

PROEN Corp Public Company Limited and Subsidiaries

Management Discussion and Analysis Yearly

For the Quarter 1 end of March 31,2025

Business overview

PROEN Corp Public Company Limited and its subsidiaries (“the Group”) operate in the field of Information Communication and Technology (ICT), Internet Data Center (IDC), Internet Service Provider (ISP), and Cloud Services, collectively called ICT business, which constitutes the primary source of revenue. Additionally, the Group undertakes telecommunications and infrastructure project contracting services. The Group's key strategies include:

- Promoting comprehensive services by developing new products and services to meet the needs of existing customers, thereby enhancing value and building customer loyalty.
- Expanding the customer base within the telecommunications infrastructure sector.
- Increasing accessibility through the PROEN Power Partner Program and the PROEN Customer Loyalty Program.

Operating result

Performance Results of the Group for Q1/2025

The Group reported total revenue of 167.43 million baht for the first quarter of 2025, an increase of 28.77 million baht or 20.75% compared to the same period last year. This was primarily due to an increase in sales revenue of 44.24 million baht and an increase in service revenue of 1.57 million baht, totaling an increase of 45.81 million baht in sales and service revenue.

This rise was attributed to the company securing a government project in Q1/2025 involving the procurement of machinery for water resource development, which contributed to the increase in



sales revenue. Revenue from information technology services related to data center (IDC) operations remained unchanged.

However, infrastructure project revenue decreased by 17.04 million baht because several projects initiated in 2024 gradually concluded in Q4/2024. Nevertheless, the company continues to recognize revenue from ongoing projects in 2025 and is actively pursuing new contracts.

The Group's gross profit decreased by 8.89 million baht or 27.07%. The company is closely monitoring the situation and adjusting its operational plans accordingly. The company reported a net loss of 15.90 million baht due to the decline in gross profit, an increase in financial costs of 5.07 million baht, and a share of loss from a joint venture of 3.43 million baht. However, the company recognized a gain of 1.47 million baht from the fair value measurement of derivatives. Selling and administrative expenses decreased.

Business Operation Analysis

The comparative cumulative performance for the Quarter 1 ended of 31 March 2025 and 2024, can be summarized as follows:

Operating Result (Unit : million Baht)	Quarter 1/2025 (Jan - Mar)		Quarter 1/2024 (Jan - Mar)		Change YoY	
	MB.	%	MB.	%	Increase (Decrease)	%
Total revenues	167.43	100.00%	138.66	100.00%	28.77	20.75%
Total costs	143.48	85.70%	105.82	76.32%	37.66	35.59%
Gross profit	23.95	14.30%	32.84	23.68%	(8.89)	(27.07%)
Other income	0.25	0.15%	1.66	1.20%	(1.41)	(84.94%)
Other gains (losses) - net	1.47	0.88%	(3.48)	(0.03)	4.95	100.00%
Selling expenses and distribution costs	5.54	3.31%	5.66	4.08%	(0.12)	(2.12%)
Administrative expenses	23.90	14.27%	26.95	19.44%	(3.05)	(11.32%)
Share of loss of associate	3.43	2.05%	-	-	3.43	-
Profit before interest and income tax expense	(7.20)	(4.30%)	(1.59)	(1.15%)	(5.61)	352.83%
Finance costs	7.67	4.58%	2.60	1.88%	5.07	195.00%
Profit before income tax expense	(14.87)	(8.88%)	(4.19)	(3.02%)	(10.68)	254.89%
Income tax expense	1.03	0.62%	(0.84)	(0.61%)	1.87	(222.62%)
Profit for the year	(15.90)	(9.50%)	(3.35)	(2.42%)	(12.55)	374.63%



Revenue, Cost, and Gross Profit

Operating Result (Unit: million Baht)	Revenue				Cost				Gross Profit			
	Q1/2025	Q1/2024	Increase (Decrease)	%	Q1/2025	Q1/2024	Increase (Decrease)	%	Q1/2025	Q1/2024	Increase (Decrease)	%
ICT Business:												
Revenue from sale	50.01	5.77	44.24	7.67	44.63	5.11	39.52	7.73	5.38	0.66	4.72	7.15
Revenue from service	74.75	73.18	1.57	2.15%	49.89	49.32	0.57	1.16%	24.86	23.86	1.00	4.19%
Total revenue from ICT business	124.76	78.95	45.81	58.02%	94.52	54.43	40.09	73.65%	30.24	24.52	5.72	23.33%
Infrastructure construction business:												
Revenue from construction contracts	42.67	59.71	(17.04)	(28.54%)	48.96	51.39	(2.43)	(4.73%)	(6.29)	8.32	(14.61)	(175.60%)
Total revenue from main business	167.43	138.66	28.77	20.75%	143.48	105.82	37.66	35.59%	23.95	32.84	(8.89)	(27.07%)

Revenue

In the first quarter of 2025, the Company generated core business revenue of 167.43 million baht, representing an increase of 28.77 million baht or 20.75% compared to the same period last year. This growth was driven by an increase in sales revenue of 44.24 million baht and an increase in service revenue of 1.57 million baht, resulting in a total increase of 45.81 million baht in sales and service revenue.

During Q1/2025, the Company secured a government project involving the procurement of machinery for water resource development, which contributed to the higher sales revenue. Meanwhile, revenue from information technology services related to data center (IDC) operations remained unchanged.

However, revenue from infrastructure projects declined by 17.04 million baht due to the gradual completion of projects initiated in 2024, which concluded during Q4/2024. Nonetheless, in 2025, the Company continues to recognize revenue from current projects and remains actively engaged in pursuing new contracts.

Cost of sales and Gross Profit

For Q1/2025, the cost of sales from sales and services amounted to 94.52 million baht, an increase of 40.09 million baht or 73.65%, in line with the increase in revenue.



However, the cost of sales from infrastructure projects was higher than the revenue due to some projects underestimating costs, leading to higher-than-expected costs.

For Q1/2025, the gross profit from sales and services was 30.24 million baht, an increase of 5.72 million baht or 23.33%. Meanwhile, the gross profit from infrastructure projects was a loss of 6.29 million baht, down by 14.61 million baht or 175.60% due to the initial underestimation of project costs. The Company's total gross profit for Q1/2025 amounted to 23.95 million baht, a decrease of 8.89 million baht or 27.07% compared to the same period last year.

Other Income

For Q1/2025, other income amounted to 0.25 million baht, a decrease of 1.41 million baht or 84.94%, primarily due to a reduction in interest income from loans provided to related parties.

Other Gains (Losses) – Net

For Q1/2025, the other net profit (loss) amounted to 1.47 million baht, arising from the recognition of a gain from the fair value measurement of derivative contracts.

Selling and Administrative Expenses

For Q1/2025, the selling and administrative expenses amounted to 5.54 million baht, a decrease of 0.12 million baht or 2.12%. Administrative expenses amounted to 23.90 million baht, a decrease of 3.05 million baht or 11.32%. This reduction came from lower audit fees and legal consulting fees by 1 million baht, and other savings resulted from more effective cost management."

Share of Loss from Joint Venture Using the Equity Method

For Q1/2025, the Company recognized a share of loss from its joint venture, Seashore Data Center & Cloud Services Co., Ltd., in which it holds a 30% stake, amounting to 3.43 million baht.



Financial Costs

For Q1/2025, the Company incurred financial costs totaling 7.67 million baht, an increase of 5.07 million baht or 195% compared to the same period last year. The majority of these costs were related to bond interest, which increased due to last year's financial costs being capitalized as part of the assets under construction for the Internet Data Center project. However, since the Data Center project assets have now been sold, the financial costs have increased accordingly.

Income Tax Expenses

For Q1/2025, income tax expenses amounted to 1.03 million baht, an increase of 1.87 million baht or 222.62%.

Statement of financial position

Statement of Financial Position (Unit: million Baht)	31 Mar 25	31 Dec 24	Increase (decrease)	%Increase (decrease)
Assets				
Current assets	763.71	868.31	(104.60)	(12.05%)
Non-current assets	594.81	602.10	(7.29)	(1.21%)
Total assets	1,358.52	1,470.41	(111.89)	(7.61%)
Liabilities and Equity				
Current liabilities	753.40	546.20	207.20	37.93%
Non-current liabilities	41.20	344.39	(303.19)	(88.04%)
Total liabilities	794.60	890.59	(95.99)	(10.78%)
Equity	563.92	579.82	(15.90)	(2.74%)
Total liabilities and equity	1,358.52	1,470.41	(111.89)	(7.61%)

As of March 31, 2025, the Company's total assets amounted to 1,358.52 million baht, a decrease of 111.89 million baht or 7.61% compared to the previous year. This decrease was mainly due to a reduction in cash and cash equivalents, resulting from the repayment of bonds amounting to 100 million baht.

Liabilities decreased by 95.99 million baht or 10.78%, primarily due to the reduction in bonds following the repayment of 100 million baht.



Statement of Cash Flow

Statement of Cash Flows (Unit : million Baht)	31 Mar 25	31 Mar 24	Increase (decrease)	%Increase (decrease)
Net cash generated from (used in) operating activities	(26.60)	20.79	(47.39)	(227.95%)
Net cash generated from (used in) investing activities	2.47	(122.93)	125.40	(102.01%)
Net cash (used in) generated from financing activities	(71.63)	(68.28)	(3.35)	4.91%
Net increase in cash and cash equivalents	(95.76)	(170.42)	74.66	(43.81%)
Opening balance of cash and cash equivalents	176.61	222.53	(45.92)	(20.64%)
Closing balance of cash and cash equivalents	80.85	52.11	28.74	55.15%

Cash Flow Statement as of March 31, 2025

As of March 31, 2025, the Group had cash and cash equivalents remaining of 80.85 million baht. There was a net cash outflow of 26.60 million baht from operating activities, mainly due to payments made to settle trade payables and financial costs totaling 38.32 million baht. However, the Group received tax refunds totaling 10.95 million baht.

The Group also had a net cash inflow of 2.47 million baht from investing activities, which was primarily due to a decrease in restricted deposits of 4.98 million baht. However, the Group made cash payments for the purchase of assets amounting to 2.58 million baht.

In financing activities, the Group had a net cash outflow of 71.63 million baht, mainly due to the repayment of bonds totaling 101.83 million baht. However, the Group also borrowed 40.16 million baht from financial institutions.

EVENTS AFTER THE REPORTING PERIOD

On April 21, 2025, the Company entered into a share purchase agreement to sell of ordinary shares in Seashore Data Centre and Cloud Services Co., Ltd. according to the resolution of the Company's Board of Directors Meeting No.3/2025. The Company sold all 30% of ordinary shares to existing shareholders in the amount of Baht 290,000,000. The Company received such share subscription on April 25, 2025.

On April 24, 2025, the Annual General Meeting of Shareholders for the year 2025 passed the resolution to approve the reduction of the Company's registered shares capital by Baht 200,000,000, which was previously offered to private placement. This resulted in a decrease in



the registered shares capital from Baht 482,863,724.50 to Baht 282,863,724.50 by eliminating unissued shares capital 400,000,000 shares with a par value of Baht 0.50 per share.

Sustainability Development

The Company has a policy to operate its business with the belief that long-term success requires ethical management and adherence to good corporate governance principles, as well as a focus on sustainable growth. This involves balancing economic, social, and environmental considerations. Social responsibility is a key focus for the Group, which is firmly committed to collaborating with stakeholders while considering potential impacts on shareholders, employees, customers, partners, and surrounding communities. The Company also fosters and encourages employees to be socially responsible by participating in activities that benefit society, continuously caring for and preserving the environment sustainably. This approach aligns with the principles set forth by the Stock Exchange of Thailand, driven by a commitment to sustainable business practices.

Strategy	Tactic
Develop products, innovations, and advanced technologies to meet the diverse needs of customers.	Elevate customer collaboration to a partnership level to deliver valuable products and services to the market.
	Design and gather insights information to analyze and accurately meet customer needs.
Enhance the potential of people to align with the business's sustainability direction.	Encourage the development of individual skills for employees to design innovative products that appropriately meet the diverse needs of customers.
	Promote behaviors and enhance employee knowledge to improve work processes that align with eco-efficiency goals.
Manage energy use within the organization to achieve eco-efficiency.	Encourage the use of alternative energy within the organization.
	Promote the use of environmentally friendly materials.

