



บริษัท เดนทัล คอร์ปอเรชั่น จำกัด (มหาชน)

DENTAL CORPORATION PUBLIC COMPANY LIMITED

สำนักงานใหญ่ 157 ชั้น 2 ถนนรัชดาภิเษก แขวงดินแดง เขตดินแดง กรุงเทพมหานคร 10400 โทร.(66) 2 245 7197-98

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เลขทะเบียนบริษัท 0107559000281 Company Registration No. 0107559000281

No. D-IR 001/2022

February 25, 2022

Subject Management's Discussion and Analysis for the year ended December 31st, 2021

To The President
The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.1/2022 of Dental Corporation Public Company Limited (“the Company”) held on February 25th, 2022, approving the consolidated financial statements for the year ended December 31st, 2021. The Company and its subsidiaries (“the Group”) would like to report factors that affect the financial performance as follows;

Financial Performance for the year 2021

	Year	Year	Increase (Decrease)	
	2021	2020	Million Baht	%
Net profit (loss)	(24.2)	(7.8)	(16.4)	(211)

The Group has a net loss of 24 million baht for the year 2021. In 2021, the net loss was mainly due to the presence of extraordinary items in the financial statements. It is the reserve for slow moving products of 8 million baht of the subsidiary that operates the trading business. Dental products (Dental Vision Co., Ltd.) if not including such extraordinary items, The Group reported a net operating loss for 2021 of Baht 16 million as it was impacted by the devastating outbreak of the coronavirus 2019 (COVID-19) during the April-August 2021, the announcement of Lockdown from the government Causing the company to temporarily close some branches in the mall, and the number of customers who come to use the service has decreased due to concerns about the 2019 coronavirus situation at that time. However, in the fourth quarter from October to December 2021, the government lockdown has been relieved. And most of the country's population has already received 2 doses of the vaccine, causing customers to feel relieved. and some came back to use dental services. As a result, the company has a net profit approximately of 1 million baht. Under the situation of the coronavirus 2019 (COVID-19) epidemic, the Group has adjusted its marketing strategy for Thai customers. and implementing various cost reduction plans of the company group effectively

- **Revenue from sales and services**

	Year	Year	Increase (Decrease)	
	2021	2020	Million Baht	%
Revenue from rendering of service	301.0	314.1	(13.1)	(4)
Revenue from sales of goods	228.0	258.3	(30.3)	(12)
Total revenue	529.0	572.4	(43.4)	(7)

Dental services segment

In 2021, the Group's revenue from dental services amounted to 301 million baht, a decrease of 13.1 million baht or 4 percent compared to the previous year due to the Coronavirus Disease 2019 situation with the government lockdown. Causing the company to temporarily close some branches in the mall and the number of customers who come to use the service has decreased due to concerns about the 2019 coronavirus situation. After the lockdown measures were relaxed, the group of companies has started to open as usual with cleanliness and safety standards to create confidence for users, and in the 4th quarter of 2021, Thai customers have 12,000 visit volumes, with revenue per quarter of approximately 63 million baht, which is the same level as in the 4th quarter of 2019 before the coronavirus situation.

In the midst of the situation the spread of COVID-19, the company is able to expand its market and generate more revenues among Thai customers, with online marketing strategies resulting in income from Thai customers and the number of service times increased significantly. In addition, the opening of Bangkok International Dental Hospital (BIDH) focused on high-income Thai customers. and foreign executives residing in Thailand (Expat), which is a group of customers with high purchasing power has generated additional income for the Group in 2021 at the amount of 54 million baht (2020 amounted 38.8 million baht), with a growth rate of 39%.

The spread of the coronavirus disease 2019 (COVID-19) has resulted in foreign patients still unable to travel to use the service since March 2020 until now. The proportion of income from foreign customers with high purchasing power dropped from 50 percent to 24 percent.

Distribution of dental supplies and equipment segment

The Group have revenue from sales of dental supplies and equipment in the amount of Baht 228 million which decreased by Baht 30.3 million or 12% comparing to 2021 primarily due to economic recession from the spread of coronavirus disease 2019 and slowdown in dental business resulting in lower consumption of dental supplies. Moreover, the delay in investing of dental laboratory to purchase new dental equipment and opening new clinic of dentists also impact to the Company's sales.

- **Cost of sales and rendering of services**

	Year	Year	Increase (Decrease)	
	2021	2020	Million Baht	%
Cost - Dental services segment	209.5	213.2	(3.7)	(2)
Gross profit margin	30	32		(2)
Cost - Distribution of dental supplies and equipment segment	182.5	191.7	(9.2)	(4)
Gross profit margin	20	26		(6)

The dental services segment's gross margin for 2021 decreased by 2% due to the Group's fixed costs such as Asset depreciation, right to use assets, branch service fees were not reduced in proportion to the decline in service revenue from the closure of some in-store branches during the COVID-19 lockdown. Overall, the gross margin of the segment decreased slightly, and control expenses from rental and branch service fees and employee compensation expenses.

The dental supplies and equipment sales segment, the gross profit margin for 2021 decreased by 6% due to the provision for slow moving goods of 8 million baht from a subsidiary that operates trading business "Dental products" (Dental Vision Co., Ltd.), which affects the gross profit of approximately 3%, therefore the normal gross profit margin is approximately 23%, which is 26% lower than the previous year because in 2021 the subsidiary received project work from the Faculty of Dentistry with a higher margin less than the previous year due to the Covid situation, the project work from the Faculty of Dentistry has slowed down.

- **Expenses**

	Year	Year	Increase (Decrease)	
	2021	2020	Million Baht	%
Distribution costs	46.0	53.2	(7.2)	(13)
Administrative expenses	106.1	113.7	(7.6)	(6)
Finance costs	15.8	17.6	(1.8)	(1)



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Distribution costs

Distribution costs for the year 2021 decreased by 7.2 million baht or 13% compared to the previous year. This is derived from the cost of distribution of the dental materials and equipment segment. The company has reduced expenses related to advertising and promotion, including the commission of salespeople. This is in line with the decrease in revenue from sales of products.

Administrative expenses

Administrative expenses for the year 2021 decreased by 7.6 million baht or 6% compared to the previous year. This was due to the reduction of rent and service charges, including employees to cooperate with the company's cost reduction policy, as a result, the company can control the various expenses to be reduced.

Finance costs

Finance costs for 2021 decreased by Baht 1.8 million or 1% due to partial repayment of the principal from the bank.

Summary of consolidated statements of financial position

	As at	As at	Increase (Decrease)	
	December 31, 2021	December 31, 2020	Million Baht	%
Total assets	1,108.3	1,122.1	(13.8)	(1)
Total liabilities	656.9	643.8	13.1	2
Total Shareholders' equity	451.4	478.3	(26.9)	(5)

- **Total Assets**

As of December 31, 2021, total assets were valued at 1,108.3 million baht, a decrease of 13.8 million baht or 1%, due to a decrease in the land account, building and equipment amount 9.8 million baht from depreciation expenses during the year and a reduction in cash and cash equivalents amount 7.2 million baht, and an increase in trade accounts receivable and other receivables of Baht 9 million, mainly due to project sales revenue in the third quarter, yet to received and a decrease in inventories of Baht 11 million due to the setup of provision slow moving inventories of Baht 8 million during the year.

- **Total Liabilities**

As of December 31, 2021, total liabilities increased by Baht 13.1 million or 2% due to an increase in trade accounts payable 8.4 million baht from purchasing dental materials at the end of the year, yet to paid so it remains payable at the closing book.

- **Total Shareholders' equity**

As of December 31, 2021, total shareholders' equity was valued at 451.4 million baht, a decrease of 26.9 million baht or 5%, decreasing from operating loss of 24 million baht during the year of the Group.

Please be informed accordingly.

Sincerely yours,

-Mr. Nattasit Surapanpairoj-
Chief Financial Officer