

## Aesthetic Connect Public Company Limited

### Management's Discussion and Analysis for the six-month period ended 30 June 2023

#### Statement of income for the six-month period ended 30 June 2023

unit: Million Baht

	Six-month period ended 30 June		Change	
	2022	2023	Amount	%
Revenue from services	418.83	368.60	(50.23)	(11.99)
Cost of services	183.85	164.31	(19.54)	(10.63)
<b>Gross Profit</b>	<b>234.98</b>	<b>204.29</b>	<b>(30.69)</b>	<b>(13.06)</b>
Other revenues	1.06	0.45	(0.62)	(57.97)
Service Expenses	38.07	46.58	8.51	22.35
Administrative Expenses	17.28	23.96	6.68	38.69
Financial Costs	0.20	1.74	1.55	787.18
<b>Profit before income tax</b>	<b>180.50</b>	<b>132.45</b>	<b>(48.04)</b>	<b>(26.62)</b>
Tax Expenses	36.75	26.98	(9.77)	(26.59)
<b>Profit for the period</b>	<b>143.75</b>	<b>105.48</b>	<b>(38.27)</b>	<b>(26.62)</b>

#### Revenue Structure

	Six-month period ended 30 June				Change	
	2022	%	2023	%	Amount	%
<b>1. Surgical Services</b>	<b>391.85</b>	<b>93.56</b>	<b>341.03</b>	<b>92.52</b>	<b>(50.82)</b>	<b>(12.97)</b>
- Face-Lock Facelift	270.27	64.53	236.10	64.05	(34.17)	(12.64)
- Eye-Lock Eyelid Surgery	86.30	20.61	68.79	18.67	(17.51)	(20.29)
- Rhinoplasty Surgery	21.34	5.09	15.42	4.18	(5.92)	(27.74)
- Other Surgical Procedures	13.94	3.33	20.72	5.62	6.78	48.64
<b>2. Intravenous Anesthesia Services</b>	<b>17.79</b>	<b>4.25</b>	<b>15.80</b>	<b>4.29</b>	<b>(1.99)</b>	<b>(11.19)</b>
<b>3. Non-Surgical Services</b>	<b>9.19</b>	<b>2.19</b>	<b>11.77</b>	<b>3.19</b>	<b>2.58</b>	<b>28.07</b>
<b>Revenue from services</b>	<b>418.83</b>	<b>100.00</b>	<b>368.60</b>	<b>100.00</b>	<b>(50.23)</b>	<b>(11.99)</b>

	Six-month period ended 30 June				Change	
	2022	%	2022	%	2022	%
<b>1. Surgical Services</b>	<b>391.85</b>	<b>93.32</b>	<b>341.03</b>	<b>92.41</b>	<b>(50.82)</b>	<b>(12.97)</b>
<b>2. Intravenous Anesthesia Services</b>	<b>17.79</b>	<b>4.24</b>	<b>15.80</b>	<b>4.28</b>	<b>(1.99)</b>	<b>(11.19)</b>
<b>3. Non-Surgical Services</b>	<b>9.19</b>	<b>2.19</b>	<b>11.77</b>	<b>3.19</b>	<b>2.58</b>	<b>28.07</b>
<b>Revenue from services</b>	<b>418.83</b>	<b>99.75</b>	<b>368.60</b>	<b>99.88</b>	<b>(50.23)</b>	<b>(11.99)</b>
Other revenues	1.06	0.25	0.45	0.12	(0.62)	(57.97)
<b>Total Revenue</b>	<b>419.89</b>	<b>100.00</b>	<b>369.05</b>	<b>100.00</b>	<b>(50.85)</b>	<b>(12.11)</b>

### **Revenue from services**

The company had revenue from services for the six-month period ended 30 June 2023, of 368.60 million Baht, which decreased from the same period in 2022, by an amount of 50.23 million Baht, or a decrease of 11.99 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 cost of services for the six-month period ended 30 June 2023, of 164.31 million Baht. This represents a decline of 10.63 percent from the same period in 2022.

The majority of the costs come from medical fees, constituting 84.91 percent of the total cost of services. The remaining 15.09 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 had gross profit for the six-month period ended 30 June 2023, of 204.29 million Baht. This represents a decline of 13.06 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 six-month period ended 30 June 2023 have increased from the same period in 2022 by 8.51 million Baht, representing a percentage increase of 22.35. This increase is primarily due to higher advertising and sales promotion expenses associated with brand building.

### **Administrative Expenses**

The company had administrative expenses for the six-month period ended 30 June 2023, of 23.96 million Baht, reflecting an increase of 6.68 million Baht or a percentage increase of 38.69 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 5.94 million Baht to 11.32 million Baht, representing a percentage increase of 90.57.

### **Financial Costs**

The company had financial costs for the six-month period ended 30 June 2023, of 1.74 million Baht, reflecting an increase of 1.55 million Baht or a percentage increase of 787.18 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 six-month period ended 30 June 2023, of 105.48 million Baht, representing 28.58% of the total revenue. This net profit decreased compared to the same period in 2022, which was 38.27 million Baht, or a percentage decrease of 26.62%. 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 June 2023	Amount	%
<b>Assets</b>				
Current Assets	362.04	148.65	(213.39)	(58.94)
Non-Current Assets	440.77	461.87	21.10	4.79
<b>Total Assets</b>	<b>802.81</b>	<b>610.52</b>	<b>(192.29)</b>	<b>(23.95)</b>
<b>Liabilities and Shareholders' Equity</b>				
Current Liabilities	124.51	105.19	(19.32)	(15.52)
Non-Current Liabilities	108.97	97.54	(11.43)	(10.49)
Shareholders' Equity	569.33	407.79	(161.54)	(28.37)
<b>Total Liabilities and Shareholders' Equity</b>	<b>802.81</b>	<b>610.52</b>	<b>(192.29)</b>	<b>(23.95)</b>

### Assets

The company had total assets as of 30 June 2023, of 610.52 million Baht, which decreased compared to 2022 when it was 802.81 million Baht, representing a decrease of 23.95%. This decrease was mainly attributed to a reduction in current assets, which amounted to 148.65 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 461.87 million Baht, an increase of 21.10 million Baht from 2022. This increase was due to the company's investments in hospital construction, with a total value of 26.89 million Baht.

### Liabilities and Shareholders' Equity

The company's total liabilities and shareholders' equity as of 30 June 2023, consisted of current liabilities amounting to 105.19 million Baht and non-current liabilities amounting to 97.54 million Baht, resulting in total liabilities of 202.73 million Baht. This represents a decrease of 30.75 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 June 2023, amounted to 407.79 million Baht, which decreased due to dividend payments, resulting in a decrease in retained earnings.

### Key Financial Ratios

		31 December 2022	30 June 2023
Current Ratio	(Times)	2.91	1.41
Debt to Equity ratio (D/E)	(Times)	0.41	0.50
Gross Profit Margin	(%)	55.42	55.42
Net Profit Margin	(%)	31.64	28.58
Return on Asset (ROA)	(%)	42.46	36.07
Return on Equity (ROE)	(%)	58.23	54.55

#### Current Ratio

As of 30 June 2023, the company had a current ratio of 1.41 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 June 2023, the company had a D/E ratio of 0.50 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 June 2023, the company has a gross profit margin and net profit margin of 55.42% and 28.58%, 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 June 2023, the company has a Return on Assets (ROA) of 36.07% and a Return on Equity (ROE) of 54.55%. These figures indicate that the company has favorable return rates, reflecting its strong performance.