

Aesthetic Connect Public Company Limited

Management Discussion and Analysis for the year ended 31 December 2023

Statement of income for the year ended 31 December 2023

unit: Million Baht

	Year ended 31 December				Change	
	2020	2021	2022	2023	Amount	%
Revenue from services	221.56	427.64	853.64	707.83	-145.81	-17.08
Cost of services	123.38	^{1/} 207.71	380.51	319.45	-61.06	-16.05
Gross Profit	98.18	219.93	473.13	388.38	-84.75	-17.91
Other revenues	0.03	0.12	0.43	5.20	4.77	1,109.30
Service Expenses	28.77	^{1/} 56.85	^{1/} 89.28	99.08	9.80	10.98
Administrative Expenses	22.00	^{1/} 20.66	^{1/} 41.96	49.04	7.08	16.87
Financial Costs	1.09	1.25	2.79	1.89	-0.90	-32.26
Profit before income tax	46.37	141.29	339.53	243.55	-95.98	-28.27
Tax Expenses	9.22	28.61	69.26	50.99	-18.27	-26.38
Profit for the period	37.15	112.68	270.27	192.56	-77.71	-28.75

^{1/}These cost and expenses does not match the value presented in the financial reports because the company has reclassified certain transactions.

However, the total cost of services, service expenses and administrative expenses remains the same.

Revenue Structure

	Year ended 31 December								Change	
	2020	%	2021	%	2022	%	2023	%	Amount	%
1. Surgical Services	187.55	84.65	396.46	92.71	796.07	93.26	657.79	92.93	-138.28	-17.37
- Face-Lock Facelift	111.44	50.30	272.24	63.66	541.15	63.39	436.95	61.73	-104.20	-19.26
- Eye-Lock Eyelid Surgery	58.84	26.55	93.25	21.81	174.55	20.45	133.03	18.79	-41.52	-23.79
- Rhinoplasty Surgery	78.86	3.55	14.54	3.40	44.57	5.22	38.96	5.50	-5.61	-12.59
- Other Surgical Procedures	9.41	4.25	16.43	3.84	35.80	4.20	48.85	6.90	13.05	36.45
2. Intravenous Anesthesia Services	11.05	4.99	18.06	4.22	36.61	4.29	30.53	4.31	-6.08	-16.61
3. Non-Surgical Services	22.96	10.36	13.12	3.07	20.96	2.45	19.51	2.76	-1.45	-6.92
Revenue from services	221.56	100.00	427.64	100.00	853.64	100.00	707.83	100.00	-145.81	-17.08

	Year ended 31 December								Change	
	2020	%	2021	%	2022	%	2023	%	Amount	%
1. Surgical Services	187.55	84.64	396.46	92.68	796.07	93.21	657.79	92.25	-138.28	-17.37
2. Intravenous Anesthesia Services	11.05	4.99	18.06	4.22	36.61	4.29	30.53	4.28	-6.08	-16.61
3. Non-Surgical Services	22.96	10.36	13.12	3.07	20.96	2.45	19.51	2.74	-1.45	-6.92
Revenue from services	221.56	99.99	427.64	99.97	853.64	99.95	707.83	99.27	-145.81	-17.08
Other revenues	0.03	0.01	0.12	0.03	0.43	0.05	5.20	0.73	4.77	1,109.30
Total Revenue	221.59	100.00	427.76	100.00	854.07	100.00	713.03	100.00	-141.04	-16.51

Revenue from services

Operating results

The company operates in the field of cosmetic facial surgery services under the name 'Teeraporn Clinic'. The medical team consists of specialized experts with extensive experience and wide recognition in the industry. The company offers various services including facelift surgery, eye surgery, rhinoplasty, and skincare.

2020-2023 The company had revenue from services for the year 221.56 million Baht 427.64 million Baht 853.64 million Baht and 707.83 million Baht, or increased by 93.01%, 99.61% and declined by 17.08% respectively.

2020-2023 The majority of this revenue came from surgical services, accounting for 84.64% 92.68% 93.21% and 92.25% of the total revenue. This revenue was generated from various surgical procedures including Face-Lock(facelift surgery), Eye-Lock(eye surgery), rhinoplasty surgery, and other surgical procedures.

The revenue from Intravenous Anesthesia Services amounted to 30.53 million Baht, decreasing by 6.08% from 2022. Non-surgical services related to skincare, such as Fillers, Botox, Hifu, and intravenous vitamin therapies, also contributed to revenue, accounting for 2.74% of the total revenue.

Cost of services

2020-2023 The company had cost of services for the year of 123.38 million 207.71 million 380.51 million and 319.45 million Baht. This represents cost to revenue-service ratio 55.69% 48.57% and 45.13%, The cost of service includes doctor's fees, commission fees, employee expenses and medical supplies decreasing in cost to revenue ratio, indicating that the company had effectively cost management.

Gross Profit

2020-2023 The company had gross profit for the year of 98.18 million Baht 219.93 million baht 473.13 million baht and 388.38 million baht. Compare the same period of percentage gross margin rate increased by 124.01 percent 115.13 percent and decreased by 17.91 percent in 2023. This corresponds to an increase in service revenue from 2020-2023 by 206.08 million baht 426 million baht and decreasing 145.81 million baht. Then represent revenue

service growth rate for 93.01% 99.62% and decreasing 17.08% compare the same period. This increase is in line with the growth in revenue from services. It is attributed to the easing of the COVID-19 pandemic's impact, higher vaccination rates among the population, and the company's dedicated efforts in online marketing. These efforts increased awareness and recognition of the company among customers. Moreover, the company's medical professionals and staff have enhanced their service quality across all levels, leading to increased revenue.

2020-2023 The company's cost management, as previously discussed in the section on cost of services, resulted in an increase in the gross profit margin from 44.31% 51.43% 55.42% and 54.87% in the same period.

Service Expenses

2020-2023 The company's service expenses for end of the year have increased 28.08 million baht, 32.43 million baht, and 9.80 million baht representing a percentage increase of 97.60% 57.04% and 10.98% compare to the same period. The primary reason for this increase is the commission expenses related to customer referrals. These commission costs have risen in parallel with the increase in revenue. Additionally, the company incurred higher employee costs due to the expansion of the marketing department, particularly at the manager level. Furthermore, advertising and sales promotion expenses have increased, reflecting the company's continuous and intensified marketing efforts.

Administrative Expenses

2020-2021 The company had administrative expenses for the year decreasing because of due to entering the epidemic situation Covid-19 when compare the same period. In 2022-2023 The company had administrative expenses for the year increasing by 21.30 million baht and 7.08 million baht. Representing the percentage for 103.10% and 16.87%. The primary reasons for this increase include the expenses related to hiring new employees. due to the expansion of staff in the management department. Additionally, bank fees mainly from credit card fees, and other operational management expenses also saw an increase.

Financial Costs

2022-2023 The company had increasing financial costs 0.16 million baht, 1.54 million baht and decreasing (0.90) million baht in 2023. Represent the percentage for 14.68%, 123.20% and decreasing for 32.26% in 2023. The primary reason for this increase is the higher interest expenses on bank loans, This increase is due to the company borrowing 118 million baht for the purchase of land to construct a hospital building. And repaid the entire loan in 2023.

Net Profit

2020-2023 The company had net profit for the year ended 37.15 million baht, 112.68 million baht, 270.27 million baht and 192.56 million baht. Representing 16.76%, 26.34%, 31.66% and 27.20% of the total revenue.

This increasing is in line with the growth in revenue from services. It is attributed to the easing of the COVID-19 pandemic's impact, higher vaccination rates among the population, and the company's dedicated efforts in online

marketing. These efforts increased awareness and recognition of the company among customers. Moreover, the company's medical professionals and staff have enhanced their service quality across all levels, leading to increased reputation. However, in 2023 when compared to the same period in 2022 The company had net profit to decrease the primary causes from the decreasing from revenue and increasing for marketing expense such as advertising online and offline and expense for hiring employee.

Summary of Financial information

unit: Million Baht

	As of		Change	
	31 December 2022	31 December 2023	Amount	%
Assets				
Current Assets	362.04	1,266.16	904.14	249.73
Non-Current Assets	440.77	529.28	88.51	20.08
Total Assets	802.81	1,795.46	992.65	123.65
Liabilities and Shareholders' Equity				
Current Liabilities	124.51	105.05	-19.46	-15.63
Non-Current Liabilities	108.97	11.81	-97.16	-89.16
Shareholders' Equity	569.33	1,678.60	1,109.27	194.84
Total Liabilities and Shareholders' Equity	802.81	1,795.46	992.65	123.65

Assets

The company had total assets as of 31 December 2023, of 1,795.46 million Baht, divided into current assets of 1,266.16 million baht. the company received money from the initial public offering(IPO) of 90 million shares at par value of 0.50 baht per share, the price per share is 14 baht, amounting to 1,260 million baht. This increase is due to resulting in higher cash and bank fix-deposits. Non-current assets amount to 529.28 million baht increasing from 2022 by 88.51 million baht. Overall, the total assets increased from the previous year, amounting to 992.65 million baht, equivalent to 123.65 percent.

Liabilities and Shareholders' Equity

The company's total liabilities and shareholders' equity as of 31 December 2023 consisted of current liabilities amounting to 105.05 million Baht and non-current liabilities amounting to 11.81 million Baht, resulting in total liabilities of 116.86 million Baht. This represents an decrease of 116.62 million Baht compared to 2022. Because the company has repaid all remaining institutional loans in the amount of 96.85 million baht, and decreased income tax payable by 9.68 million baht and Lease liabilities decreased 9.58 million baht.

The company's shareholders' equity as of 31 December 2023, amounted to 1,678.60 million Baht, which increased by 1,109.27 million baht due to the increased retained earnings. And The company received money from the initial public offering(IPO) of 90 million shares at par value of 0.50 baht per share, the price per share is 14 baht, amounting to 1,260 million baht. Representing premium on share capital amounting to 1,332.84 million baht.

Key Financial Ratios

		31 December 2022	31 December 2023
Current Ratio	(Times)	2.91	12.05
Debt to Equity ratio (D/E)	(Times)	0.41	0.07
Gross Profit Margin	(%)	55.42	54.87
Net Profit Margin	(%)	31.64	27.01
Return on Asset (ROA)	(%)	53.34	18.75
Return on Equity (ROE)	(%)	58.23	17.13

Current Ratio

As of 31 December 2023, the company had a current ratio of 12.05 times, which increased from the previous year due to the company received money from the initial public offering(IPO) of 90 million shares at par value of 0.50 baht per share, the price per share is 14 baht, amounting to 1,260 million baht, resulting in working capital in the business. Makes it have good liquidity

Debt to Equity ratio (D/E)

As of 31 December 2023, the company had a D/E ratio of 0.07 times, which decreased from the previous year due to the company has repaid all remaining institutional loans in the amount of 96.85 million baht. The company is still considered to be in good financial health.

Gross Profit Margin and Net Profit Margin

As of 31 December 2023, the company's gross profit margin and net profit margin were 54.87% and 27.01% respectively. These figures decreased from the previous year, 2022.

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

As of December 31, 2023, the company's return on assets (ROA) and return on equity (ROE) were 18.75% and 17.13%, respectively, indicating that the company has a strong performance in terms of returns from its assets and equity, demonstrating good financial performance.