

THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED
AUDITOR'S REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023
(UNAUDITED/REVIEWED ONLY)



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Board of directors of THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED

I have reviewed the statements of financial position of THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED as at March 31, 2023, and statements of comprehensive income and statements of changes in shareholders' equity, and statements of cash flows for the three-month periods then ended and the condensed notes to financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information, in all material respects, in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion on this reviewed interim financial information.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

D I A International Audit Co., Ltd.

(Mr. Nopparoeck Pissanuwong)

C.P.A. (Thailand)

Registration No. 7764

May 15, 2023

THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2023

Assets	Note	Unit : Baht	
		March 31, 2023	December 31, 2022
		(Unaudited/ reviewed only)	(Audited)
Current assets			
Cash and cash equivalents	5	463,593,850	464,442,666
Current investments	6	1,000,000,000	1,000,000,000
Trade and other receivables	8	2,870,178	2,879,188
Inventories	9	133,500,759	120,050,040
Cost to obtain contracts with customers	10	49,288,895	49,812,746
Prepaid expenses		19,632,061	17,948,271
Other current assets		39,153,044	22,429,237
Total current assets		1,708,038,787	1,677,562,148
Non-current assets			
Restricted bank deposits	7	5,100,000	5,100,000
Plant and equipment	11	609,611,152	535,820,835
Right-of-use assets	12	318,907,500	282,526,459
Other intangible assets		3,541,849	3,654,905
Deferred tax assets		3,383,072	3,139,313
Guarantees and deposits		92,153,511	82,446,793
Total non-current assets		1,032,697,084	912,688,305
Total assets		2,740,735,871	2,590,250,453

Notes to financial statements are integral part of these interim financial statements.

THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT MARCH 31, 2023

Liabilities and shareholders' equity	Note	Unit : Baht	
		March 31, 2023	December 31, 2022
		(Unaudited/ reviewed only)	(Audited)
Current liabilities			
Trade and other current payables	13	224,349,659	201,447,602
Current income tax payable		37,656,043	20,895,585
Service income received in advance	14	414,760,704	403,312,160
Current portion of lease liabilities	12	73,267,088	70,818,085
Other current liabilities		5,742,146	8,925,532
Total current liabilities		755,775,640	705,398,964
Non-current liabilities			
Lease liabilities	12	265,246,138	234,286,520
Non-current provisions for employee benefits		1,535,731	1,447,343
Other non-current liabilities		3,364,100	3,364,100
Total non-current liabilities		270,145,969	239,097,963
Total liabilities		1,025,921,609	944,496,927
Shareholders' equity			
Share capital - common shares			
Authorized share capital			
220,000,000 common shares of Baht 0.50 each		110,000,000	110,000,000
Issued and fully paid-up share capital			
220,000,000 common shares of Baht 0.50 each		110,000,000	110,000,000
Share premium on share-based payments		12,287,719	12,287,719
Share premium		1,402,883,061	1,402,883,061
Retained earnings			
Appropriated - statutory reserve	16	11,000,000	11,000,000
Unappropriated		189,915,705	120,854,969
Share discount on business combination under common control		(11,272,223)	(11,272,223)
Total shareholders' equity		1,714,814,262	1,645,753,526
Total liabilities and shareholders' equity		2,740,735,871	2,590,250,453

Notes to financial statements are integral part of these interim financial statements.

THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023 (UNAUDITED/REVIEWED ONLY)

		Unit : Baht	
	Note	March 31, 2023	March 31, 2022
Revenue form sales and rendering of medical services		508,969,536	331,742,978
Cost of sales and medical services		(230,280,280)	(142,598,195)
Gross profit		278,689,256	189,144,783
Other income			
Other income		2,145,618	1,762,489
Total other income		2,145,618	1,762,489
Profit before expenses		280,834,874	190,907,272
Selling and servicing expenses		(141,687,764)	(93,066,901)
Administrative expenses		(54,416,790)	(41,135,004)
Total expenses		(196,104,554)	(134,201,905)
Profit from operating activities		84,730,320	56,705,367
Finance income		3,698,630	-
Finance costs		(2,785,028)	(2,637,140)
Profit before income tax expenses		85,643,922	54,068,227
Income tax expenses	15	(16,583,186)	(8,453,811)
Profit for the period		69,060,736	45,614,416
Other comprehensive income :			
Other comprehensive income for the period - net of tax		-	-
Total comprehensive income for the period		69,060,736	45,614,416
Basic earnings per share	17	0.31	0.29

Notes to financial statements are integral part of these interim financial statements.

THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023 (UNAUDITED/REVIEWED ONLY)

	Unit : Baht						
	Issued and paid-up share capital	Share premium on share-based payments	Share premium	Retained earnings Appropriated- statutory reserve	Unappropriated	Share discount on business combination under common control	Total shareholders' equity
Balance as at January 1, 2022	80,000,000	12,287,719	-	11,000,000	68,487,109	(11,272,223)	160,502,605
Profit for the three-month period	-	-	-	-	45,614,416	-	45,614,416
Balance as at March 31, 2022	80,000,000	12,287,719	-	11,000,000	114,101,525	(11,272,223)	206,117,021
Balance as at January 1, 2023	110,000,000	12,287,719	1,402,883,061	11,000,000	120,854,969	(11,272,223)	1,645,753,526
Profit for the three-month period	-	-	-	-	69,060,736	-	69,060,736
Balance as at March 31, 2023	110,000,000	12,287,719	1,402,883,061	11,000,000	189,915,705	(11,272,223)	1,714,814,262

Notes to financial statements are integral part of these interim financial statements.

THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023 (UNAUDITED/REVIEWED ONLY)

	Unit : Baht	
	March 31, 2023	March 31, 2022
Cash flows from operating activities		
Profit for the period	69,060,736	45,614,416
Adjustment to reconcile profit (loss) to cash receipt (payment)		
Tax expenses	16,583,186	8,453,811
Finance costs	2,785,028	2,637,140
Finance income	(3,698,630)	-
Depreciation and amortisation	43,215,268	29,415,518
Difference from reduction in lease payments	-	407,927
(Reversal) Loss on devaluation of inventories	(205,513)	(3,703)
Loss (gain) on disposals/write-off of leasehold improvement and equipment	7	24,476
Service income received in advance recognised during the period	(150,199,124)	(92,293,454)
Employee benefit expenses	88,389	58,077
Changes in working capital:		
Trade receivables, (increase) decrease	9,010	472,096
Inventories, (increase) decrease	(13,245,206)	(10,241,742)
Cost to obtain contracts with customers, (increase) decrease	523,850	(2,197,039)
Prepaid expenses, (increase) decrease	(1,683,789)	(6,654,216)
Other current assets, (increase) decrease	(13,025,177)	(18,451,463)
Guarantees and deposits, (increase) decrease	(9,706,719)	(827,727)
Trade and other current payables, increase (decrease)	6,364,197	14,084
Services income received in advance, increase (decrease)	161,647,668	108,280,789
Other current liabilities, increase (decrease)	(3,183,386)	(1,638,069)
Cash flows (used in) generated from operation	105,329,795	63,070,921
Finance costs paid	(2,785,028)	(3,065,548)
Income tax paid	(66,488)	(70,364)
Net cash provided by (used in) operating activities	102,478,279	59,935,009

Notes to financial statements are integral part of these interim financial statements.

THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023 (UNAUDITED/REVIEWED ONLY)

	Unit : Baht	
	March 31, 2023	March 31, 2022
Cash flows from investing activities		
Acquisitions of leasehold improvement and equipment and		
payment of payables for purchase of equipment	(79,599,334)	(50,293,249)
Payments for intangible assets acquisition	(128,400)	-
Net cash provided by (used in) investing activities	(79,727,734)	(50,293,249)
Cash flows from financing activities		
Payments for lease liabilities	(23,599,361)	(14,107,649)
Net cash provided by (used in) financing activities	(23,599,361)	(14,107,649)
Net increase (decrease) in cash and cash equivalents	(848,816)	(4,465,889)
Cash and cash equivalents at beginning of the period	464,442,666	75,907,665
Cash and cash equivalents at end of the period	463,593,850	71,441,776
Supplemental for statements of cash flows		
Non-cash transactions:		
Acquisition of equipment, unpaid	16,537,861	16,060,650
Right-of-use assets increased from lease liabilities	63,627,657	98,619,573

Notes to financial statements are integral part of these interim financial statements.

THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(UNAUDITED / REVIEWED ONLY)

1. GENERAL INFORMATION

Corporate information

The Klinique Medical Clinic Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in providing medical treatment services regarding skin under the name of “The Klinique”. The registered office of the Company is at 2922/296-298 Charn Issara Tower 2, 27th Floor, New Petchburi Road, Bangkapi, Huay Kwang, Bangkok.

As at March 31, 2023, the Company has 46 branches (included head office).

2. INTERIM FINANCIAL STATEMENTS PREPARATION BASIS

Interim financial statements preparation basis

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting", of which the Company chosen to present the condensed interim financial statements. However, the Company has presented the statements of financial position, statement of income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are prepared using the same accounting policies and computation methods as those used for the financial statements for the year ended December 31, 2022.

The revised financial reporting standards that are effective for the financial statements for the accounting periods beginning on or after January 1, 2023 that do not have significant impacts on the Company's financial statements.

4. RELATED PARTY TRANSACTIONS

During the three-month period ended March 31, 2023, the Company has significant business transactions with related persons or parties. These transactions are related on the basis determined in the normal course of business and the related company and persons or parties concerned, which can be summarised as follows:

	Unit : Million Baht	Pricing policy
<u>Transactions with related parties</u>		
Space rental and service income	0.10	Contract Price
Food and beverage expense	0.02	Market Price

Directors' remuneration and management benefits expenses

During the three-month periods ended March 31, 2023, the Company had employee benefit expenses payable to its directors and management as below.

	Unit : Thousand Baht
Short-term employee benefits	3,145
Post-employment benefits	55
	<u>3,200</u>

5. CASH AND CASH EQUIVALENTS

	Unit : Thousand Baht	
	March 31, 2023	December 31, 2022
Cash	638	564
Bank deposits	462,956	463,878
Total	<u>463,594</u>	<u>464,442</u>

6. CURRENT INVESTMENTS

As at March 31, 2023, the Company has invested in 6-month maturity fixed deposits with two financial institutions of Baht 1,000 million. The interest rate is 1.45% per annum and 1.55% per annum.

7. RESTRICTED BANK DEPOSITS

As at March 31, 2023, the Company has restricted bank deposits with financial institutions totaling Baht 5.10 million which the Company used as collateral against credit limits obtained from financial institutions (December 31, 2022 : Baht 5.10 million).

As at March 31, 2023, the Company had an overdraft line and short-term borrowings from bank in the amounts of Baht 20 million and Baht 10 million respectively, at the interest rate of MOR and MLR respectively, are guaranteed by bank deposit accounts and mortgaged part of machines of the Company (December 31, 2022, : Baht 20 million and Baht 10 million respectively).

As at March 31, 2023, the Company has a letter of guarantee line from the bank in the amounts of Baht 1 million at the interest rate of 1.50% per annum, guaranteed by bank deposit accounts of the Company (December 31, 2022: Baht 1 million).

8. TRADE RECEIVABLES

Trade accounts receivable are detailed as follows:

	Unit : Thousand Baht	
	March 31, 2023	December 31, 2022
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	2,857	2,871
Overdue		
Less than 3 months	5	-
More than 3 – 6 months	-	8
More than 6 – 12 months	8	-
Total trade receivables	2,870	2,879

9. INVENTORIES

Inventories are detailed as follows:

	Unit : Thousand Baht	
	March 31, 2023	December 31, 2022
Medicine and medical supplies	130,217	118,203
Other supplies	3,900	2,668
Total	134,117	120,871
Less Loss on devaluation of inventories	(616)	(821)
Net	133,501	120,050

10. COST TO OBTAIN CONTRACTS WITH CUSTOMERS

Cost to obtain contracts with customers for the three-month period ended March 31, 2023 had the changes as follows:

	Unit : Thousand Baht
Balance at beginning of period	49,813
Increase during the period	55,129
Amortisation during the period	(55,653)
Balance at end of period	49,289

11. PLANT AND EQUIPMENT

Plant and equipment for the three-month period ended March 31, 2023 had the changes as follows:

	Unit : Thousand Baht
Beginning book value	535,820
Additions	96,137
Depreciation	(22,346)
Ending book value	<u>609,611</u>

As at March 31, 2023, the Company used machines at the book value of Baht 66.59 million to mortgage with financial institutions as collateral against overdraft line and short-term borrowings from financial institutions as stated in note 7.

12. LEASES

The Company as a leases

The Company has entered into several lease agreements relating to the leases of building spaces used in its operations. The terms of the agreements are generally between 1-3 years. Lease term of certain agreements contain extension and termination options.

Right-of-use assets

Movements of the right of use assets during the three-month period ended March 31, 2023 are summarized below:

	Unit : Thousand Baht
Beginning book value	282,526
Additions	63,628
Decrease from leases modification	(6,620)
Decrease from Depreciation	(20,627)
Ending book value	<u>318,907</u>

Lease liabilities

Movements of the lease liabilities during the three-month period ended March 31, 2023 are summarized below:

	Unit : Thousand Baht
Beginning book value	305,105
Additions	63,627
Decrease from leases modification	(6,620)
Decrease from Payments	(23,599)
Balance	338,513
Less Portion due within one year	(73,267)
Ending book value	<u>265,246</u>

13. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables are detailed as follows:

	Unit : Thousand Baht	
	March 31, 2023	December 31, 2022
Trade payables	54,850	56,743
Trade notes payable	12,866	6,131
Total trade payables	67,716	62,874
Other current payables		
Other current payables	5,262	8,554
Acquisition of assets payable	74,753	58,215
Accrued expenses	59,135	57,134
Accrued doctor fees	17,484	14,671
Total other current payables	156,634	138,574
Total trade and other current payables	224,350	201,448

14. SERVICE INCOME RECEIVED IN ADVANCE

Service income received in advance for the three-month period ended March 31, 2023 had the changes as follows:

	Unit : Thousand Baht
Beginning book value	403,312
Add Services income received in advance during the period	161,648
Less Realised services income and breakage income during the period	(150,199)
Ending book value	414,761

15. TAX EXPENSE / DEFERRED TAX

The interim income tax expense is accrued by calculating from profit for the period after adjusted with reserves and non-taxable expenses and deducted from exempted revenue at the tax rate of 20% per annum

Income tax for the three-month period ended March 31, as follows:

	Unit : Thousand Baht	
	2023	2022
Current tax	16,827	8,704
Deferred tax	(244)	(250)
	16,583	8,454

16. STATUTORY RESERVE

Pursuant to section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

17. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the periods attributable to ordinary shareholders by the weighted average number of ordinary shares issued and paid-up during the period

Movements of share capital for the three-month period ended March 31, are as follows:

	Unit : Thousand Baht	
	2023	2022
Profit attributable to ordinary shareholders	69,060	45,614
Weighted average number of ordinary shares	220,000	160,000
Basic earnings (loss) per share (Baht)	0.31	0.29

18. EXPENSES BY NATURE

Expenses by nature for the three-month period ended March 31 are summarized as follows:

	Unit : Thousand Baht	
	2023	2022
Salary, wages and other employee benefits	147,765	105,430
Doctor fees	64,304	40,000
Cost of medicine	90,486	51,623
Depreciation and amortization	43,215	29,416
Rental and service expenses from operating leases	23,246	15,995
Marketing expenses	23,828	16,717

19. SEGMENT FINANCIAL INFORMATION

The Company virtually operates involving in providing skin care and the sale of cosmetics and cosmetology services. Therefore, financial information by segment do not disclose in the financial statements.

20. COMMITMENT AND CONTINGENT LIABILITIES

20.1 Capital commitments

As at March 31, 2023 and December 31, 2022, the Company had capital commitments of approximately in the amounts of Baht 1.01 million and Baht 11.48 million respectively, relating to decoration and acquisition of equipment.

20.2 Lease and service agreement commitments

As at March 31, 2023 and December 31, 2022, the Company is liable on payment rental for building and photocopy machines in the amounts of Baht 119.86 million and Baht 124.44 million respectively.

20.3 Commitment from bank issuance of letter of guarantee

As at March 31, 2023, the Company has commitment from the bank issuance of letter of guarantee against lease and services agreement entering for the amounts of Baht 0.66 million, guaranteed by bank deposits account as stated in note 7.

20.4 Contingent liabilities

On September 9, 2021, the Company was sued in the Central Intellectual Property and International Trade Court for copyright infringement and claims indemnity of Baht 78.50 million. The management of the Company assessed the provisions as a result of the lawsuit in the amounts of Baht 1.00 million which recorded in the statements of comprehensive income for the year ended December 31, 2021. Subsequently, on August 2, 2022, the Court of First Instance ordered that the Company must compensate the plaintiffs for indemnity of Baht 2.10 million with litigation expenses. The Company's management has additionally estimated the provisions from litigation amounting to Baht 1.20 million which is recorded in the statement of comprehensive income for the year ended December 31, 2022. At present, the case is still pending the Appeal Court's trial.

21. FINANCIAL INSTRUMENTS

21.1 Financial risk management objectives

The Company's significant financial instruments comprise cash and cash equivalents, restricted bank deposits and trade receivables. The Company exposed to financial risk in respect of such financial instruments and has a policy to manage the risk as follows:

Trade receivables

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored.

Deposits with banks and financial institutions

The Company's credit risk arising from deposits with banks and financial institutions is limited because the counterparties are reliable banks and financial institutions. The Company considers that there is a low credit risk.

21.2 Fair values of financial instrument

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

22. EVENT AFTER THE REPORTING PERIOD

According to the minutes of the Annual General Meeting of the shareholders for the year 2023 held on April 27, 2023, passed the resolution to pay dividend to the shareholders for the 2022 results of operation at Baht 0.50 per share, total amount Baht 110.00 million, the payment of such dividend to the shareholders will be made on May 26, 2023.

23. APPROVAL OF FINANCIAL STATEMENTS

These interim financial statements were approved and authorized for issued by the Company's Board of directors on May 15, 2023.