

February 25, 2022

Subject: Management's Explanation and Analysis for the year ended December 31, 2021

Attention: Director and Manager

The Stock Exchange of Thailand

LDC Dental Public Company Limited (LDC) would like to clarify the performance of the Company for the year ended December 31, 2021 which the details are as follows:

Significant event during the year

The Company considered to close 4 dental clinics which those will not affect to the clients because the Company has other branches nearby. In the quarter 1/2021, 3 branches were closed: Saimai, Ngamwongwan and Phetchaburi and in the quarter 3/2021, 1 branch was closed: Seri Thai. Moreover, 3 beauty clinics were closed because of insufficient clients and high doctor remuneration (comparing with the revenues), resulting low tentative turnover. In the quarter 1/2021, 2 branches were closed: Ngamwongwan and Rama 5 and in the quarter 3/2021, 1 branch was closed: Seri Thai.

Therefore, the Company has 26 dental clinics and 4 beauty clinics under LDC Esthetics Brand.

The Overall Performance of the Company

Unit : Million Baht	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenues from services	367.44	100.00	422.75	100.00	(55.32)	(13.09)
Cost of services	(323.08)	(87.93)	(374.22)	(88.52)	(51.14)	(13.66)
Gross profit (loss)	44.35	12.07	48.54	11.48	(4.18)	(8.62)
Other revenues	4.71	1.28	4.29	1.02	0.41	9.66
Distribution cost	(12.46)	(3.39)	(13.01)	(3.08)	(0.54)	(4.18)
Administrative expenses	(48.80)	(13.28)	(44.42)	(10.51)	4.38	9.86
Financial cost	(15.55)	(4.23)	(15.60)	(3.69)	(0.05)	(0.32)
Profit (Loss) before income tax expenses	(27.75)	(7.55)	(20.19)	(4.78)	7.55	37.41
Income tax (expense) revenue	3.91	1.06	2.59	0.61	1.32	50.86
Net profit (loss) for the year	(23.84)	(6.49)	(17.60)	(4.16)	6.24	35.43

1. Total revenues

The overall of year 2021, the Company has total revenues at Baht 372.15 million, which decreased, comparing to the prior year by Baht 54.90 million or equivalent to 12.86%. It was in line with the slowdown economy because of COVID-19 pandemic and branches termination, mostly decreasing from dental revenues.

2. Cost of services

For the year 2021, the Company has cost of services at Baht 323.08 million or equivalent to 87.93% of revenues from services which it was in line the decreased revenues from services. Mainly the decreased cost of service is doctor remuneration which has been mad the cost restructure, resulting gross profit increased 12.07% in year 2021.

3. Distribution cost

For the year 2021, the Company has distribution cost at Baht 12.46 million or equivalent to 3.39% of revenues from service which decreased, comparing to the prior year by Baht 0.54 million or equivalent to 4.18% due to the credit card fee because the Company provided mobile banking options to clients. However, incentive was increased because the increased revenues from some branches in the quarter 4/2021.

4. Administrative expenses

For the year 2021, the Company has administrative expense at Baht 48.80 million or equivalent to 13.28% of revenues from service which increased, comparing to the prior year by Baht 4.38 million or equivalent to 9.86% because in year 2021, the Company provided allowance for impairment loss on leasehold right (leasehold assets) for 3 branches: Mukdaharn, Nakorn Ratchasima and Chaing Mai, resulting diminution loss at Baht 8.84 million.

5. Performance

For the year 2021, the Company has loss for the year at Baht 23.84 million or equivalent to 6.41% of total revenues. Mainly, it is the result from the decreased revenues because of COVID-19 pandemic and branches termination. Moreover, in year 2021, the Company provided allowance for impairment loss on leasehold right (leasehold assets) for 3 branches: Mukdaharn, Nakorn Ratchasima and Chaing Mai in total amount of Baht 8.84 million.

Analysis of financial position as at December 31, 2021:

Unit : Million Baht

	December 31, 2021	December 31, 2020	Increase (Decrease)	%
Total assets	467.92	516.07	(48.15)	(9.33)
Total liabilities	257.54	281.15	(23.61)	(8.40)
Total owner's equity	210.38	234.92	(24.54)	(10.45)

Assets

As at December 31, 2021, the Company has total assets at Baht 467.92 million which decreased from December 31, 2020 by Baht 48.15 million or equivalent to 9.33% which having the significant movement as follows:

- Cash and cash equivalent decreased Baht 3.72 million because it was withdrawn to be 5-month fixed deposit Baht 15.60 million.
- Account payable and other payable decreased Baht 4.92 million because Cash Card was not purchased due to the COVID-19 pandemic.
- Current financial assets increase Baht 15.74 million because of 5-month fixed deposit which was deposited in the quarter 2/2021.
- Property, plant and equipment decreased Baht 14.98 million, due to the depreciation.
- Right-of-use assets decreased Baht 43.05 million because of the depreciation and closing 3 branches in the quarter 1/2021. In the year 2021, the Company provided allowance for impairment loss on leasehold right (leasehold assets) for 3 branches: Mukdaharn, Nakorn Ratchasima and Chaing Mai.
- Deferred tax assets increased Baht 4.09 million due to right-of-use assets and allowance for impairment loss.

Liability

As at December 31, 2021, the Company has total liabilities at Baht 257.54 million which decreased from as at December 31, 2020 by Baht 23.61 million or equivalent to 8.40% which having the significant movement as follows:

- Liabilities under lease contract decreased Baht 24.93 million due to the lease termination of the 3 closed branches in the quarter 1/2021 and making normal payment for lease contract.

- Non-current estimates for employee benefit increased Baht 1.34 million because the Company has re-estimated the employee benefit in this year, resulting loss Baht 0.88 million.

Owner's equity

As at December 31, 2021, the Company has owner's equity at Baht 210.38 million which decreased by Baht 24.54 million or equivalent to 10.45% resulting from operation comprehensive loss.

Please be informed accordingly.

Yours sincerely,

(Dr. Wattana Chaiwat)

Managing Director