss attributable to the Company of 63.62 million baht and a loss per share of 0.09 baht**. The separate financial statements reported a net loss of 36.67 million baht, resulting in a net loss per share of 0.05 baht. The details are summarized as follows:

Revenue

1. Revenue from sales

Revenue from sales of steel wire (RWI) decreased by 82.18 million baht compared to the same period last year. This decline was due to reduced sales volumes and intense market competition, leading to price competition. Additionally, **revenue from sales of electric and thermal energy (ENESOL) decreased** by over 24% from the same period last year. This decrease was due to higher electricity prices in line with the costs incurred and natural gas prices of the industry. And **revenue from sales of industrial products (STOWER)** amounted to 1.97 million baht, decrease from the previous year.

2. Revenue from Project Work and Services

The subsidiary (STOWER) increased sales and service revenue by 17.46 million baht, or 33.85%, compared to the same quarter last year. Revenue from domestic business amounted to 42.62 million baht or 61.73%, while revenue from the telecommunications business in the Philippines amounted to 26.43 million baht, or 38.27%.

The increase in revenue was attributed to the domestic business, **which experienced a growth of 109.96%**, particularly driven by sales of high-voltage transmission towers and substation structures. At the end of March 2024, the Company maintained a backlog of 174 million baht, which will be gradually recognized within the current year. In contrast, revenue from the telecommunications business in the Philippines slowed down by 15.5%.

During the quarter, SkyTowers Infra Inc., a subsidiary in the Philippines, recognized revenue from leasing a total of 44 telecom stations. As a result, the income from renting telecommunication towers has increased continuously. In addition, QROI Network Services Inc. (QNSI), a subsidiary in the Philippines, has recognized increased revenue from tower audit and maintenance services. Furthermore, the Company **is also developing the business of installing solar cells** for telecommunication stations and general buildings in the Philippines as an additional revenue stream.

For the company's beauty business, Medisphere, revenue from services amounted to 6.33 million baht in the quarter. The service has been operational since December 2023, and this year is anticipated to realize full revenue from the opening of all 3 clinics.

3. Other Revenue

Other income is from the sale of scrap materials, interest income and other income.

Expenses

The Group's expenses totaled 383.92 million baht, reflecting a decrease of 13.80 million baht, or 3.47%, compared to the same period in 2023, which amounted to 397.72 million baht.

1. Cost of Goods Sold and Cost of Project Work

Cost of goods sold and cost of services amounted to 260.92 million baht, reflecting a decrease of 84.52 million baht, or 24.47%, compared to the same period last year, which amounted to 345.44 million baht. This reduction was due to a decrease in the cost of goods sold resulting from the reversal of a valuation allowance of 8.55 million baht. Additionally, the sales volume of the steel wire business and the telecommunications business group was decreased from contract burdens. However, the Group has implemented improved cost management practices, resulting in a decrease in distribution costs by 13.39%. Moreover, the management of freight costs has been well controlled.

2. Administrative expenses

Administrative expenses in 2024 increased by 4.39 million baht compared to the prior-year quarter. This increase was attributed to RWI, the subsidiary, setting allowances for doubtful debts in accordance with accounting standards. In addition, STOWER, the subsidiary, was recognizing financial advisory expenses during this quarter. The Group has adjusted its management personnel to develop suitable management strategies, maintaining a concise and focused approach similar to previous years.

3. Financial costs

Most of the financing costs comprised interest expenses incurred from obtaining credit lines from financial institutions. Debt management improved over the previous year despite interest rate increases, resulting in official costs remaining similar to those of 2023.

Financial Position

Statement of Financial Position	31 Mar 2024	%	31 Dec 2023	%	Increased (Decreased)	%
Current Assets	1,729.28	54%	1,598.29	50%	131.00	8.20
Non-Current Assets	1,477.03	46%	1,601.10	50%	(124.07)	(7.75)
Total Assets	3,206.31	100%	3,199.38	100%	6.93	0.22
Current Liabilities	301.05	9%	215.79	7%	85.26	39.51
Non-Current Liabilities	393.12	12%	380.58	12%	12.54	3.29
Total Liabilities	694.17	22%	596.37	19%	97.80	16.40
Shareholders' Equity of Company	1,523.61	48%	1,585.54	50%	(61.93)	(3.91)
Shareholder's Equity of NC	988.53	31%	1,017.47	31%	(28.94)	(2.84)
Total Shareholders' Equity	2,512.14	78%	2,603.01	81%	(90.87)	(3.49)
Total Liabilities and Shareholders' Equity	3,206.31	100%	3,199.38	100%	6.93	0.22

➤ **Asset**

As of March 31, 2024, the group total assets amounted to **3,206.30 million baht, increased by 6.93 million baht or 0.22%**, compared with 2023. Total assets experienced a slight increase from the previous year. On March 5, 2024, SkyTower Infra, Inc., a subsidiary in the Philippines, has signed an agreement to sell 36 telecommunication stations under lease with Globe Telecom, Inc. In addition, 24 in-stock telecom towers in the Philippines to Alliance Towers Corporation for a total price of P328,687,582 or approximately 203,786,300 baht (excluding 12% VAT). Currently, the relevant rights documents are under review in preparation for the transfer and delivery of assets in accordance with the agreement.

➤ **Liabilities**

As of March 31, 2024, the group total liabilities amounted to **694.17 million baht, increased by 16.40%**. This is due to subsidiaries enhance production capacity and the increase in raw material orders leads to a rise in trade payables.

➤ **Shareholders' Equity**

As of March 31, 2024, the Shareholders' equity of the company was **2,512.14 million baht, decreased by 90.87 million baht (3.49%)**, compared to 2,603.01 million baht on December 31, 2023, due to operating losses are recognized.

Financial Ratio

Financial Ratio Highlights	Q1/2024	Y2023	Q1/2023
Current Ratio	5.74	7.41	10.28
Debt to Equity Ratio (D/E Ratio)	0.28	0.23	0.17
Return on Assets (ROA)	(1.98%)	(6.17%)	0.87%
Return on Equity (ROE)	(4.18%)	(12.45%)	1.69%
Book Value Per Share **	2.04	2.13	2.39

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

Considering the provided financial position information, the Group exhibits a stable financial condition. The group's financial position is stable and has high liquidity, a current ratio of 5.74 times and low financial risk. The D/E ratio is only 0.28 times, resulting in sufficient liquidity and cash flow to carry out its business plan.

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