

22 February 2024

Subject: Management Discussion and Analysis for the fiscal year ended December 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 fiscal year ended December 31, 2023, as the following details:

Statement of Income

(Unit: THB Million)	For the yearended 31		Change increase	
	December		(decrease)	
	2023	2022	Amount	Percentage
Sales from hospital operations	1,916.76	1482.59	434.17	29.28
Cost of hospital operations	784.86	641.25	143.61	22.40
Gross profit	1,131.90	841.34	290.56	34.54
Other income	26.82	7.46	19.36	259.52
Selling expenses	397.71	313.54	84.17	26.85
Administrative expenses	236.21	149.27	86.94	58.24
Operating profit	524.80	385.99	138.81	35.96
Share of profit from investment in associates	4.77	-	4.77	100.00
Finance income	5.34	0.3	5.04	1,680.00
Finance cost	13.88	9.12	4.76	52.19
Profit before income tax expenses	521.03	377.17	143.86	38.14
Income tax expenses	104.73	76.25	28.48	37.35
Net Profit	416.30	300.92	115.38	38.34

Revenue from hospital operations

(Unit: THB Million)	For the yearended 31 December				Change	
	2023		2022		Increase (decrease)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Surgery income	1,552.89	81.02	1,193.61	80.51%	359.28	30.10
Skin income	135.57	7.07	105.61	7.12%	29.96	28.37
Hair income	114.98	6.00	89.96	6.07%	25.02	27.81
Aftercare income	69.77	3.64	62.37	4.21%	7.40	11.86
Other hospital operations	43.55	2.27	31.04	2.09%	12.51	40.30
Revenue from hospital operations	1,916.76	100.00	1,482.59	100	434.17	29.28

Revenue from hospital operations

In 2023, the Company's revenue from hospital operations was THB 1,916.76 million increased by THB 434.17 million or equivalent to a growth Y-o-Y of 29.28 percent. Surgery income increased by THB 359.28 million or equivalent to a growth Y-o-Y of 30 percent, mainly from increasing in nose surgery, maxillofacial surgery, brow lift surgery, liposuction and men health. 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

In 2023, the Company's cost of hospital operations was THB 784.86 million increased by THB 143.61 million or equivalent to a growth Y-o-Y of 22.4 percent. The increase in the cost of hospital operations corresponds to an increase in doctor fees by THB 53.41 million, an increase in medical expenses by THB 56.91 million corresponding with an increase in revenue from hospital operations, and an increase in nurses and medical workers fees by THB 29.52 million corresponding with higher nurses and medical workers.

In 2023, the Company's gross profit was THB 1,131.90 million increased by THB 290.56 million or equivalent to a growth Y-o-Y of 34.54 percent corresponding with an increase in revenue from hospital operations. The Company's gross profit margin increased from 56.75 percent in 2022 to 59.05 percent in due to continually efficient control of medical inventories.

Other income

Other income increased by THB 19 million or equivalent to a growth Y-o-Y of 255 from 2022 due to the increase in income from current financial assets THB 13 million.

Selling expenses

In 2023, the Company had selling expenses of THB 397.71 million increased by THB 84.17 million or equivalent to a growth Y-o-Y of 26.85 percent. The increase in selling expenses was mainly from the increase in marketing expenses by THB 49.99 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 24.53 million due to the increase in sales staff's commission and the increase in sales and marketing staff

Administrative expenses

In 2023, the Company had administrative expenses of THB 236.21 million increased by THB 86.94 million or equivalent to a growth Y-o-Y of 58.24 percent. The increase in administrative expenses was mainly from the increase in staff costs of THB 31.13 million due to the increase in salary and bonus. Additionally Also, the Company increase in Utilities costs THB 11.76 million.

Net profit

In 2023, the Company's net profit was THB 416.3 million increased by THB 115.38 million or equivalent to a growth Y-o-Y of 38.34 percent. The Company had a lower net profit margin, increasing from 20.20 percent in 2022 to 21.42 percent in 2023, due to continually efficient control of medical inventories as mentioned.

Statements of Financial Position

(Unit: THB Million)	As of December 31,		Change increase (decrease)	
	2023	2022	Amount	Percentage
Total current assets	1,870.93	330.76	1,540.17	465.65
Total non- current assets	1,766.30	615.84	1,150.46	186.81
Total assets	3,637.23	946.60	2,690.63	284.24
Total current liabilities	347.78	248.59	99.19	39.90
Total non- current liabilities	298.27	294.26	4.01	1.36
Total liabilities	646.05	542.85	103.20	19.01
Total shareholders' equity	2,991.18	403.75	2,587.43	640.85
Total liabilities and shareholders' equity	3,637.23	946.60	2,690.63	284.24

Assets

As of December 31, 2023, the Company had total assets of THB 3,637.23 million which increased by THB 2,690.63 million or equivalent to 284.24 percent from December 31, 2022, due to the following reasons:

1. Cash and cash equivalent increased by THB 529 million or increased 541 percent mainly from additional equity from the IPO THB 2,300 million and operating cash flow of THB 462 million. However, the Company used cash for investment in the equipment for THB 745 million, paid dividend THB 74 million and investment in short-term fixed income of 953 million and paid investment in associates THB 357 million.
2. Other current financial assets increase of THB 972 million or increase 667 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. Investment in associates increase THB 361 million or increase 100 percent due to the Company invest in Me Plan Dee Co., Ltd THB 64 million, Kin Corporation Co., Ltd. THB 160 million, Dr.Chen Surgery Hospital Co., Ltd. THB 94 million and Advance Medical Clinic Co., Ltd. THB 20 million.
4. Building and equipment increased by THB 722 million or increased 622 percent due to acquisition during the period THB 609 million and transfer from advance payment for construction to construction in progress THB 165 million and depreciation during period THB 48 million.

Liabilities

As of December 31, 2023, the Company had total liabilities of THB 646.05 million which increased by THB 103.20 million or equivalent to 19.01 percent from December 31, 2022, due to the following reasons:

1. Trade and other payables increased by THB 107 million or increased 143 percent due to an increase in payable from construction and dividend payable increase by THB 70 million and increase in other payable THB 24 million.
2. Other current liabilities decreased by THB 19 million because the company has paid the withholding tax payable of December 2022 in 2023.

Shareholders' Equity

As of December 31, 2023, the Company had shareholders' equity of THB 2,991.18 million which increased by THB 2,587.43 million or equivalent to 640.85 percent compared to December 31, 2022, due to increase of comprehensive income for the year by THB 416 million, an increase in share capital by THB 74 million, and increase in share premium of THB 2,305 million. The Company also paid a dividend to shareholders of THB 99 million.

Yours sincerely

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(Mr. Phisut Numsa)

Chief Financial Officer

Master Style Public Company Limited