

23 January 2023

Subject: Management Discussion and Analysis for the fiscal year ended December 31, 2021

 To: Director and Management  
 Stock Exchange of Thailand

Master Style Public Company Limited (“the Company”) would like to inform the company’s performance for the fiscal year ended December 31, 2021, as the following details:

**Statement of Income**

(Unit: THB Million)	For the fiscal year of		Change increase (decrease)	
	2020	2021	Amount	Percentage
Sales from hospital operations	611.06	659.51	48.45	7.93
Cost of hospital operations	301.15	311.65	10.50	3.49
<b>Gross profit</b>	<b>309.91</b>	<b>347.86</b>	<b>37.95</b>	<b>12.25</b>
Other income	4.22	30.47	26.25	621.72
Selling expenses	67.41	81.20	13.79	20.46
Administrative expenses	79.21	85.93	6.72	8.48
Finance income	0.15	0.18	0.03	20.36
Finance cost	5.48	6.92	1.44	26.17
<b>Profit before income tax expenses</b>	<b>162.18</b>	<b>204.47</b>	<b>42.29</b>	<b>26.07</b>
Income tax expenses	33.63	41.67	8.04	23.93
<b>Net Profit</b>	<b>128.55</b>	<b>162.80</b>	<b>34.25</b>	<b>26.64</b>
Other comprehensive income	0.60	-	(0.60)	(100.00)
<b>Total comprehensive income</b>	<b>129.15</b>	<b>162.80</b>	<b>33.65</b>	<b>26.05</b>

**Revenue from hospital operations**

(Unit: THB Million)	For the fiscal year of				Change	
	2020		2021		Increase (decrease)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Surgery income	508.05	83.14	526.79	79.88	18.74	3.69
Skin income	44.72	7.32	39.00	5.91	(5.72)	(12.79)
Hair income	18.33	3.00	23.32	3.54	4.99	27.16
Aftercare income	30.21	4.94	35.73	5.42	5.52	18.26
Other hospital operations	9.74	1.59	34.68	5.26	24.94	255.93
<b>Revenue from hospital operations</b>	<b>611.06</b>	<b>100.00</b>	<b>659.51</b>	<b>100.00</b>	<b>48.45</b>	<b>7.93</b>

**Revenue from hospital operations**

In 2021, the Company's revenue from hospital operations was THB 659.51 million increased by THB 48.45 million or equivalent to a growth Y-o-Y of 7.93 percent. Surgery income increased by THB 18.74 million or equivalent to a growth Y-o-Y of 3.69 percent, mainly from increasing in nose surgery, brow lift surgery, and maxillofacial surgery. The increase in revenue was supported by the increase in advertisements and the number of doctors. In addition, other hospital operations increased by THB 24.94 million or equivalent to a growth Y-o-Y 255.93 percent due to the Company providing Covid-19 test service for the public from July 2021 – September 2021.

**Other income**

In 2021, the Company received compensation for breach of contract of THB 22.79 million, resulting in significantly higher other income compared to 2020.

**Cost of hospital operations and Gross Profit**

In 2021, the Company's cost of hospital operations was THB 311.65 million increased by THB 10.50 million or equivalent to a growth Y-o-Y of 3.49 percent. The increase in the cost of hospital operations corresponds to the increase of medical expenses by THB 18.79 million, mainly from the Covid-19 test service of THB 12.42 million, which are considered non-recurring items. However, doctor fees decreased by THB 10.69 million due to the increase of new doctors, which have lower fees than the existing doctor and lower average doctor fees.

In 2021, the Company's gross profit was THB 347.86 million increased by THB 37.95 million or equivalent to a growth Y-o-Y of 12.25 percent corresponding with an increase in revenue from hospital operations. The Company's gross profit margin increased from 50.72 percent in 2020 to 52.75 percent in 2021 due to the lower average doctor fees and efficient control of medical inventories.

**Selling expenses**

In 2021, the Company had selling expenses of THB 81.20 million increased by THB 13.79 million or equivalent to a growth Y-o-Y of 20.46 percent. The increase in selling expenses was mainly from the increase in marketing expenses by THB 6.96 million due to the increase in online advertising spending. Also, staff costs increased by THB 6.04 million due to the increase in sales and marketing staff.

**Administrative expenses**

In 2021, the Company had administrative expenses of THB 85.93 million increased by THB 6.72 million or equivalent to a growth Y-o-Y of 8.48 percent. The increase in administrative expenses was mainly from the increase in staff costs of THB 12.13 million due to the increase in salary and bonus. Additionally, the Company made an agreement with the landlord to lower the rental fee for 5 months due to the Covid-19 situation and record it as a discount of THB 4.01 million, resulting in a slight increase in administrative expenses.



### Net profit

In 2021, the Company's net profit was THB 162.80 million increased by THB 34.24 million or equivalent to a growth Y-o-Y of 26.64 percent. The Company had a higher net profit margin, increasing from 20.89 percent in 2020 to 23.59 percent in 2021, mainly from an increase of gross profit from 50.72 percent in 2020 to 52.75 percent in 2021 due to cost reduction and other income increases as aforementioned.

### Statements of Financial Position

(Unit: THB Million)	As of December 31,		Change increase (decrease)	
	2020	2021	2020	2021
Total assets	489.95	599.94	109.99	22.45
Total liabilities	233.60	433.29	199.69	85.49
Total shareholders' equity	256.35	166.64	(89.70)	(34.99)

### Assets

As of December 31, 2021, the Company had total assets of THB 599.94 million which increased by THB 109.99 million or equivalent to 22.45 percent from December 31, 2020, due to the following reasons:

1. Other current financial assets increased by THB 75.12 million or increased 150.20 percent due to additional investment in short-term fixed income.
2. Cash and cash equivalent increased by THB 10.24 million or increased 5.98 percent mainly from operating cash flow of THB 218.26 million. However, the Company used cash for a short-term fixed income of THB 75.00 million, invested in the equipment for THB 11.35 million, and paid a dividend of THB 101.00 million.
3. Right-of-use assets increased by THB 7.12 million or increased 5.45 percent from an additional agreement on a three-year land and building lease agreement.

### Liabilities

As of December 31, 2021, the Company had total liabilities of THB 433.29 million which increased by THB 199.69 million or equivalent to 85.49 percent from December 31, 2020, due to the following reasons:

1. Accrued dividend increased by THB 151.50 million due to the Board of Directors Meeting No. 5/2021, held on December 30, 2021, passed a resolution to approve the interim dividend payment from the Company's retained earnings of THB 151.50 million at a share of THB 150 per share to the existing shareholders. The dividend was paid to the shareholders on January 17, 2022.

2. Unearned revenues increased by THB 18.97 million or increased 48.25 percent due to an increase in deposits from customers before receiving services and remaining service from packages.
3. Lease liabilities increased by THB 13.09 million or increased by 9.71 percent from an additional agreement on a three-year land and building lease agreement.

### Shareholders' Equity

As of December 31, 2021, the Company had shareholders' equity of THB 166.64 million which decreased by THB 89.70 million or equivalent to 34.99 percent compared to December 31, 2020, due to a dividend payout of 2020 of THB 101.00 million.

### Key Financial Ratios

Financial Ratios	Unit	As of	
		December 31, 2020	December 31, 2021
Current ratio	Times	2.59	1.19
Debt to equity ratio (D/E)	Times	0.91	2.60
Cash cycle	Days	12.03	15.71
Return on asset (ROA)	Percent	36.20	29.87
Return on equity (ROE)	Percent	81.76	76.97

#### Current ratio

As of December 31, 2021, the Company had a current ratio of 1.19 times which decreased from FY2020 due to accrued dividend which was paid to the shareholders on January 17, 2022.

#### Debt to equity ratio (D/E)

As of December 31, 2021, the Company had a D/E of 2.60 times which increase from FY2020 mainly from an increase of accrued dividend, trade, and other payables, and unearned revenue by THB 151.50 million, THB 17.39 million, and 18.97 million, respectively. Also, shareholders' equity decreases due to a 2020 annual dividend payout of THB 101.00 million.

#### Cash cycle

Cash cycle (days)	As of	
	December 31	
	2020	2021
Days sales outstanding	0.03	0.28
Days inventory outstanding	22.90	27.08

Cash cycle (days)	As of December 31	
	2020	2021
Days payable outstanding	10.90	11.65
<b>Cash Cycle</b>	<b>12.03</b>	<b>15.71</b>

As of December 31, 2021, the Company has a cash cycle of 15.71 days, increasing from FY2020 by 3.68 days. The main reason is an increase in days inventory outstanding of 4.18 days due to an increase in medical inventories to serve a higher number of customers.

#### Return on asset (ROA)

As of December 31, 2021, the Company's ROA was 29.87 percent which decreased from FY2020 of 36.20 percent due to the higher average asset in FY2021 compared to FY2020. The main reason was an increase in other current financial assets, cash and cash equivalent, and right-of-use assets as mentioned before. However, the Company still had a high ROA, which showed that it can effectively manage its assets to produce profits during a period.

#### Return on equity (ROE)

As of December 31, 2021, the Company's ROE was 76.97 percent which decreased from FY2020 of 81.76 percent due to the higher average shareholders' equity in FY2021 compared to FY2020. The main reason was an increase in share capital. However, the Company still had high ROE which showed that the Company can manage to deploy shareholder capital effectively.



Yours sincerely



(Mr. Phisut Numsa)

Chief Financial Officer

Master Style Public Company Limited