

14 November 2023

Subject: Management's Discussion and Analysis of Operating Results for the nine-months period ended 30 September 2023

Attention: The President  
the Stock Exchange of Thailand

Masterkool International Public Company Limited ("the Company") would like to announce the operating results of the Company and its subsidiaries for the nine-months period ended 30 September 2023 which has been reviewed in the Board of Directors' Meeting No. 6/2023 arranged on 14 November 2023 as following:

Statement of Financial Position (Consolidated)

Unit: Million Baht

Description	As of			
	30/9/2023	31/12/2022	Changes	%
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	108.97	126.28	(17.31)	(13.71%)
Loans to debtors	317.72	363.15	(45.43)	(12.51%)
Trade accounts and other receivables	81.72	80.97	0.75	0.93%
Contract assets	3.44	4.26	(0.82)	(19.25%)
Inventories	87.85	164.78	(76.93)	(46.69%)
Cost of real estate development projects	47.87	34.24	13.63	39.81%
Foreclosed properties	3.40	5.10	(1.70)	(33.33%)
Other current financial assets	319.85	430.44	(110.59)	(25.69%)
Other current assets	39.32	20.85	18.47	88.59%
<b>Total current assets</b>	<b>1,010.14</b>	<b>1,230.07</b>	<b>(219.93)</b>	<b>(17.88%)</b>
<b>Non-current assets</b>				
Deposits at financial institutions pledged as collateral	59.07	66.55	(7.48)	(11.24%)
Investments in associates	42.36	41.78	0.58	1.39%
Loans to debtors	22.98	22.97	0.01	0.04%

Description	As of			
	30/9/2023	31/12/2022	Changes	%
Investment property	190.55	91.99	98.56	107.14%
Land, building and equipment	57.50	52.95	4.55	8.59%
Land awaiting development	63.12	33.59	29.53	87.91%
License assets	224.04	13.91	210.13	1,510.64%
Vehicles for rent	208.06	-	208.06	-
Non-current financial assets	30.81	-	30.81	-
Intangible assets	2.30	2.25	0.05	2.22%
Deferred tax assets	2.77	0.18	2.59	1,438.89%
Other non-current assets	26.69	2.42	24.27	1,002.89%
<b>Total non-current assets</b>	<b>930.24</b>	<b>328.59</b>	<b>601.65</b>	<b>183.10%</b>
<b>Total assets</b>	<b>1,940.38</b>	<b>1,558.66</b>	<b>381.72</b>	<b>24.49%</b>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Bank overdrafts and short-term loan from financial institutions	10.70	20.93	(10.23)	(48.88%)
Trade and other current payables	56.59	69.45	(12.86)	(18.52%)
Liabilities arising from current contracts	2.89	5.72	(2.83)	(49.48%)
Liabilities under the lease agreement due within one year	100.97	5.21	95.76	1,838.00%
Short-term loans	30.00	20.00	10.00	50.00%
Provision for warranty	2.95	3.07	(0.12)	(3.91%)
Accrued corporate income Tax	4.18	0.29	3.89	1,341.38%
Other current financial liabilities		1.35	(1.35)	
Other current liabilities	4.20		4.20	
<b>Total current liabilities</b>	<b>212.48</b>	<b>126.02</b>	<b>86.46</b>	<b>68.61%</b>
<b>Non-current liabilities</b>				
Liabilities arising from non-current contracts	19.92	1.53	18.39	1,201.96%
Lease liabilities	149.23	8.79	140.44	1,597.72%
Non-current debt estimates for employee benefits	37.71	14.81	22.90	154.63%

Description	As of			
	30/9/2023	31/12/2022	Changes	%
Deferred tax liabilities	46.38	16.74	29.64	177.06%
<b>Total non - current liabilities</b>	<b>253.24</b>	<b>41.87</b>	<b>211.37</b>	<b>504.82%</b>
<b>Total liabilities</b>	<b>465.72</b>	<b>167.89</b>	<b>297.83</b>	<b>177.40%</b>
<b>Share capital</b>	<b>750.00</b>	<b>750.00</b>	-	-
Issued and paid-up share capital	618.07	618.07	-	-
Treasury stock	(32.03)	-	(32.03)	-
Share premium	724.23	724.23	-	-
Surplus on share-based payment transactions	3.06	3.06	-	-
Appropriated to legal reserve	3.40	3.40	-	-
Treasury stock reserve	32.03	-	32.03	-
Unappropriated	62.86	40.52	22.34	55.13%
<b>Total shareholders' equity of parent company</b>	<b>1,411.62</b>	<b>1,389.28</b>	<b>22.34</b>	<b>1.61%</b>
Non-controlling interests	63.04	1.49	61.55	4,130.87%
<b>Total shareholders' equity</b>	<b>1,474.66</b>	<b>1,390.77</b>	<b>83.89</b>	<b>6.03%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,940.38</b>	<b>1,558.66</b>	<b>381.72</b>	<b>24.49%</b>

Details of significant changes are as follows.

- Loans to debtors decreased due to the Company receive a higher repayment than the new loan balance.
- Inventories decreased due to the sale of Evaporative fan coupled with efficient inventory management.
- Other current financial assets decreased due to withdrawal of short-term financial institution deposits to invest in purchasing the ordinary shares of Premier Inter Leasing Company Limited, proportion 75.53 percent. (at present, the name has been changed to CL Lease Limited)
- Investment property increases due to purchasing real estate to develop for sale or lease.
- Land awaiting development increased due to purchasing real estate to develop for sale or lease.
- License assets and vehicles for lease increased due to consolidation of financial statements of CL Lease Limited.
- Non-current financial assets increased due to invest in mutual funds.
- Other non-current assets increased due to consolidation of financial statements of CL Lease Limited, which is a withholding tax item.

9. Lease liabilities increased due to consolidation of financial statements of CL Lease Limited, which is the car rental transaction for lease.
10. Non-current debt estimates for employee benefits increased due to consolidation of financial statements of CL Lease Limited.
11. The Company repurchased shares in the amount of 32.03 million baht, which was deducted from shareholders' equity and retained earnings.
12. Shareholders' Equity Increased due to net profit for the first 9 months of 2023, deducted from share repurchase and dividends paid.
13. Non-controlling interests increased due to non-controlling shareholders' equity of CL Lease Limited, proportion 75.53 percent.

Income Statement Consolidated

Unit: Million Baht

Description	Jan.-Sep. 2023	Jan.-Sep. 2022	Changes	%
Sales revenue	247.77	315.31	(67.54)	(21.42%)
Service revenue	97.15	133.33	(36.18)	(27.14%)
Interest income	40.92	34.71	6.21	17.89%
Other income	3.42	4.24	(0.82)	(19.34%)
<b>Total revenues</b>	<b>389.26</b>	<b>487.59</b>	<b>(98.33)</b>	<b>(20.17%)</b>
Cost of sales	179.44	262.78	(83.34)	(31.71%)
Cost of services	58.93	97.55	(38.62)	(39.59%)
Selling expenses	55.19	47.03	8.16	17.35%
Administrative expenses	61.33	49.79	11.54	23.18%
Loss from asset valuation	1.12	-	1.12	-
<b>Total expenses</b>	<b>356.01</b>	<b>457.15</b>	<b>(101.14)</b>	<b>(22.12%)</b>
<b>Profit (loss) from operating activities</b>	<b>33.25</b>	<b>30.44</b>	<b>2.81</b>	<b>9.23%</b>
Financial cost	(3.20)	(5.26)	(2.06)	(39.16%)
Reversal of (impairment loss) determine in accordance with TFRS9	(5.39)	(0.18)	(5.21)	(2,894.44%)
Share of profit (loss) from investment in JV	0.58	8.71	(8.13)	(93.34%)

Description	Jan.-Sep. 2023	Jan.-Sep. 2022	Changes	%
Profit from buying at a price below fair value	50.30	0.18	50.12	27,844.44%
Profit (loss) before income tax	75.54	33.89	41.65	122.90%
Tax expense	3.81	0.10	3.71	3,710.00%
Profit (loss) for the period	79.35	33.99	45.36	133.45%

Details of significant changes are as follows.

1. Sales revenue is selling products in the Evaporative fan group, which decreased by 21 percent due to Foreign sales department, the main customers in Europe have decreased orders and unable to find new customers to compensate for the lost income.
2. Service revenue decreased due to recognition of income due to project work of government agencies decreased.
3. Gross profit margin Increased to 31 percent compared to the same period of 2022 with a gross profit margin of 20 percent due to an increase in the proportion of revenue from domestic sales. The income from domestic sales has a higher profit margin than foreign sales.
4. Profit from purchasing at a price lower than fair value due to difference in fair value of ordinary shares of CL Lease Limited that the Company purchased and the cost that the Company acquired.

Please be informed accordingly.

Sincerely yours,

-Noppachai Veeraman-

(Mr. Noppachai Veeraman)

Managing Director