

August 10, 2022

Subject: Management's Discussion and Analysis of Operating Results for six-month period ended June 30, 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 six-month period ended June 30, 2022 which has been reviewed in the Board of Directors' Meeting No. 8/2022 arranged on August 10, 2022 as following: -

Table 1: Overall performance for the six-month period ended June 30, 2022

Million Baht

Description	FY2022 (6 Months)	FY2021 (6 Months)	Increase (Decrease)	
			Amount	%
Net Product Sales	254.48	333.97	(79.49)	(23.80)
Net Service Sales	83.05	29.44	53.61	182.10
Interest Income	22.25	0.26	21.99	8,457.69
Other Revenue *	1.25	0.15	1.10	733.33
Total Revenues	361.03	363.82	(2.79)	(0.77)
Cost of Goods Sold	210.05	269.41	(59.36)	(22.03)
Cost of Service	59.29	17.77	41.52	233.65
Selling Expenses	31.61	40.63	(9.02)	(22.20)
Administrative Expenses	27.66	33.58	(5.92)	(17.63)
Loss from Exchange Rate	2.71	4.55	(1.84)	(40.44)
Total Cost	331.32	365.94	(34.62)	(9.46)
Profit(Loss) from Operating Activities	29.71	(2.12)	31.83	1,401.42
Share of profit (loss) from investment in JV	1.27	-	1.27	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	31.16	(2.12)	33.28	1,469.81
Financial Cost	3.78	5.16	(1.38)	(26.74)
Profit (loss) before income tax	27.38	(7.28)	34.66	376.10
Tax Expense(Tax Income)	1.18	0.04	1.14	2,850.00
Profit (loss) for the year	26.20	(7.32)	33.52	357.92
Other comprehensive income (loss) for the year				
Comprehensive profit (loss) for the year	26.20	(7.32)	33.52	357.92

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

Business Overview

Overview of operations for the six-month period as of June 30, 2022, the Company had a total revenue of 361.03 million baht, which was close to the same period of 2021 due to the economic slowdown due to the impact of the long-standing epidemic situation of COVID-19, coupled with the continuous rainy weather since the 2nd quarter of 2022, which affected the demand of retail customers, which is the main market. However, the Company has income from sales through other channels to replace including sales of corporate customers, exports, services and interest income

Overall expenses for the period decreased due to cost control resulting in overall company profit from operations of 29.71 million baht and comprehensive profit for the period ending June 30, 2022 equal to 26.20 million baht.

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

Sales channel that have been greatly affected by the economic conditions that have resulted from the outbreak of the Covid 19 epidemic are the Retail Channels which operating sales through Moderntrade stores, which is a market for retail customers. The revenue from this channel has therefore decreased significantly. Such effects not only happened to the Company, but also to the whole industry of evaporative cooling fans and retail business. However, the Company has continued to expand the corporate customer base, resulting in revenue occurred from selling corporate customers and services. Moreover, the Company received interest income from the Company's loan providing business.

Linkage of Policies, Strategies, and Goals

The Company has continuously adapted its operations in all aspects, and manage according to situations which changed; both negotiate cooperation with major sales agents and manufacturers for long-term business continuity, online marketing to create opportunities in new markets to replace revenue from sales through modern retail stores where the market demand has contracted greatly, continuously increasing corporate customer base to increase opportunities in energy-saving business and solve the problem of high-temperature weather by operating through Innov Green Solutions Company Limited, a subsidiary, including the merger of the Capital Link Group in the past is an important part of reducing the risk of 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 which the results of the six-month period ending June 30, 2022, the corporate sales channels generate more income from the sale of products and services, which are services for installation, maintenance of hot-air solutions, energy saving system and environmental conservation.

Table 2: Consolidated statement of financial position as of June 30, 2022

Million Baht

Summary Statement of Financial Position	Consolidated Statement			
	30-Jun-22	31-Dec-21	+ / (-)	%
Assets				
Current Assets				
Cash and cash equivalents	122.25	66.50	55.75	83.83
Loans to debtors	233.94	0.06	233.88	389800.00
Trade accounts and other receivables	96.14	86.86	9.28	10.68
Receivable under the capital lease agreement due within 1 year	0.03	0.20	(0.17)	(85.00)
Contract assets	6.17	2.92	3.25	111.30
Inventories	165.02	201.00	(35.98)	(17.90)
Real-estate development project cost	26.48	0.00	26.48	100.00
Other current financial assets	550.44	0.44	550.00	125000.00
Other current assets	2.98	0.51	2.47	484.31
Total current assets	1203.45	358.49	844.96	235.70
Non-current assets				
Deposits at financial institutions with collateral	81.85	79.85	2.00	2.50
Investment in subsidiary	0.00	0.00	0.00	0.00
Investments in associates	32.81	0.00	32.81	100.00
Long-term Loans to debtors	142.86	119.91	22.95	19.14
Investment property	89.38	0.00	89.38	100.00
Land, building and equipment	46.08	41.26	4.82	11.68
License assets	7.87	13.00	(5.13)	(39.46)
Intangible assets	2.04	2.41	(0.37)	(15.35)
Deferred tax assets	0.17	0.00	0.17	100.00
Other non-current assets	11.81	15.34	(3.53)	(23.01)
Total non-current assets	414.87	271.77	143.10	52.65
Total assets	1618.32	630.26	988.06	156.77
Liabilities and Equity				
Current liabilities				
Bank overdrafts and short-term loans from financial institutions	96.93	121.32	(24.39)	(20.10)
Trade and other current payables	47.60	43.77	3.83	8.75
Liabilities arising from current contracts	9.99	24.76	(14.77)	(59.65)
Liabilities under the lease agreement due within one year	3.89	9.07	(5.18)	(57.11)
Short-term loans from related parties	40.00	0.00	40.00	100.00

Summary Statement of Financial Position	Consolidated Statement			
	30-Jun-22	31-Dec-21	+ / (-)	%
Estimates of long-term quality guarantee	3.77	4.47	(0.70)	(15.66)
Accrued corporate income tax	1.23	0.00	1.23	100.00
Total current liabilities	203.41	203.39	0.02	0.01
Non-current liabilities				
Liabilities arising from non-current contracts	2.50	0.33	2.17	657.58
Estimates of long-term quality guarantee	0.00	0.23	(0.23)	(100.00)
Lease liabilities	1.11	2.26	(1.15)	(50.88)
Non-current debt estimates for employee benefits	18.37	17.36	1.01	5.82
Deferred tax liabilities	18.49	0.67	17.82	2659.70
Other non-current liabilities	4.21	3.89	0.32	8.23
Total non-current liabilities	44.68	24.74	19.94	80.60
Total liabilities	248.09	228.13	19.96	8.75
Ordinary share capital 1,250,000,000 shares, par value 0.25 baht per share	750.00	312.50	437.50	140.00
Paid-up capital				
Ordinary share 1,200,000,000 shares, par value 0.25 baht per share	618.07			
Ordinary share 857,000,000 shares, par value 0.25 baht per share		214.25		
Premium on ordinary shares	724.23	319.82	404.41	126.45
Surplus from share-based payment	3.06	3.06	0.00	0.00
Profit (Loss) accumulated				
- Allocated as a legal reserve	0	8.26	(8.26)	(100.00)
- Not allocated	24.87	(143.26)	(168.13)	17.36
Total Shareholders' Equity	1370.23	402.13	968.10	240.74
Total liabilities and shareholders' equity	1618.32	630.26	988.06	156.77

Assets

As of June 30, 2022, the company had total assets of 1,618.32 million baht, compared to the asset value as of December 31, 2021, which was worth 630.26 million baht. The company's total assets increased by 988.06 million baht or representing an increase of 156.77%. Main items Consists of other current financial assets of 550.44 million baht, which are long-term deposits. The company received money from the previous capital increase. and loans to debtors 142.86 million baht.

Liabilities

As of June 30, 2022, the company had total liabilities of 248.09 million baht, when compared to total liabilities as of December 31, 2021, the company had total liabilities increased by 19.96 million baht. An increase of 3.83 million baht was a transaction that the Company Payment of goods and services will be made upon the

agreed due date in accordance with normal business operations. For overdrafts and short-term loans from financial institutions, decreased by 24.39 million baht or approximately 20.10 % when comparing the same items as of December 31, 2021 because the Company Able to repay the money to the financial institution after the last capital increase

As for the deferred income tax liabilities of 18.49 million baht, which is an increase from the same item as of December 31, 2021, equal to 0.67 million baht, it is a recording of income tax items according to normal accounting standards.

Shareholders' Equity

As of June 30, 2022, the Company had total shareholders' equity of 1370.23 million baht, an increase of 968.10 million baht, representing an increase of 240.74% when compared to shareholders' equity as of December 31, 2021 due to the capital increase of company.

Table 3: Financial Ratio

	Financial Ratio (Consolidated)		+ / (-)
	Jan-Jun 2022	Jan-Dec 2021	
Liquidity Ratio			
Current ratio	5.92	1.76	4.16
Quick ratio	2.22	0.76	1.46
Profitability Ratio			
Gross profit margin %	25.88%	30.32%	(4.44)
EBIT margin %	9.11%	1.34%	7.77
Net profit margin %	9.06%	1.34%	7.72
Efficiency Ratio			
Return on equity (ROE) %	1.18%	0.22%	0.96
Return on asset (ROA) %	0.93%	0.17%	0.76
Total assets turnover	0.10	0.13	(0.03)
Financial Policy Ratio			
Debt to equity ratio	0.15	0.57	(0.42)

Liquidity Ratio

The liquidity ratio increased by 4.16 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 1.46 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 4.44% 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 7.77% and benefited to the return on equity and the return on assets increased by 0.96% and 0.76%, 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 0.15 times, a decrease of 0.42 times compared to 2021 as a result of the Company's recent capital increase.

(Mr. Noppachai Veeraman)
Managing Director