

Translation

CEN 017/2021

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Subject Management Discussion and Analysis for Quarter 2-2021
To The Manager and President
The Stock Exchange of Thailand

Capital Engineering Network Public Company Limited would like to clarified the operating results of quarter 2-2021 for 3 months period as ended June 30, 2021 of company and its subsidiaries which has reviewed by Certified Public Accountant by profit from business operation of 119.87 Million Baht as 21.48 Million Baht increased when compared to same period of previous as profit of 98.37 Million Baht which can be summarized as follows:

1. Nature of group business'

The company and its subsidiaries (Group of Business) as natures business is investment in other companies such as Production/Distribution of materials, construction engineering of High Voltage Transmission Tower and Energy.

2. Overall Performance from Operating in Quarter 2-2021

Due to spread of COVID-19 which has been continuously and quite severe in Bangkok and 13 nearby provinces that have been declared as red zones, strictly control of worker camp by forbidden to join together with more than 20 people starting from end of June 2021 which affect economy in Thailand but not for the company. In this quarter, manufacturing and construction sector, there were still ongoing work and company has some protection of this risk thus revenue from steel business has growth more than 60% rapidly due to China has decline amount of export in term of steel and cancellation of rebate export tax which cause increased in price of raw materials and steels. On the other hand, Power Plant Business; the revenue is close compared to last year due to alternative energy from government and customers' continuous consumption of energy as in term of steel business still effect by outbreak of COVID-19 causing Electricity Generating Authority of Thailand (EGAT) to postpone the bidding for installation of many high voltage transmission tower since 2020. In addition, in June 2021, the capital increase shares were issued and offered to the existing shareholders in proportion to their shareholding or Right Offering, in which the shareholders exercised their

rights to subscribe for all the shares offered. making the financial position of the subsidiary company to be stable And is ready to expand the telecom station rental business in the Philippines and businesses that will generate income and profits for the company. As for the company's core business that focuses on investing in other companies In this quarter, a gain was recognized from measuring the fair value of the market price at a certain point in time. Make the overall picture of this quarter have earnings as expected. and its subsidiary sold its investment in an associated company, Dimet (Siam) Public Company Limited, in late June 2021, in accordance with the business restructuring plan. By halting unprofitable business operations and selling them. In addition, the sale of investment in such associated company Consequently, the subsidiary does not have to recognize the loss from the operation of the associated company that has had a loss for the past 5 years. In addition, the subsidiary can use the proceeds from the sale as capital for use in the core business and Invest in other businesses that will generate profits for the company in the future. The Group will continue to develop management strategies. To help increase business efficiency and create profits and sustainable growth for the company.

3. Analysis of Performances

Revenue

REVENUE FOR THE SECOND QUARTER (Million Baht)	FOR THE THREE-MONTH				Increased (Decreased)		FOR THE SIX-MONTH				Increased (Decreased)	
	2021	%	2020	%		%	2021	%	2020	%		%
Revenue from sale	290.81	61.82%	272.47	41.07%	18.34	6.73%	583.11	51.01%	600.81	60.91%	(17.69)	-2.94%
Revenue from manufacturing and service	11.80	2.51%	105.03	15.83%	(93.23)	-88.76%	34.05	2.98%	216.52	21.95%	(182.48)	-84.28%
Dividend income	0.19	0.04%	0.13	0.00	0.06	50.05%	0.19	0.02%	0.13	0.00	0.06	-
Gain from measurement of financial asset	15.00	3.19%	247.03	0.37	(232.03)	100.00%	345.33	30.21%	103.35	0.10	241.98	100.00%
Gain on sales of financial asset	136.13	28.94%	22.98	3.46%	113.14	492.27%	137.23	12.01%	21.84	2.21%	115.39	528.36%
Other income	16.50	3.51%	15.79	2.38%	0.71	4.48%	43.23	3.78%	43.78	4.44%	(0.55)	-1.25%
Total Revenue	470.43	100.00%	663.43	100.00%	(193.00)	-29.09%	1,143.14	100.00%	986.42	100.00%	156.72	15.89%

Quarter 2-2021 group of company has total revenue of 470.43 Million Baht as 193.00 Million Baht decreased or equal to 29.09% when compared to same period of previous year of 663.43 Million Baht by following details

Revenue (according to group of business) For Quarter 2-2021 (Million Baht)	FOR THE THREE-MONTH				Increased (Decreased) %
	2021	%	2020	%	
Income from continuing operation					
Steel wire Business	215.91	47.58%	133.39	20.62%	61.86%
Steel Structure Business	14.67	3.23%	106.17	16.41%	-86.18%
Power Plant Business	72.03	15.87%	137.44	21.24%	-47.59%
Investment Business	151.13	33.31%	270.01	41.73%	100.00%
Total income from continuing operation	453.74	100.00%	647.01	100.00%	-29.87%

3.1 Revenue from sales

Operating results of quarter 2-2021 as amount of 290.81 Million Baht as 18.34 Million Baht increased or 6.73% when compared to same period of previous year of 272.47 Million Baht

Steel Business

Revenue from sales of steel increased 61.86% compared to same period of previous year as from sales of products increased by 82.52 Million Baht due to China's reduction of export of steel products. In addition, export tax rebate has been canceled, causing price of raw material and selling price rise sharply therefore results in receiving large amount of orders and continuously.

Power Plant Business

There are only two Power Plants (alternative energy) has generated revenues when compared to same period of previous year which has totaling of 5 Power Plants due to disposed of investment in power plants that not profitable in order to stop recognition of loss from biomass power plant business as resulting revenue from sales electricity decreased by 65.41 Million Baht of 47.59%

3.2 Revenue from projects and services

Operating results in quarter 2-2021 of 11.80 Million Baht as 93.23 Million Baht decreased of 88.76% when compared to previous year as amount of 105.03 Million Baht

Steel Structure business

Revenue from projects and services decreased 88.76% from the same period last year, with revenues decreased by 93.23 million baht due to the gradual delivery of work since the end of last year. The

Electricity Generating Authority of Thailand (EGAT) has postponed the bidding for the installation of several large high-voltage transmission towers since the end of 2020, causing the purchase of high-voltage transmission towers in 2021 to be postponed. And resulting in the cost of project work in the financial statements is higher than the income of project work. This is caused by recording the cost of all factory overheads. Some of the fixed costs, which are costs from unused capacity (Cost of Idle Capacity), are included in the cost of revenue from actual production projects, which is not at full capacity of the factory. Currently, the telecommunication towers are being manufactured for delivery under the concession. Generate sales abroad It is expected to start delivering products in Quarter 3.

However, the subsidiary still had revenue from sales of structures for domestic power substations and telecommunication towers. (not including the part of the unused production cost) according to the volume of production of project work The whole substation structure (Substation), Telecommunication Tower and General Fabrication. The company has gross profit of each product, in the proportion of about 15% - 25%

3.3 Gain on fair value measurement of financial assets

Business group investing in other companies

Unrealized gain from change in fair value of other current financial assets amounting to 15 Million Baht is fair value adjustment of marketable securities for trading

3.4 Profit from sales of Financial Assets

Actual profit from the sale of financial assets amounted to 63.82 million baht, an increase of 40.84 million baht or 177.72% compared to the same period last year. The actual profit was 22.98 Million Baht. For this quarter, there was a gain from the sale of investment in an associated company of Sky Tower Public Company Limited (formerly Ua Withya Public Company Limited), renamed on July 1, 2021. The sale of investments in ordinary shares and warrants to purchase ordinary shares of Dimet (Siam) Public Company Limited through the MAI market was completed on June 30, 2021 to realize a profit of 72.31 million baht.

Other incomes are income from scrap sales, dividends, interest income and foreign exchange gains.

Expenses

EXPENSES FOR THE SECOND QUARTER (Million Baht)	FOR THE THREE-MONTH				Increased (Decreased) %		FOR THE SIX-MONTH				Increased (Decreased) %	
	2021	% per Revenue	2020	% per Revenue			2021	% per Revenue	2020	% per Revenue		
Cost of goods sold	241.63	51.36%	282.16	42.53%	(40.53)	-14.36%	494.65	43.27%	600.76	60.90%	(106.11)	-17.66%
Cost of steel tower manufacturing and rendering service	26.35	5.60%	83.61	12.60%	(57.26)	-68.48%	54.89	4.80%	182.80	18.53%	(127.90)	-69.97%
Cost of distribution	6.50	1.38%	6.42	0.97%	0.08	1.26%	13.97	1.22%	12.60	1.28%	1.36	10.80%
Administrative expenses	42.79	9.10%	71.13	10.72%	(28.34)	-39.84%	77.23	6.76%	126.16	12.79%	(48.94)	-38.79%
Loss on impairment of asset	-	0.00%	149.44	22.53%	(149.44)	-100.00%	-	0.00%	150.96	0.15	(150.96)	100.00%
Finance cost	4.43	0.94%	14.29	2.15%	(9.86)	-69.02%	9.19	0.80%	31.22	3.16%	(22.03)	-70.57%
Total Expenses	321.70	68.38%	607.05	91.50%	(285.35)	-47.01%	649.93	56.85%	1,104.51	111.97%	(454.58)	-41.16%

In the second quarter of 2021, the Group had total expenses of 321.70 Million Baht, a decrease of 285.35 Million Baht from the same period of 2020, which had total expenses of 607.05 Million Baht or a decrease of 47.01%.

3.5 Cost of sales and distribution costs

Cost of goods sold was 241.63 Million Baht, a decrease of 40.53 Million Baht or 14.36% when compared to the same period of the previous year, which amounted to 282.16 Million Baht. As a result, the cost of distribution increased by 1.26%, as well as the management of stock, raw materials and raw material prices, which are the main factors of cost of sales, were properly and concisely. In the power plant business group Cost of sales decreased due to the disposal of all investments in biomass power plants.

3.6 Costs from project work and services

Cost of project work and services amounted to 26.35 Million Baht, a decrease of 57.26 Million Baht or 68.48% when compared to the same period of the previous year, which amounted to 83.61 Million Baht, varying according to the amount of project work delivered to customers. It is also a result of the company's cost management to be more efficient.

3.7 Administrative expenses Impairment loss and financial costs

Administrative expenses amounted to 42.79 Million Baht, a decrease of 28.34 Million Baht or 39.84 percent compared to the same period of the previous year, which amounted to 71.13 Million Baht, mainly due to a decrease in revenue from main activities. Employee restructuring and cost reductions were made. And last year there was an impairment of investment in all 3 biomass power plants of Sky Tower Public

Company Limited, including the repayment of the subsidiary's debentures and has reduced credit limit of the group of companies resulting in lower financial costs

4. Financial Status

FINANCIAL POSITION As at June 30, 2021	30 Jun	31 Dec	Increase(decrease)	
	2021	2020	Million Baht	%
ASSETS				
Current Assets	2,083.95	1,241.73	842.23	68%
Non-Current Assets	1,366.50	1,462.58	(96.08)	-7%
Total assets	3,450.46	2,704.31	746.15	28%
LIABILITIES				
Current liabilities	346.19	401.09	(54.89)	-14%
Non-current liabilities	491.50	400.94	90.55	23%
Total liabilities	837.69	802.03	35.66	4%
EQUITY				
Issued and paid up share capital	745.14	745.14	-	-
Premium on ordinary shares	891.31	891.31	0.00	0.00
Retained earnings-Appropriated	45.39	45.40	(0.01)	(0.00)
Retained earnings-Unappropriated	(245.72)	(553.33)	307.61	-56%
Other components of shareholders' eqt	500.02	479.91	20.11	4%
Equity attributable to owners of the Company	1,936.14	1,608.43	327.71	20%
Non-controlling interests of the subsidiary	676.63	293.85	382.78	130%
Total shareholders' equity	2,612.77	1,902.28	710.49	37%

4.1 Assets

As at June 30, 2021 group of companies has total assets of 3,450.46 Million Baht as 746.15 Million Baht increased or 27.59% when compared to December 31, 2020 which had total assets of 2,704.31 Million Baht however, importance changes in transaction consists of

Decrease in trade accounts receivable and other current receivables - other businesses, an increase of 55.98 Million Baht due to an increase in sales of products in the steel wire business.

Inventories increased by 107.98 Million Baht due to the purchase of raw materials and production to prepare for delivery to customers and tighter control management.

Other current financial assets increased by 328.45 Million Baht, mainly due to changes in fair value of marketable securities.

Non-current assets held for sale decreased by 4.10 Million Baht due to Sky Tower Public Company Limited to dispose of its investment in an associated company.

Bank deposits encumbered as collateral increased by 8.70 Million Baht due to Rayong Wire Industries Public Company Limited's deposits to expand the credit limit for raw material purchases and a subsidiary received a deposit as a guarantee for the underground pipe drilling contract.

Assets of right to use decreased by 25.76 Million Baht, mainly from Rayong Wire Industries Public Company Limited, which received assistance during Covid-19, reduced land rent from Map Ta Phut Industrial Estate.

Decrease in deferred tax assets as the Group has increased profits, enabling greater use of tax assets.

4.2 Liabilities

As of June 30, 2021, the Group had total liabilities of 837.69 Million baht, an increase of 35.66 Million Baht when compared to as of December 31, 2020, which amounted to 802.03 Million Baht. Short-term loans from financial institutions increased from product balance. Higher balances and higher deferred tax liabilities from estimation of operating results.

4.3 Shareholders' equity

As of June 30, 2021, the Company has shareholders' equity of 1,936.14 Million Baht, an increase of 327.71 Million Baht when compared to as of December 31, 2020 (adjusted), which was 1,608.43 Million Baht due to the company's comprehensive profit for the period 6 months period of year 2021

Please be informed for acknowledgement

Sincerely yours,

Miss Laphassarin Kraiwongwanitrungr

Director