

27 February 2023

Subject: Management Discussion and Analysis for the fiscal year ended December 31, 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 fiscal year ended December 31, 2022, as the following details:

Statement of Income

(Unit: THB Million)	For the fiscal year of		Change increase (decrease)	
	2022	2021	Amount	Percentage
Sales from hospital operations	1,482.59	659.51	823.08	124.80
Cost of hospital operations	641.25	311.65	329.6	105.76
Gross profit	841.34	347.86	493.48	141.86
Other income	7.46	30.47	(23.01)	(75.52)
Selling expenses	313.54	81.2	232.34	286.13
Administrative expenses	149.27	85.93	63.34	73.71
Finance income	0.3	0.18	0.12	66.67
Finance cost	9.12	6.92	2.2	31.79
Profit before income tax expenses	377.17	204.47	172.70	84.46
Income tax expenses	76.25	41.67	34.58	82.99
Net Profit	300.92	162.8	138.12	84.84
Other comprehensive income	1.70	-	1.70	100
Total comprehensive income	302.62	162.8	139.82	85.88

Revenue from hospital operations

(Unit: THB Million)	For the fiscal year of				Change	
	2022		2021		Increase (decrease)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Surgery income	1,193.61	80.51	526.79	79.88	666.82	126.58
Skin income	105.61	7.12	39	5.91	66.61	170.79
Hair income	89.96	6.07	23.32	3.54	66.64	285.76
Aftercare income	62.37	4.21	35.73	5.42	26.64	74.56
Other hospital operations	31.04	2.09	34.68	5.26	(3.64)	(10.50)
Revenue from hospital operations	1,482.59	100	659.51	100	823.08	124.80

Revenue from hospital operations

In 2022, the Company's revenue from hospital operations was THB 1,482.5 million increased by THB 823.08 million or equivalent to a growth Y-o-Y of 124.80 percent. Surgery income increased by THB 666.82 million or equivalent to a growth Y-o-Y of 126.58 percent, mainly from increasing in nose surgery, brow lift surgery, and maxillofacial surgery. 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 prior year..

Cost of hospital operations and Gross Profit

In 2022, the Company's cost of hospital operations was THB 641.25 million increased by THB 329.60 million or equivalent to a growth Y-o-Y of 105.76 percent. The increase in the cost of hospital operations corresponds to an increase in doctor fees by THB 196.26 million, an increase in medical expenses by THB 81.19 million corresponding with an increase in revenue from hospital operations, and an increase in nurses and medical workers fees by THB 33.98 million corresponding with higher nurses and medical workers.

In 2022, the Company's gross profit was THB 841.34 million increased by THB 493.48 million or equivalent to a growth Y-o-Y of 141.86 percent corresponding with an increase in revenue from hospital operations. The Company's gross profit margin increased from 52.75 percent in 2021 to 56.75 percent in due to continually efficient control of medical inventories.

Selling expenses

In 2022, the Company had selling expenses of THB 313.54 million increased by THB 232.34 million or equivalent to a growth Y-o-Y of 286.13 percent. The increase in selling expenses was mainly from the increase in marketing expenses by THB 140.37 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 88.07 million due to the increase in sales staff's commission and the increase in sales and marketing staff

Administrative expenses

In 2022, the Company had administrative expenses of THB 149.27 million increased by THB 63.34 million or equivalent to a growth Y-o-Y of 73.71 percent. The increase in administrative expenses was mainly from the increase in staff costs of THB 36.47 million due to the increase in salary and bonus. Additionally Also, the Company did not receive a rental fee discount as it was in 2021.

Net profit

In 2022, the Company's net profit was THB 300.92 million increased by THB 138.12 million or equivalent to a growth Y-o-Y of 84.84 percent. The Company had a lower net profit margin, decreasing from 23.59 percent in 2021 to 21.15 percent in 2022, mainly from an increase in online and offline marketing, advertising on large billboards as aforementioned.

Statements of Financial Position

(Unit: THB Million)	As of December 31,		Change increase (decrease)	
	2022	2021	Amount	Percentage
Total assets	946.60	599.94	346.66	57.78
Total liabilities	542.85	433.29	109.56	25.29
Total shareholders' equity	403.75	166.64	237.11	142.29

Assets

As of December 31, 2022, the Company had total assets of THB 946.60 million which increased by THB 346.66 million or equivalent to 57.78 percent from December 31, 2021, due to the following reasons:

1. Advance payment for construction increase by THB 164.86 million or increased 100.00 percent due to the Company has renovated the building in the new area.
2. Right-of-use assets increased by THB 170.34 million or increased 123.60 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.
3. Other current financial assets increased by THB 20.47 million or increased 16.36 percent due to additional investment in short-term fixed income.
4. Cash and cash equivalent decreased by THB 83.74 million or decreased 46.14 percent mainly from operating cash flow of THB 393.96 million. However, the Company used cash for investment in the equipment for THB 208.01 million, investment in short-term fixed income of 20.00 million. Moreover, the Company paid a dividend of THB 416.0 million and received cash from an increase in the capital of THB 199.00 million.

Liabilities

As of December 31, 2022, the Company had total liabilities of THB 542.85 million which increased by THB 109.56 million or equivalent to 25.29 percent from December 31, 2021, due to the following reasons:

1. Lease liabilities increased by THB 158.51 million or increased 51.77 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. Trade and other payables increased by THB 34.78 million or increased 86.57 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.
3. Unearned revenues increased by THB 14.29 million or increased 24.53 percent due to an increase in deposits from customers before receiving services and remaining service from packages.
4. 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.

Shareholders' Equity

As of December 31, 2022, the Company had shareholders' equity of THB 403.75 million which increased by THB 237.11 million or equivalent to 142.9 percent compared to December 31, 2021, due to increase of comprehensive income for the year by THB 302.62 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, 2022	As of December 31, 2021
Current ratio	Times	1.33	1.19
Debt to equity ratio (D/E)	Times	1.34	2.60
Cash cycle	Days	17.55	15.71
Return on asset (ROA)	Percent	38.93	29.87
Return on equity (ROE)	Percent	105.59	76.97

Current ratio

As of December 31, 2022, the Company had a current ratio of 1.33 times which increased from FY2021 due to the Company has current liabilities decrease from paid dividend to the shareholders on January 17, 2022.

Debt to equity ratio (D/E)

As of December 31, 2022, the Company had a D/E of 1.34 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	
	2022	2021
Days sales outstanding	0.19	0.28
Days inventory outstanding	25.31	27.08
Days payable outstanding	7.95	11.65
Cash Cycle	17.55	15.71

As of December 31, 2022, the Company has a cash cycle of 17.55 days, increasing from FY2021 by 1.84 days. The main reason is an decrease in days payable outstanding of 3.70 days due to an increase in medical inventories to serve a higher number of customers.

Return on asset (ROA)

As of December 31, 2022, the Company's ROA was 38.93 percent which increased from FY2021 of 29.87 percent. The main reason was net profit for the year increased compared to the same period of the previous year, while the average asset was slightly increased compared to FY2022.

Return on equity (ROE)

As of December 31, 2022, the Company's ROE was 105.59 percent which increased from FY2021, at 76.97 percent. The main reason was net profit for the year increased compared to the same period of the previous year, while the average shareholders' equity was slightly increased compared to FY2022.

Yours sincerely



(Mr. Phisut Numsa)

Chief Financial Officer

Master Style Public Company Limited