



9 November 2023

Subject Management Discussion and Analysis for the nine months ended 30 September 2023

Attention Director and Management

Stock Exchange of Thailand

Aesthetic Connect Public Company Limited (“the Company”) would like to submit the financial statement for the nine-month period ended 30 September 2023, which has been reviewed by Certified Public Account, to the Stock Exchange of Thailand.

Please see further details in the Management’s Discussion and Analysis of the Financial Statements as attached.

Please be informed accordingly,

Sincerely yours,

(Mrs. Daranee Dhubkaen)

Chief Financial Officer



Aesthetic Connect Public Company Limited

Management's Discussion and Analysis for the nine-month period ended 30 September 2023

Statement of income for the three-month period ended 30 September 2023

unit: Million Baht

| | Three-month period ended 30 September | | Change | |
|---------------------------------|---------------------------------------|--------------|----------------|----------------|
| | 2022 | 2023 | Amount | % |
| Revenue from services | 218.11 | 172.80 | (45.31) | (20.77) |
| Cost of services | 97.12 | 79.02 | (18.10) | (18.64) |
| Gross Profit | 120.99 | 93.78 | (27.21) | (22.49) |
| Other revenues | 0 | 0.01 | 0.01 | 100.00 |
| Service Expenses | 22.98 | 27.60 | 4.62 | 20.10 |
| Administrative Expenses | 10.43 | 10.83 | 0.40 | 3.84 |
| Financial Costs | 1.35 | 0.17 | (1.18) | (87.41) |
| Profit before income tax | 86.23 | 55.19 | (31.04) | (36.00) |
| Tax Expenses | 17.20 | 12.73 | (4.47) | (25.99) |
| Profit for the period | 69.03 | 42.46 | (26.57) | (38.49) |

Statement of income for the nine-month period ended 30 September 2023

unit: Million Baht

| | Nine-month period ended 30 September | | Change | |
|---------------------------------|--------------------------------------|---------------|----------------|----------------|
| | 2022 | 2023 | Amount | % |
| Revenue from services | 636.93 | 541.40 | (95.53) | (15.00) |
| Cost of services | 280.97 | 243.33 | (37.64) | (13.40) |
| Gross Profit | 355.96 | 298.07 | (57.89) | (16.26) |
| Other revenues | 1.06 | 0.46 | (0.61) | (57.01) |
| Service Expenses | 61.05 | 74.18 | 13.13 | 21.51 |
| Administrative Expenses | 27.71 | 34.79 | 7.08 | 25.56 |
| Financial Costs | 1.55 | 1.91 | 0.37 | 23.71 |
| Profit before income tax | 266.72 | 187.64 | (79.08) | (29.65) |
| Tax Expenses | 53.94 | 39.70 | (14.24) | (26.40) |
| Profit for the period | 212.78 | 147.94 | (64.84) | (30.47) |

Revenue Structure

| | Three-month period ended 30 September | | | | Change | |
|---|---------------------------------------|---------------|---------------|---------------|----------------|----------------|
| | 2022 | % | 2023 | % | Amount | % |
| 1. Surgical Services | 203.79 | 93.44 | 160.54 | 92.91 | (43.25) | (21.22) |
| - Face-Lock Facelift | 135.19 | 61.98 | 102.71 | 59.44 | (32.48) | (24.03) |
| - Eye-Lock Eyelid Surgery | 47.00 | 21.55 | 33.92 | 19.63 | (13.08) | (27.83) |
| - Rhinoplasty Surgery | 11.56 | 5.30 | 12.38 | 7.16 | 0.82 | 7.09 |
| - Other Surgical Procedures | 10.04 | 4.60 | 11.53 | 6.67 | 1.49 | 14.84 |
| 2. Intravenous Anesthesia Services | 9.21 | 4.22 | 7.38 | 4.27 | (1.83) | (19.87) |
| 3. Non-Surgical Services | 5.11 | 2.34 | 4.88 | 2.82 | (0.23) | (4.50) |
| Revenue from services | 218.11 | 100.00 | 172.80 | 100.00 | (45.31) | (20.77) |

| | Nine-month period ended 30 September | | | | Change | |
|---|--------------------------------------|---------------|---------------|---------------|----------------|----------------|
| | 2022 | % | 2023 | % | Amount | % |
| 1. Surgical Services | 595.64 | 93.52 | 501.57 | 92.64 | (94.07) | (15.79) |
| - Face-Lock Facelift | 405.46 | 63.66 | 338.81 | 62.58 | (66.65) | (16.44) |
| - Eye-Lock Eyelid Surgery | 133.30 | 20.93 | 102.71 | 18.97 | (30.59) | (22.95) |
| - Rhinoplasty Surgery | 32.90 | 5.17 | 27.80 | 5.13 | (5.10) | (15.50) |
| - Other Surgical Procedures | 23.98 | 3.76 | 32.25 | 5.96 | 8.27 | 34.49 |
| 2. Intravenous Anesthesia Services | 26.99 | 4.24 | 23.18 | 4.28 | (3.81) | (14.12) |
| 3. Non-Surgical Services | 14.30 | 2.25 | 16.65 | 3.08 | 2.35 | 16.43 |
| Revenue from services | 636.93 | 100.00 | 541.40 | 100.00 | (95.53) | (15.00) |

Periods for Three Month end of 30 September 2023

Revenue from services

The company had revenue from services for the three-month period ended 30 September 2023, of 172.80 million Baht, which decreased from the same period in 2022, by an amount of 45.31 million Baht, or a decrease of 20.77 percent. This is believed to be due to uncertainties in the economic and political situation in the country, as well as the fact that in 2020-2022, people were unable to travel for tourism due to the COVID-19 situation in foreign countries. Consequently, some chose to undergo surgeries during long holidays. In 2023, as tourism began to return to normal, some individuals opted for vacations over surgeries, resulting in a decrease in the number of customers.



Cost of services

The company had the cost of services for the three-month period ended 30 September 2023, of 79.02 million Baht. This represents a decline of 18.64 percent from the same period in 2022.

The majority of the costs come from medical fees, constituting 81.73 percent of the total cost of services. The remaining 18.27 percent includes costs related to medications, medical supplies, waste materials, compensation for nursing staff, medical personnel, and other direct costs. The decrease in service costs aligns with the reduction in service revenue.

Gross Profit

The company's gross profit for the three-month period ended 30 September 2023, of 93.78 million Baht. This represents a decline of 22.49 percent from the same period in 2022. This decrease in profit is consistent with the reduction in service revenue during the same period.

Service Expenses

The company's service expenses for the three-month period ended 30 September 2023 have increased from the same period in 2022 by 4.62 million Baht, representing a percentage increase of 20.10. This increase is primarily due to higher advertising and sales promotion expenses associated with brand building.

Administrative Expenses

The company's administrative expenses for the three-month period ended 30 September 2023, of 10.83 million Baht, reflecting an increase of 0.40 million Baht or a percentage increase of 3.84 from the same period in 2022. This increase in expenses is mainly in staff-related costs. Specifically, Provident fund

Financial Costs

The company's financial costs for the three-month period ended 30 September 2023, of 0.17 million Baht, reflecting an decline of 1.18 million Baht or a percentage decline of 87.41 from the same period in 2022. This decline from interest loans.

Net Profit

The company had net profit for the three-month period ended 30 September 2023, of 42.46 million Baht, representing 24.57% of the total revenue. This net profit decreased compared to the same period in 2022, which was 26.57 million Baht, or a percentage decrease 38.49%. This decrease was primarily due to a reduction in revenue, coupled with increased expenses in distribution, management, and financial costs, as mentioned earlier.



Periods for Nine-Month end of 30 September 2023

Revenue from services

The company had revenue from services for the nine-month period ended 30 September 2023, of 541.40 million Baht, which decreased from the same period in 2022, by an amount of 95.53 million Baht, or a decrease of 15.00 percent. This is believed to be due to uncertainties in the economic and political situation in the country, as well as the fact that in 2020-2022, people were unable to travel for tourism due to the COVID-19 situation in foreign countries. Consequently, some chose to undergo surgeries during long holidays. In 2023, as tourism began to return to normal, some individuals opted for vacations over surgeries, resulting in a decrease in the number of customers.

Cost of services

The company had the cost of services for the nine-month period ended 30 September 2023, of 243.33 million Baht. This represents a decline of 13.40 percent from the same period in 2022.

The majority of the costs come from medical fees, constituting 83.88 percent of the total cost of services. The remaining 16.12 percent includes costs related to medications, medical supplies, waste materials, compensation for nursing staff, medical personnel, and other direct costs. The decrease in service costs aligns with the reduction in service revenue.

Gross Profit

The company's gross profit for the nine-month period ended 30 September 2023, of 298.07 million Baht. This represents a decline of 16.26 percent from the same period in 2022. This decrease in profit is consistent with the reduction in service revenue during the same period.

Service Expenses

The company's service expenses for the nine-month period ended 30 September 2023 have increased from the same period in 2022 by 13.13 million Baht, representing a percentage increase of 21.51. This increase is primarily due to higher advertising and sales promotion expenses associated with brand building.

Administrative Expenses

The company's administrative expenses for the nine-month period ended 30 September 2023, of 34.79 million Baht, reflecting an increase of 7.08 million Baht or a percentage increase of 25.55 from the same period in 2022. This increase in expenses is mainly attributed to hiring additional staff and an expansion in the management team, resulting in an increase in staff-related costs. Specifically, staff-related costs have increased from 8.72 million Baht to 13.79 million Baht, representing a percentage increase of 58.14.

Financial Costs

The company's financial costs for the nine-month period ended 30 September 2023, of 1.91 million Baht, reflecting an increase of 0.37 million Baht or a percentage increase of 23.71 from the same period in 2022. This increase is primarily due to the interest expenses incurred from loans obtained from financial institutions for the purpose of purchasing land for the construction of a hospital building.

Net Profit

The company had net profit for the nine-month period ended 30 September 2023, of 147.94 million Baht, representing 27.30% of the total revenue. This net profit decreased compared to the same period in 2022, which was 64.84 million Baht, or a percentage decrease 30.47%. This decrease was primarily due to a reduction in revenue, coupled with increased expenses in distribution, management, and financial costs, as mentioned earlier.

Summary of Financial information

unit: Million Baht

| | As of | | Change | |
|---|------------------|-------------------|-----------------|----------------|
| | 31 December 2022 | 30 September 2023 | Amount | % |
| Assets | | | | |
| Current Assets | 362.04 | 158.30 | (203.74) | (56.28) |
| Non-Current Assets | 440.77 | 482.76 | 41.99 | 9.53 |
| Total Assets | 802.81 | 641.06 | (161.75) | (20.15) |
| Liabilities and Shareholders' Equity | | | | |
| Current Liabilities | 124.51 | 97.50 | (27.01) | (21.69) |
| Non-Current Liabilities | 108.97 | 93.31 | (15.66) | (14.37) |
| Shareholders' Equity | 569.33 | 450.25 | (74.08) | (13.01) |
| Total Liabilities and Shareholders' Equity | 802.81 | 641.06 | (161.75) | (20.15) |

Assets

The company had total assets as of 30 September 2023, of 641.06 million Baht, which decreased compared to 2022 when it was 161.75 million Baht, representing a decrease of 20.15%. This decrease was mainly attributed to a reduction in current assets, which amounted to 158.30 million Baht and was lower than the previous year due to the dividend payment of 267.02 million Baht in March 2023, resulting in a decrease in cash and bank deposits. However, non-current assets amounted to 482.76 million Baht, an increase of 41.99 million Baht from 2022. This increase was due to the company's investments in hospital construction, with a total value of 31.17 million Baht.

Liabilities and Shareholders' Equity

The company's total liabilities and shareholders' equity as of 30 September 2023, consisted of current liabilities amounting to 97.50 million Baht and non-current liabilities amounting to 93.31 million Baht, resulting in total liabilities of 190.81 million Baht. This represents a decrease of 42.67 million Baht compared to 2022. The decrease was primarily due to the company repaying long-term loans from financial institutions, leading to a reduction in long-term liabilities. Additionally, outstanding income taxes, trade payables, and other payables decreased in proportion to the reduced income.

The company's shareholders' equity as of 30 September 2023, amounted to 450.25 million Baht, which decreased due to dividend payments, resulting in a decrease in retained earnings.

Key Financial Ratios

| | | 31 December 2022 | 30 September 2023 |
|----------------------------|---------|------------------|-------------------|
| Current Ratio | (Times) | 2.91 | 1.62 |
| Debt to Equity ratio (D/E) | (Times) | 0.41 | 0.42 |
| Gross Profit Margin | (%) | 55.42 | 55.06 |
| Net Profit Margin | (%) | 31.64 | 27.30 |
| Return on Asset (ROA) | (%) | 42.46 | 30.11 |
| Return on Equity (ROE) | (%) | 58.23 | 42.70 |

Current Ratio

As of 30 September 2023, the company had a current ratio of 1.62 times, which decreased from the previous year, 2022, due to a decrease in cash and cash equivalents resulting from the payment of dividends to shareholders in March 2023.

Debt to Equity ratio (D/E)

As of 30 September 2023, the company had a D/E ratio of 0.42 times, which increased from the previous year, 2022, due to the company paying dividends to shareholders in March 2566, resulting in a decrease in the shareholders' equity.

Gross Profit Margin and Net Profit Margin

As of 30 September 2023, the company has a gross profit margin and net profit margin of 55.06% and 27.30%, respectively. These figures are close to those of the previous year, 2022, indicating that the company has maintained its ability to generate profits.

Return on Asset (ROA) and Return on Equity (ROE)

As of 30 September 2023, the company has a Return on Assets (ROA) of 30.11% and a Return on Equity (ROE) of 42.70%. These figures indicate that the company has favorable return rates, reflecting its strong performance.