

May 12, 2022

Subject: Management's Discussion and Analysis of Operating Results for the three-month period ended March 31, 2022

Attention: The President of the Stock Exchange of Thailand

Masterkool International Public Company Limited ("the Company") would like to announce the operating results of the Company for the three-month period ended March 31, 2022 which has been reviewed in the Board of Directors' Meeting No. 5/2022 arranged on May 12, 2022 as following: -

Table 1: Overall performance for the three-month period ended May 12, 2022

Description	FY2022	FY2021	Increase (Decrease)	
	(3 Months)	(3 Months)	Amount	%
Net Product Sales	170.37	207.71	(37.34)	(17.97)
Net Service Sales	64.92	11.22	53.70	478.61
Interest Income	9.39	-	9.39	100.00
Other Revenue *	2.52	0.27	2.25	833.33
Total Revenues	247.20	219.20	28.00	12.77
Cost of Goods Sold	142.80	179.66	(36.86)	(20.52)
Cost of Service	50.75	6.84	43.91	641.96
Selling Expenses	16.25	20.15	(3.90)	(19.35)
Administrative Expenses	20.23	17.31	2.92	16.87
Loss from Exchange Rate	-	1.95	(1.95)	(100.00)
Total Cost	230.03	225.91	4.12	1.82
Profit(Loss) from Operating Activities	17.17	(6.71)	23.88	255.89
Share of profit (loss) from investment in JV	1.18	-	1.18	100.00
Profit from buying at a price below fair value	0.18	-	0.18	100.00
Profit (loss) before finance costs and income tax	18.53	(6.71)	25.24	276.15
Financial Cost	1.67	2.51	(0.84)	(33.47)
Profit (loss) before income tax	16.86	(9.22)	26.08	182.86
Tax Expense(Tax Income)	1.13	0.04	1.09	2,700.25
Profit (loss) for the year	15.73	(9.26)	24.99	169.87
Other comprehensive income (loss) for the year	-	-	-	-
Comprehensive profit (loss) for the year	15.73	(9.26)	24.99	169.87

* Other income such as interest income, foreign exchange gains and government subsidies, etc.

Business Overview

Overview of operations for the three-month period as of March 31, 2022, the Company's total revenue increased by 28 million baht, or an increase of 12.77% compared to the operating results for the same period of

2021. Sales revenue declined due to the impact of the situation. The spread of COVID-19, the economic slowdown and the weather with continuous rain. However, the company Revenue from services increased by 53.70 million baht due to the delivery of large projects with high value as planned. In terms of expenses, the increase was the cost of services, which was proportional to the revenue. and have a strict control over the cost. The company has a profit from operations of 17.17 million baht and has a comprehensive profit for the period. Ended March 31, 2022 equal to 15.73 million baht.

Significant changes in the past quarter 1/2022, the company acquired 99.99% of the company in the Capital Link Holding Company Limited (CLH) in the total amount of 61.28 million baht, paid with newly issued ordinary shares. new company of 68.62 million shares, par value of 0.893 baht per share instead of paying by cash and purchased 39,998 shares of Capital Link Udonthani Company Limited (CLU) at a par value of 1,000 baht per share at an offering price of 2,555.58 baht per share, totaling 102.21 million baht, or 99.99% of all sold shares. By paying compensation with newly issued ordinary shares of the Company in the amount of 114.46 million shares at a par value of 0.893 baht per share, totaling 102.21 million baht, resulting in the company currently has 5 subsidiaries and 2 joint ventures as follows:

- 1) Innov Green Solutions Co., Ltd. is engaged in consulting services, designing, installing, selling and providing energy saving and environmental conservation services. The Company holds 99.99% shares.
- 2) Capital Link Holding Co., Ltd. operates investment business. The Company holds 99.99% shares.
- 3) Capital Link Advisory Co., Ltd. operates a financial consulting business. The Company holds 99.99% shares indirectly through Capital Link Holding Co., Ltd.
- 4) Capital Link Leasing Public Co., Ltd. operates financial business. The company holds shares 99.99% indirectly held through Capital Link Holding Co., Ltd.
- 5) Capital Link Udonthani Co., Ltd. operates real estate development business. The Company holds 99.99% shares.
- 6) H-Do (Thailand) Co., Ltd., a joint venture that operates real estate business. and a real estate broker. The Company holds 49.00% shares.
- 7) H-Do Asset Management Co., Ltd., a joint venture that operates asset management business. The Company holds 99.99% shares indirectly through H-Do (Thailand) Co., Ltd.

From such mergers and acquisitions, the financial statements for the period ended March 31, 2022 of CLU and CLH have been included in the consolidated financial statements of the Group since January 17, 2022, when the Group has control.

Economic & industrial conditions affecting operations
and analyze the Company's performance by key business segmentation

The epidemic situation of COVID-19 affecting both the health of the population and the overall economic system worldwide, it continues to the present. Sales channels that are most affected are sales channels through

retail stores (Moderntrade), which is a market for retail customers. Therefore, sales revenue has decreased significantly.

Product and service presenting or proposing to corporate customer has many obstacles from such situations, anyhow the Company has continued to expand its corporate customer base, and also improve its work processes to deliver finish work to customers with quality and timely to the delivery plan resulting in increased service revenue. This effected a positive overall income that has increased by more than 12%.

Linkage of Policies, Strategies, and Goals

The company has transformed itself to the epidemic situation of COVID-19 for quite some time before, and manage according to changing situations including export negotiations to countries less affected by the COVID-19, emphasis on online sales to create opportunities in new markets to replace revenue from sales through retail stores (Moderntrade) that fell sharply, as well as to continuously increase the customer base of the organization to increase opportunities in energy-saving business and cooling solutions; this is a business operation through Innov Green Solutions Company Limited, a subsidiary. Moreover, mergers and acquisitions of Capital Link Group in the past period is an important part of reducing the risk from business operations:

Comparative analysis of estimates

The Company continues to implement plans to build strength in the future. by continuously expanding the customer base for corporate sales channels to reduce the risk of overall revenue volatility in the quarter 1/2022, sales channels for corporate customers generate income from selling products and services, which are services for installation, maintenance of air-cooling systems, energy saving and environment conserving systems.

Table 2: Consolidated statement of financial position as of March 31, 2022

Million Baht

Summary Statement of Financial Position	Consolidated Statement			
	31 Mar 2022	31 Dec 2021	+ / (-)	%
Assets				
Current Assets				
Cash and cash equivalents	101.99	66.50	35.49	53.37
Loans to debtors	9.39	0.00	9.39	100.00
Trade accounts and other receivables	115.07	86.86	28.21	32.48
Receivable under the capital lease agreement due within 1 year	0.12	0.20	(0.08)	(40.00)
Contract assets	11.77	2.92	8.85	303.08
Short-term loans	180.01	0.06	179.95	300000.00
Inventories	186.08	201.00	(14.92)	(7.42)
Real-estate development project cost	27.13	0.00	27.13	100.00
Other current financial assets	21.23	0.44	20.79	4725.00
Other current assets	2.83	0.51	2.32	454.90
Total current assets	655.62	358.49	297.13	82.88
Non-current assets				

Summary Statement of Financial Position	Consolidated Statement			
	31 Mar 2022	31 Dec 2021	+ / (-)	%
Deposits at financial institutions with collateral	80.80	79.85	0.95	1.19
Investment in subsidiary	0.00	0.00	0.00	0.00
Investments in associates	32.72	0.00	32.72	100.00
Long-term loans	119.89	119.91	(0.02)	(0.00)
Investment property	88.24	0.00	88.24	100.00
Land, building and equipment	47.40	41.26	6.14	14.81
License assets	11.32	13.00	(1.68)	(41.89)
Intangible assets	2.23	2.41	(0.18)	(7.47)
Deferred tax assets	0.17	0.00	0.17	100.00
Other non-current assets	14.88	15.34	(0.46)	(3.00)
Total non-current assets	397.65	271.77	125.88	46.32
Total assets	1053.27	630.26	423.01	67.12
Liabilities and Equity				
Current liabilities				
Bank overdrafts and short-term loans from financial institutions	128.89	121.32	7.57	6.24
Trade and other current payables	83.01	43.77	39.24	89.65
Liabilities arising from current contracts	16.68	24.76	(8.08)	(32.63)
Liabilities under the lease agreement due within one year	7.39	9.07	(1.68)	(18.52)
Short-term loans from related parties	42.50	0.00	42.50	100.00
Estimates of long-term quality guarantee	4.32	4.47	(0.15)	(3.36)
Accrued corporate income tax	1.31	0.00	1.31	0.00
Other current liabilities	0.00	0.00	0.00	0.00
Total current liabilities	284.10	203.39	80.71	39.68
Non-current liabilities				
Liabilities arising from non-current contracts	0.45	0.33	0.12	36.36
Estimates of long-term quality guarantee	0.28	0.23	0.05	21.74
Lease liabilities	1.91	2.26	(0.35)	(15.49)
Non-current debt estimates for employee benefits	18.64	17.36	1.28	7.37
Deferred tax liabilities	18.53	0.67	17.86	2665.67
Other non-current liabilities	3.93	3.89	0.04	1.03
Total non-current liabilities	43.74	24.74	19.00	76.80
Total liabilities	327.84	228.13	99.71	43.71
Ordinary share capital 1,250,000,000 shares, par value 0.25 baht per share	312.50	312.50	0.00	0.00
Paid-up capital				
Ordinary share 1,200,000,000 shares, par value 0.25 baht per share	300.00			
Ordinary share 857,000,000 shares, par value 0.25 baht per share		214.25		
Premium on ordinary shares	541.13	319.82	221.31	69.20
Surplus from share-based payment	3.06	3.06	0.00	0.00
Profit (Loss) accumulated				
- Allocated as a legal reserve	8.26	8.26	0.00	0.00

Summary Statement of Financial Position	Consolidated Statement			
	31 Mar 2022	31 Dec 2021	+ /(-)	%
- Not allocated	(127.01)	(143.26)	(16.25)	(11.34)
Total Shareholders' Equity	725.43	402.13	323.30	80.40
Total liabilities and shareholders' equity	1053.27	630.26	423.01	67.12

Assets

As of March 31, 2022, the company had total assets of 1,053.27 million baht, which compared to the asset value as of December 31, 2021 that was worth 630.26 million baht. The company's total assets increased by 423.01 million baht, or an increase of 67.12%. Main items Consisting of short-term loans of 180.01 million baht, which the company received from the previous capital increase. In addition, the company also bought real estate for investment of 88.24 million baht.

Liabilities

As of March 31, 2022, the company had total liabilities of 327.84 million baht, which when compared with total liabilities as of December 31, 2021, the company had total liabilities increased by 99.71 million baht. The main items consisted of trade payables and other current payables of 39.24 million baht. baht, which is the procurement of goods and services to deliver to customers. As a result, trade accounts payable and current payable increased by 89.65% when comparing the same items as of December 31, 2021. The Company will pay for goods and services when the payment is due as agreed, in accordance with normal business operations.

As for the deferred income tax liability of 18.53 million baht, which is an increase from the same item as of December 31, 2021, equal to 17.86 million baht, it is a recording of income tax items according to normal accounting standards.

Shareholders' Equity

As of March 31, 2022, the Company had total shareholders' equity of 725.43 million baht, an increase of 323.30 million baht, representing an increase of 80.40% when compared to shareholders' equity as of December 31, 2021 due to the company's capital increase.

Table 3: Financial Ratio

	Financial Ratio (Consolidated)		+ /(-)
	Jan-Mar 2022	Jan-Dec 2021	
Liquidity Ratio			
Current ratio	2.31	1.76	0.55
Quick ratio	1.47	0.77	0.70
Profitability Ratio			
Gross profit margin %	18.02%	21.50%	(3.48)
EBIT margin %	7.44%	(4.05%)	11.49
Net profit margin %	6.91%	(3.92%)	10.83
Efficiency Ratio			
Return on equity (ROE) %	2.88%	(7.21%)	10.09
Return on asset (ROA) %	1.93%	(3.71%)	5.64
Total assets turnover	0.30	0.95	(0.65)
Financial Policy Ratio			
Debt to equity ratio	0.31	0.57	(0.26)

Liquidity Ratio

The liquidity ratio increased by 0.55 times when compared to the ratio at the period ended December 31, 2021 due to the debt settlement of goods and services on time, and the capital increase operations. As well as the quick liquidity ratio increased by 0.70 times compared to the ratio at the period ended December 31, 2021.

Profitability Ratio and Efficiency Ratio

The Company's gross profit margin decreased by 3.48% due to the sale of large projects where the overall selling price structure would have lower gross profit margins than general sales. However, due to the sale of the said project, revenue from the installation of the ozone system and the evaporative cooling system. This results the overall operating profit increased by 11.49% and benefited to the return on equity and the return on assets increased by 10.09% and 5.64%, respectively.

Financial Policy Ratio

The Company's debt to equity ratio decreased from the previous year. The operating debt to equity ratio for the three-month period of 2022 was 0.31 times, a decrease of 0.26 times compared to 2021 as a result of the Company's recent capital increase.

(Mr. Noppachai Veeraman)
Managing Director