

May 11, 2022

Subject: Management's Explanation and Analysis for the 3 months period ended March 31, 2022

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 3 months period ended March 31, 2021 which the details are as follows:

Performance

Unit : Million Baht	March 31, 2022		March 31, 2021		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenues from services	107.42	100.00	99.81	100.00	7.61	7.63
Cost of services	(86.55)	(80.58)	(90.81)	(90.99)	(4.26)	(4.69)
Gross profit (loss)	20.87	19.42	8.99	9.01	11.87	131.99
Other revenues	8.10	7.54	1.52	1.52	6.59	433.52
Distribution cost	(5.70)	(5.31)	(3.23)	(3.24)	2.47	76.40
Administrative expenses	(10.08)	(9.39)	(12.23)	(12.25)	(2.14)	(17.53)
Financial cost	(3.65)	(3.40)	(4.14)	(4.15)	(0.49)	(11.88)
Profit (Loss) before income tax expenses	9.54	8.88	(9.08)	(9.10)	(18.62)	(204.99)
Income tax (expense) revenue	0.73	0.68	0.60	0.60	0.13	21.37
Net profit (loss) for the year	10.27	9.56	(8.48)	(8.50)	(18.75)	(221.03)
Other comprehensive (expense) for the period, net of tax	0.00	0.00	0.00	0.00	0.00	0.00
Total comprehensive income (loss) for the period	10.27	9.56	(8.49)	(8.50)	(18.75)	(220.98)

1. Total revenues

For the quarter 1/2022, the Company has total revenues at Baht 115.52 million, which increased, comparing to the same quarter of prior year by Baht 14.20 million or equivalent to 14.01%, mainly from increasing of dental services Baht 7.88 million since the Covid-19 situation is improving, the clients back to use the services. Moreover, the Company improves the safety standard to increase the clients' confidence by having air ventilation and improves the dental room to be equal to operation room under the Next Normal Standard, resulting more clients, consequently, the revenues increased. From other income Baht 6.59 million by lease amendment that the Company made the rental negotiation and the lessors provided kind cooperation. Therefore, the right-of-use assets and lease liabilities have to be recalculated according to TFRS 16 "Lease", resulting gain on lease amendment Baht 6.81 million.

2. Cost of services

For the quarter 1/2022, the Company has cost of services at Baht 86.55 million or equivalent to 80.58% of revenues from services which decreased, comparing to the same quarter of prior year by Baht 4.69 million or equivalent to 4.69%. Mainly it is the result of the decreased cost of service is doctor remuneration which has been made the cost restructure, and termination the branches that got loss in year 2021 plus the increased revenues in the quarter 1/2022 since the Covid-19 situation is improving, the clients back to use the services. The Company also have the safety measure to increase the clients' confidence by having air ventilation (LDC Next Normal Air Change) and improves the dental room to be equal to operation room under the Next Normal Standard, resulting gross profit increased 11.87% in year 2021 or equivalent to 131.99%.

3. Distribution cost

For the quarter 1/2022, the Company has distribution cost at Baht 5.70 million or equivalent to 5.31% of revenues from service which increased, comparing to the same quarter of prior year by Baht 2.47 million or equivalent to 76.40 % due to the advertising and sale promotion because the Company advertises about the innovation of safety measure and standard for the dental room through social media to promote and increase the clients' confidence.

4. Administrative expenses

For the quarter 1/2022, the Company has administrative expenses at Baht 10.08 million or equivalent to 9.39% of revenues from services which decreased, comparing to the same quarter of prior year by Baht 2.14 million or equivalent to 17.53 %. This is because the decreased employee expense, hire of asset value estimate, damage from reclassification by recording cost of service and repair expense.

5. Financial cost

For the quarter 1/2022, the Company has financial cost at Baht 3.65 million or equivalent to 3.40% of revenues from service which decreased by Baht 0.49 million or equivalent to 11.88% from interest on leasehold right. The Company has policy of cost management during crisis situation such as rental negotiation and the lessors provided kind cooperation.

6. Performance

For the quarter 1/2022, the Company has net profit for the period at Baht 10.27 million or equivalent to 8.89% of total revenues.

Analysis of financial position as at March 31, 2022:

Unit : Million Baht

	March 31, 2022	December 31, 2021	Increase (Decrease)	%
Total assets	473.81	467.92	5.89	1.26
Total liabilities	253.16	257.54	(4.38)	(1.70)
Total owner's equity	220.65	210.38	10.27	4.88

Assets

As at March 31, 2022, the Company has total assets at Baht 473.81 million which increased from December 31, 2021 by Baht 5.89 million or equivalent to 1.26% which having the significant movement as follows:

- Cash and cash equivalent increased Baht 7.51 million or equivalent to 10.63% because of the Company's better operation performance.

- Account payable and other payable decreased Baht 1.15 million or equivalent to 14.37% due to Social Security Fund receivable, advance rental payment of Chaeng Wattana branch and it's forward interest.
- Property, plant and equipment decreased Baht 2.38 million or equivalent to 2.20%, due to the depreciation.
- Right-of-use assets increased Baht 1.65 million or equivalent to 0.78%, because of enter into hire-purchase contract of the air ventilation and install the electronic doors

Liability

As at March 31, 2022, the Company has total liabilities at Baht 253.16 million which decreased from as at December 31, 2021 by Baht 4.38 million or equivalent to 1.70%. The significant movement is the liabilities under lease contract decreased Baht 4.20 million or equivalent to 2% due to the rental recalculated because of the rental discount.

Owner's equity

As at March 31, 2022, owner's equity at Baht 220.65 million which increased by Baht 10.27 million or equivalent to 4.88% resulting from operation comprehensive profit (loss).

Please be informed accordingly.

Yours sincerely,

(Dr. Wattana Chaiwat)

Managing Director