

15 May 2023

Subject: Management Discussion and Analysis for the 3-month period of 2023, ended March 31, 2023

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 3 months period of 2023 ended March 31, 2023, as the following details:

Statement of Income

(Unit: THB Million)	For the three-month period ended 31 March		Change increase (decrease)	
	2023	2022	Amount	Percentage
Sales from hospital operations	435.79	237.77	198.02	83.28
Cost of hospital operations	182.34	101.64	80.7	79.40
Gross profit	253.45	136.13	117.32	86.18
Other income	2.43	2.23	0.20	8.97
Selling expenses	105.49	41.02	64.47	157.17
Administrative expenses	56.78	26.74	30.04	112.34
Finance income	0.01	-	0.01	100.00
Finance cost	3.49	1.69	1.8	106.51
Profit before income tax expenses	90.13	68.91	21.22	30.79
Income tax expenses	18.58	13.95	4.63	33.19
Net Profit	71.55	54.96	16.59	30.19
Other comprehensive income	-	-	-	-
Total comprehensive income	71.55	54.96	16.59	30.19

Revenue from hospital operations

(Unit: THB Million)	For the three-month period ended 31 March				Change	
	2023		2022		Increase (decrease)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Surgery income	341.00	78.25	191.6	79.88	149.40	77.97
Skin income	41.8	9.59	14.7	5.91	27.10	184.35
Hair income	24.8	5.69	15	3.54	9.80	65.33
Aftercare income	17.9	4.11	12.3	5.42	5.60	45.53
Other hospital operations	10.3	2.36	4.2	5.26	6.10	145.24
Revenue from hospital operations	435.80	100	237.8	100	198.00	83.26

Revenue from hospital operations

For the three-month period ended 31 March 2023, the Company's revenue from hospital operations was THB 435.79 million increased by THB 198.02 million or equivalent to a growth of 83.28 percent compared to 3M2022. Surgery income increased by THB 149.4 or equivalent to a growth Y-o-Y of 77.97 percent. Surgery income increased in every service mostly from nose surgery, maxillofacial surgery, liposuction, breast surgery, brow lift, and other surgery. Surgery income increase of online and offline marketing, and the increase of doctors, resulting in significantly higher customers compared to 3M2022.

Cost of hospital operations and Gross Profit

For the three-month period ended 31 March 2023, the Company's cost of hospital operations was 182.34 million increased by THB 80.7 million or equivalent to a growth of 79.40 percent compared to 3M2022. The increase in the cost of hospital operations corresponds to an increase in doctor fees by THB 44.74 million, an increase in medical expenses by THB 25.25 million corresponding with an increase in revenue from hospital operations, and an increase in nurses and medical workers fees by THB 8.07 million corresponding with higher nurses and medical workers.

For the three-month period ended 31 March 2023, the Company's gross profit was THB 253.45 million increased by THB 117.32 million or equivalent to a growth of 86.18 percent compared to 3M2022 corresponding with an increase in revenue from hospital operations. The Company's gross profit margin increased from 57.25 percent in 3M2022 to 58.16 percent in 3M2023 due to decrease in doctor fees rate and continually efficient control of medical inventories.

Selling expenses

For the three-month period ended 31 March 2023, the Company had selling expenses of THB 105.49 million increased by THB 64.47 million or equivalent to a growth of 157.17 percent compared to 3M2022. The increase in selling expenses was mainly from the increase in marketing expenses by THB 46.71 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 16.45 million due to the increase in sales staff's commission and the increase in sales and marketing staff.

Administrative expenses

For the three-month period ended 31 March 2023, the Company had administrative expenses of THB 56.78 million increased by THB 30.04 million or equivalent to a growth of 112.34 percent compared to 3M2022. The increase in administrative expenses was mainly from the increase in staff costs of THB 7.95 million due to the increase in administrative staff.

Net profit

For the three-month period ended 31 March 2023, the Company's net profit was THB 71.55 million increased by THB 16.59 million or equivalent to a growth of 30.19 percent compared to 3M2022.

The Company had a lower net profit margin, decreasing from 22.90 percent in 2022 to 16.33 percent in 2023, mainly from an increase in online and offline marketing, advertising on large billboards as aforementioned.

Statements of Financial Position

(Unit: THB Million)	As of March 31,	As of December 31,	Change increase (decrease)	
	2023	2022	Amount	Percentage
Total current assets	2,502.89	330.76	2,172.13	656.71
Total non- current assets	781.70	615.84	165.86	26.93
Total assets	3,284.59	946.60	2,337.99	246.99
Total current liabilities	268.63	248.59	20.04	8.06
Total non- current liabilities	294.79	294.26	0.53	0.18
Total liabilities	563.42	542.85	20.57	3.79
Total shareholders' equity	2,721.16	403.75	2,317.41	573.97
Total liabilities and shareholders' equity	3,284.58	946.60	2,337.98	246.99

Assets

As of March 31, 2023, the Company had total assets of THB 3,284.59 million which increased by THB 2,337.99 million or equivalent to 246.99 percent from December 31, 2022, due to the following reasons:

1. Cash and cash equivalent increased by THB 1,046 million or increased 1,067.35 percent mainly from additional equity from the IPO THB 2,3000 million and operating cash flow of THB 77.1 million. However, the Company used cash for investment in the equipment for THB 160.4 million, investment in short-term fixed income of 1,100 million.
2. Building and equipment increased by THB 328.6 million or increased 282.95 percent due to acquisition during the period THB 169.9 million and transfer from advance payment for construction to construction in progress THB 164 million.

Liabilities

As of March 31, 2023, the Company had total liabilities of THB 563.42 million which increased by THB 20.57 million or equivalent to 3.79 percent from December 31, 2022, due to the following reasons:

1. Trade and other payables increased by THB 13.06 million or increased 17.42 percent due to an increase in medical supply payables and consult payables that increase corresponded with an increase in the cost of hospital operations.
2. Unearned revenues increased by THB 9.5 million or increased 13.10 percent due to an increase in deposits from customers before receiving services and remaining service from packages.

Shareholders' Equity

As of March 31, 2023, the Company had shareholders' equity of THB 2,721.16 million which increased by THB 2,317.41 million or equivalent to 573.97 percent from December 31, 2022, mainly from additional equity from the IPO which increase share premium THB 2,195.86 million, share capital increase THB 50 million and also an increase of 3M2023's comprehensive income by THB 71.5 million.

Key Financial Ratios

Financial Ratios	Unit	As of March 31,2023	As of 31-Dec-22
Current ratio	Times	9.30	1.33
Debt to equity ratio (D/E)	Times	0.21	1.34
Cash cycle	Days	19.90	17.55
Return on asset (ROA)	Percent	15.00	38.93
Return on equity (ROE)	Percent	15.01	105.59

Current ratio

As of March 31, 2023, the Company had a current ratio of 9.30 times which increased from December 31, 2022, due to an increase in cash and cash equivalent and increase in other current financial assets due to additional equity from IPO.

Debt to equity ratio (D/E)

As of March 31, 2023, the Company had a D/E of 0.21 times which decreased from December 31, 2022, due to an increase in share capital and share premium due to additional equity from IPO.

Cash cycle

As of March 31, 2023, the Company has a cash cycle of 19.90 days, increasing from FY2022 by 2.35 days. The main reason is an decrease in days payable outstanding of 2.01 days due to an increase in medical inventories to serve a higher number of customers.

Return on asset (ROA)

As of March 31, 2023, the Company's ROA was 15.0 percent which decreased from December 31, 2022, at 38.93 percent. The main reason was average assets increase from cash receives from IPO as compare the same period return on asset decrease.

Return on equity (ROE)

As of March 31, 2023, the Company's ROE was 15.01 percent which decreased from December 31, 2022, at 105.59 percent. The main reason was additional equity from the IPO which increase share premium, share capital, return on equity decrease.

Yours sincerely

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(Mr. Phisut Numsa)

Chief Financial Officer

Master Style Public Company Limited