

23 January 2023

Subject: Management Discussion and Analysis for the 9-month period of 2022, ended September 30, 2022

 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 9 months period of 2022 ended September 30, 2022, as the following details:

Statement of Income

(Unit: THB Million)	For 9-month of		Change increase (decrease)	
	2021	2022	Amount	Percentage
Sales from hospital operations	432.13	1,011.14	579.01	133.99
Cost of hospital operations	216.31	431.57	215.26	99.51
Gross profit	215.82	579.57	363.75	168.54
Other income	6.75	5.27	(1.48)	(21.92)
Selling expenses	51.83	201.31	149.48	288.42
Administrative expenses	58.14	100.10	41.96	72.16
Finance income	0.11	0.10	(0.01)	(10.03)
Finance cost	5.20	5.64	0.43	8.35
Profit before income tax expenses	107.51	277.90	170.39	158.49
Income tax expenses	22.10	55.68	33.57	151.90
Net Profit	85.41	222.22	136.81	160.19
Other comprehensive income	-	-	-	-
Total comprehensive income	85.41	222.22	136.81	160.19

Revenue from hospital operations

(Unit: THB Million)	For 9-month of				Change	
	2021		2022		Increase (decrease)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Surgery income	342.46	79.25	805.03	79.62	462.57	135.07
Skin income	24.57	5.69	68.10	6.74	43.54	177.20
Hair income	10.67	2.47	68.58	6.78	57.91	542.87
Aftercare income	23.38	5.41	44.83	4.43	21.45	91.72
Other hospital operations	31.05	7.19	24.60	2.43	(6.45)	(20.79)
Revenue from hospital operations	432.13	100.00	1,011.14	100.00	579.01	133.99

Revenue from hospital operations

For 9M2022, the Company's revenue from hospital operations was THB 1,011.14 million increased by THB 579.01 million or equivalent to a growth of 133.99 percent compared to 9M2021. Surgery income increased by THB 462.57 or equivalent to a growth Y-o-Y of 135.07 percent. Surgery income increased in every service mostly from nose surgery, breast surgery, liposuction, brow lift, and other surgery. Surgery income increased remarkably because of the ease of the Covid-19 situation, the increase of online and offline marketing, and the increase of doctors, resulting in significantly higher customers compared to 9M2021.

Cost of hospital operations and Gross Profit

For 9M2022, the Company's cost of hospital operations was 431.57 million increased by THB 215.26 million or equivalent to a growth of 99.51 percent compared to 9M2021. The increase in the cost of hospital operations corresponds to an increase in doctor fees by THB 137.86 million, an increase in medical expenses by THB 50.26 million corresponding with an increase in revenue from hospital operations, and an increase in nurses and medical workers fees by THB 21.57 million corresponding with higher nurses and medical workers.

For 9M2022, the Company's gross profit was THB 579.57 million increased by THB 363.75 million or equivalent to a growth of 168.54 percent compared to 9M2021 corresponding with an increase in revenue from hospital operations. The Company's gross profit margin increased from 49.94 percent in 9M2021 to 57.32 percent in 9M2022 due to continually efficient control of medical inventories.

Selling expenses

For 9M2022, the Company had selling expenses of THB 201.31 million increased by THB 149.48 million or equivalent to a growth of 288.42 percent compared to 9M2021. The increase in selling expenses was mainly from the increase in marketing expenses by THB 83.52 million due to the increase in online and offline marketing, advertising on large billboards, agency costs, and credit card fees. Also, staff costs increased by THB 63.11 million due to the increase in sales staff's commission and the increase in sales and marketing staff.

Administrative expenses

For 9M2022, the Company had administrative expenses of THB 100.10 million increased by THB 41.96 million or equivalent to a growth of 72.16 percent compared to 9M2021. The increase in administrative expenses was mainly from the increase in staff costs of THB 16.93 million due to the increase in administrative staff. Also, the Company did not receive a rental fee discount as it was in 2021.

Net profit

For 9M2022, the Company's net profit was THB 222.22 million increased by THB 136.81 million or equivalent to a growth of 160.19 percent compared to 9M2021.

The Company had a higher net profit margin, increasing from 19.46 percent in 9M2021 to 21.86 percent in 9M2022, mainly from an increase of gross profit from 49.94 in 9M2021 to 57.32 percent in 9M2022 due to continually efficient control of medical inventories as mentioned.

Statements of Financial Position

(Unit: THB Million)	As of September 30,		Change increase (decrease)	
	2021	2022	Amount	Percentage
Total assets	599.94	989.13	389.19	64.87
Total liabilities	433.29	494.79	61.49	14.19
Total shareholders' equity	166.64	494.34	327.70	196.65

Assets

As of September 30, 2022, the Company had total assets of THB 989.13 million which increased by THB 389.19 million or equivalent to 64.87 percent from December 31, 2021, due to the following reasons:

1. Right-of-use assets increased by THB 173.30 million or increased 125.74 percent from a new agreement term on a land and building lease in which the Company canceled an existing three-year contract and made a new thirty-year lease agreement, starting from September 1, 2022, to August 31, 2052.
2. Cash and cash equivalent increased by THB 112.51 million or increased 61.98 percent mainly from operating cash flow of THB 268.85 million. However, the Company used cash for investment in the equipment for THB 31.49 million, investment in short-term fixed income of 70.00 million, and received cash from short-term fixed income redemption of THB 20.00 million. Moreover, the Company paid a dividend of THB 245.02 million and received cash from an increase in the capital of THB 199.00 million.
3. Other current financial assets increased by THB 50.22 million or increased 40.13 percent due to additional investment in short-term fixed income of THB 70.00 million and received cash from short-term fixed income redemption of THB 20.00 million.

Liabilities

As of September 30, 2022, the Company had total liabilities of THB 494.79 million which increased by THB 61.49 million or equivalent to 14.19 percent from December 31, 2021, due to the following reasons:

1. Lease liabilities increased by THB 158.51 million or increased 107.19 percent from a new agreement term on a land and building lease in which the Company canceled an existing three-year contract and made a new thirty-year lease agreement, starting from September 1, 2022, to August 31, 2052.
2. Accrued dividend decreased by 151.50 million as the interim dividend payment of THB 151.50 million from the Board of Directors Meeting No. 5/2021 was paid to the shareholders on January 17, 2022.

3. Trade and other payables increased by THB 26.77 million or increased 66.63 percent due to an increase in medical supply payables and doctor fee payables that increase corresponded with an increase in the cost of hospital operations.
4. Unearned revenues increased by THB 13.57 million or increased 23.29 percent due to an increase in deposits from customers before receiving services and remaining service from packages.

Shareholders' Equity

As of September 30, 2022, the Company had shareholders' equity of THB 494.34 million which increased by THB 327.70 million or equivalent to 196.65 percent from December 31, 2021, mainly from an increase of 9M2022's comprehensive income by THB 222.22 million, an increase in share capital by THB 89.00 million, and increase in share premium of THB 110.00 million. The Company also paid a dividend to shareholders of THB 245.02 million.

Key Financial Ratios

Financial Ratios	Unit	As of December 31, 2021	As of September 30, 2022
Current ratio	Times	1.19	2.74
Debt to equity ratio (D/E)	Times	2.60	1.00
Cash cycle	Days	15.71	15.76
Return on asset (ROA)	Percent	29.87	40.77
Return on equity (ROE)	Percent	76.97	81.52

Current ratio

As of September 30, 2022, the Company had a current ratio of 2.74 times which decreased from December 31, 2021, due to an increase in cash and cash equivalent and a decrease in accrued dividend.

Debt to equity ratio (D/E)

As of September 30, 2022, the Company had a D/E of 1.00 times which decreased from December 31, 2021, due to an increase in share capital and share premium, and a decrease in accrued dividend.

Cash cycle

Cash cycle (days)	As of December 31, 2021	As of September 30, 2022
Days sales outstanding	0.28	0.26
Days inventory outstanding	27.08	25.62
Days payable outstanding	11.65	10.12

Cash cycle (days)	As of December 31, 2021	As of September 30, 2022
Cash Cycle	15.71	15.76

As of September 30, 2022, the Company had a cash cycle of 15.76 days close to December 31, 2021.

Return on asset (ROA)

As of September 30, 2022, the Company's ROA was 40.77 percent which increased from December 31, 2021, at 29.87 percent. The main reason was net profit for the last 12 months increased compared to the same period of the previous year, while the average asset of 9M2022 was slightly increased compared to FY2021.

Return on equity (ROE)

As of September 30, 2022, the Company's ROE was 81.52 percent which increased from December 31, 2021, at 76.97 percent. The main reason was net profit for the last 12 months increased compared to the same period of the previous year, while the average shareholders' equity of 9M2022 was slightly increased compared to FY2021.



Yours sincerely



(Mr. Phisut Numsa)

Chief Financial Officer

Master Style Public Company Limited