

15 August 2023

 Subject: Management Discussion and Analysis for the 2nd quarter ended 30 June 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 2nd quarter end 30 June 2023, as the following details:

Statement of Income

(Unit: THB Million)	For the three-month period ended 30 June		Change increase (decrease)	
	2023	2022	Amount	Percentage
Sales from hospital operations	459.15	372.17	86.98	23.37
Cost of hospital operations	204.43	163.03	41.4	25.39
Gross profit	254.72	209.14	45.58	21.79
Other income	5.45	1.32	4.13	312.88
Selling expenses	106.96	74.82	32.14	42.96
Administrative expenses	50.53	31.29	19.24	61.49
Finance income	3.18	0.1	3.08	3,080.00
Finance cost	3.5	1.68	1.82	108.33
Profit before income tax expenses	102.36	102.77	(0.41)	(0.40)
Income tax expenses	20.85	20.63	0.22	1.07
Net Profit	81.51	82.14	(0.63)	(0.77)
Other comprehensive income	-	-	-	-
Total comprehensive income	81.51	82.14	(0.63)	(0.77)

(Unit: THB Million)	For the six-month period ended 30 June		Change increase (decrease)	
	2023	2022	Amount	Percentage
Sales from hospital operations	894.95	609.94	285.01	46.73
Cost of hospital operations	386.77	264.66	122.11	46.14
Gross profit	508.18	345.28	162.90	47.18
Other income	7.88	3.56	4.32	121.35
Selling expenses	212.44	115.84	96.6	83.39
Administrative expenses	107.34	58.03	49.31	84.97
Finance income	3.19	0.1	3.09	3,090.00
Finance cost	6.99	3.37	3.62	107.42
Profit before income tax expenses	192.48	171.70	20.78	12.10
Income tax expenses	39.43	34.58	4.85	14.03
Net Profit	153.05	137.12	15.93	11.62

Revenue from hospital operations

(Unit: THB Million)	For the three-month period ended 30 June				Change	
	2023		2022		Increase (decrease)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Surgery income	363.76	79.22	293.34	79.88	70.42	24.01
Skin income	34.25	7.46	25.54	5.91	8.71	34.10
Hair income	31.84	6.93	24.47	3.54	7.37	30.12
Aftercare income	18.12	3.95	19.11	5.42	(0.99)	(5.18)
Other hospital operations	11.18	2.43	9.71	5.26	1.47	15.14
Revenue from hospital operations	459.15	100	372.17	100	86.98	23.37

(Unit: THB Million)	For the six-month period ended 30 June				Change	
	2023		2022		Increase (decrease)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Surgery income	704.76	78.75	484.91	79.50%	219.85	45.34
Skin income	76.05	8.50	40.24	6.60%	35.81	88.99
Hair income	56.64	6.33	39.47	6.47%	17.17	43.50
Aftercare income	36.02	4.02	31.41	5.15%	4.61	14.68
Other hospital operations	21.48	2.40	13.91	2.28%	7.57	54.42
Revenue from hospital operations	894.95	100.00	609.94	100	285.01	46.73

For the three-month period ended 30 June 2023**Revenue from hospital operations**

The Company's revenue from hospital operations was THB 459 million increased by THB 87 million or equivalent to a growth of 23 percent compared to 2022. Surgery income increased by THB 70 million or equivalent to a growth Y-o-Y of 24 percent. Surgery income increased in every service mostly from nose surgery, liposuction, maxillofacial surgery, 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 2022.

Cost of hospital operations and Gross Profit

The Company's cost of hospital operations was THB 204 million increased by THB 41 million or equivalent to a growth of 25 percent compared to 2022. The increase in the cost of hospital operations corresponds to an increase in doctor fees by THB 17.5 million, an increase in medical expenses by THB 14 million corresponding with an increase in revenue from hospital operations, and an increase in nurses and medical workers fees by THB 9 million corresponding with higher nurses and medical workers.

The Company's gross profit was THB 254.72 million increased by THB 45.5 million or equivalent to a growth of 22 percent compared to 2022 corresponding with an increase in revenue from hospital operations. The Company's gross profit margin decreased from 56.19 percent in 2022 to 55.48 percent in 2023.

Selling expenses

The Company had selling expenses of THB 106.9 million increased by THB 32 million or equivalent to a growth of 42 percent compared to 2022. The increase in selling expenses was mainly from the increase in marketing expenses by THB 24.4 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 8 million due to the increase in sales staff's commission and the increase in sales and marketing staff.

Administrative expenses

The Company had administrative expenses of THB 50.5 million increased by THB 19 million or equivalent to a growth of 61.5 percent compared to 3M2022. The increase in administrative expenses was mainly from the increase in staff costs of THB 8.5 million due to the increase in administrative staff.

Net profit

The Company's net profit was THB 81.5 million decreased by THB 0.77 million.

The Company had a lower net profit margin, decreasing from 21.99 percent in 2022 to 17.54 percent in 2023, mainly from an increase in online and offline marketing, advertising on large billboards as aforementioned.

For the Six-month period ended 30 June 2023**Revenue from hospital operations**

The Company's revenue from hospital operations was THB 895 million increased by THB 285 million or equivalent to a growth of 47 percent compared to 2022. Surgery income increased by THB 220 million or equivalent to a growth Y-o-Y of 45 percent. Surgery income increased in every service mostly from nose surgery, liposuction, maxillofacial surgery, 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 2022.

Cost of hospital operations and Gross Profit

The Company's cost of hospital operations was THB 386.77 million increased by THB 122 million or equivalent to a growth of 46 percent compared to 2022. The increase in the cost of hospital operations corresponds to an increase in doctor fees by THB 58 million, an increase in medical expenses by THB 45 million corresponding with an increase in revenue from hospital operations, and an increase in nurses and medical workers fees by THB 17 million corresponding with higher nurses and medical workers.

The Company's gross profit was THB 508 million increased by THB 163 million or equivalent to a growth of 47 percent compared to 2022 corresponding with an increase in revenue from hospital operations.

Selling expenses

The Company had selling expenses of THB 212.44 million increased by THB 97 million or equivalent to a growth of 83 percent compared to 2022. The increase in selling expenses was mainly from the increase in marketing expenses by THB 75.5 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 21 million due to the increase in sales staff's commission and the increase in sales and marketing staff.

Administrative expenses

The Company had administrative expenses of THB 107 million increased by THB 49 million or equivalent to a growth of 85 percent compared to 2022. The increase in administrative expenses was mainly from the increase in staff costs of THB 25 million due to the increase in administrative staff.

Net profit

The Company's net profit was THB 153 million increased by THB 15.93 million equivalent to a growth of 11.62 percent compared to 2022.

The Company had a lower net profit margin, decreasing from 22.35 percent in 2022 to 16.5 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 June 30,	As of December 31,	Change increase (decrease)	
	2023	2022	Amount	Percentage
Total current assets	2,265.55	330.76	1,934.79	584.95
Total non- current assets	1,013.92	615.84	398.08	64.64
Total assets	3,279.47	946.60	2,332.87	246.45
Total current liabilities	250.88	248.59	2.29	0.92
Total non- current liabilities	297.94	294.26	3.68	1.25
Total liabilities	548.82	542.85	5.97	1.10
Total shareholders' equity	2,730.65	403.75	2,326.90	576.32
Total liabilities and shareholders' equity	3,279.47	946.60	2,332.87	246.45

Assets

As of June 30, 2023, the Company had total assets of THB 3,279.47 million which increased by THB 2,332.87 million or equivalent to 246.45 percent from December 31, 2022, due to the following reasons:

1. Cash and cash equivalent increased by THB 581.4 million or increased 595 percent mainly from additional equity from the IPO THB 2,3000 million and operating cash flow of THB 126 million. However, the Company used cash for investment in the equipment for THB 371.5 million, paid dividend THB 65 million and investment in short-term fixed income of 1,445 million.
2. Other current financial assets increase of THB 1,309.4 million or increase 899 percent due to the company receiving money from the IPO and having a large amount of cash remaining, therefore investing in short-term debt securities to get more returns than bank deposits.
3. Building and equipment increased by THB 532 million or increased 458 percent due to acquisition during the period THB 371.5 million and transfer from advance payment for construction to construction in progress THB 164 million.

Liabilities

As of June 30, 2023, the Company had total liabilities of THB 548.82 million which increased by THB 5.97 million or equivalent to 1.1 percent from December 31, 2022, due to the following reasons:

1. Trade and other payables increased by THB 23.3 million or increased 31 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. Income tax payable decreased by THB 20 million due to the Company paid tax payment during the quarter.

Shareholders' Equity

As of June 30, 2023, the Company had shareholders' equity of THB 2,730.65 million which increased by THB 2,36.90 million or equivalent to 576.32 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 6M2023's comprehensive income by THB 153 million and the Company paid dividend THB 72 million.

Yours sincerely

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(Mr. Phisut Numsa)

Chief Financial Officer

Master Style Public Company Limited