

THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED

AUDITOR'S REPORT AND INTERIM FINANCIAL INFORMATION

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 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 June 30, 2023, and statements of comprehensive income for the three-month and six-month periods ended June 30, 2023, and statements of changes in shareholders' equity, and statements of cash flows for the six-month period 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

August 15, 2023

THE KLINIQUE MEDICAL CLINIC PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2023

Assets	Notes	Unit : Baht	
		June 30, 2023	December 31, 2022
		(Unaudited/ reviewed only)	(Audited)
Current assets			
Cash and cash equivalents		302,317,803	464,442,666
Current investments	5	1,000,000,000	1,000,000,000
Trade and other receivables	7	5,175,942	2,879,188
Inventories	8	133,267,382	120,050,040
Cost to obtain contracts with customers	9	49,425,281	49,812,746
Prepaid expenses		22,441,485	17,948,271
Other current assets		41,016,163	22,429,237
Total current assets		1,553,644,056	1,677,562,148
Non-current assets			
Restricted bank deposits	6	15,100,000	5,100,000
Investments in subsidiary		99,600	-
Plant and equipment	10	649,206,552	535,820,835
Right-of-use assets	11	353,792,044	282,526,459
Other intangible assets		3,480,900	3,654,905
Deferred tax assets		5,145,961	3,139,313
Guarantees and deposits		101,574,927	82,446,793
Total non-current assets		1,128,399,984	912,688,305
Total assets		2,682,044,040	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 JUNE 30, 2023

	Notes	Unit : Baht	
		June 30, 2023	December 31, 2022
Liabilities and shareholders' equity		(Unaudited/ reviewed only)	(Audited)
Current liabilities			
Trade and other current payables	12	168,535,590	201,447,602
Current income tax payable		34,790,124	20,895,585
Service income received in advance	13	416,486,289	403,312,160
Current portion of lease liabilities	11	78,228,707	70,818,085
Other current liabilities		8,653,030	8,925,532
Total current liabilities		706,693,740	705,398,964
Non-current liabilities			
Lease liabilities	11	294,898,564	234,286,520
Non-current provisions for employee benefits		1,624,120	1,447,343
Other non-current liabilities		3,364,100	3,364,100
Total non-current liabilities		299,886,784	239,097,963
Total liabilities		1,006,580,524	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	15	11,000,000	11,000,000
Unappropriated		150,564,959	120,854,969
Share discount on business combination under common control		(11,272,223)	(11,272,223)
Total shareholders' equity		1,675,463,516	1,645,753,526
Total liabilities and shareholders' equity		2,682,044,040	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 JUNE 30, 2023 (UNAUDITED/REVIEWED ONLY)

	Note	Unit : Baht	
		June 30, 2023	June 30, 2022
Revenue form sales and rendering of medical services		539,675,197	382,975,167
Cost of sales and medical services		(243,629,994)	(163,421,252)
Gross profit		296,045,203	219,553,915
Other income			
Other income		2,440,797	702,090
Total other income		2,440,797	702,090
Profit before expenses		298,486,000	220,256,005
Selling and servicing expenses		(146,328,903)	(104,893,406)
Administrative expenses		(67,980,251)	(47,936,456)
Total expenses		(214,309,154)	(152,829,862)
Profit from operating activities		84,176,846	67,426,143
Finance income		5,771,228	48,695
Finance costs		(3,649,883)	(1,994,477)
Profit before income tax expenses		86,298,191	65,480,361
Income tax expenses	14	(15,649,136)	(10,875,801)
Profit for the period		70,649,055	54,604,560
Other comprehensive income :			
Components of other comprehensive income that will not be reclassified to profit or loss:			
Gains on remeasurements of defined benefit plans		-	117,367
Other comprehensive income for the period - net of tax		-	117,367
Total comprehensive income for the period		70,649,055	54,721,927
Basic earnings per share		0.32	0.34

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 SIX-MONTH PERIOD ENDED JUNE 30, 2023 (UNAUDITED/REVIEWED ONLY)

		Unit : Baht	
	Note	June 30, 2023	June 30, 2022
Revenue from sales and rendering of medical services		1,048,644,732	714,718,145
Cost of sales and medical services		(473,910,274)	(306,019,447)
Gross profit		574,734,458	408,698,698
Other income			
Other income		4,586,416	2,464,579
Total other income		4,586,416	2,464,579
Profit before expenses		579,320,874	411,163,277
Selling and servicing expenses		(288,016,668)	(197,960,307)
Administrative expenses		(122,397,040)	(89,071,460)
Total expenses		(410,413,708)	(287,031,767)
Profit from operating activities		168,907,166	124,131,510
Finance income		9,469,858	48,695
Finance costs		(6,434,911)	(4,631,617)
Profit before income tax expenses		171,942,113	119,548,588
Income tax expenses	14	(32,232,323)	(19,329,613)
Profit for the period		139,709,790	100,218,975
Other comprehensive income :			
Components of other comprehensive income that will not be reclassified to profit or loss:			
Gains on remeasurements of defined benefit plans		-	117,367
Other comprehensive income for the period-net for tax		-	117,367
Total comprehensive income for the period		139,709,790	100,336,342
Basic earnings per share		0.64	0.63

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 SIX-MONTH PERIOD ENDED JUNE 30, 2023 (UNAUDITED/REVIEWED ONLY)

							Unit : Baht
Notes	Issued and paid-up share capital	Share premium on share-based payments	Share premium	Retained earnings		Share discount on business combination under common control	Total shareholders' equity
				Appropriated- statutory reserve	Unappropriated		
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 six-month period	-	-	-	-	100,218,975	-	100,218,975
Other comprehensive income for the period	-	-	-	-	117,367	-	117,367
Dividend paid	-	-	-	-	(25,000,000)	-	(25,000,000)
Balance as at June 30, 2022	80,000,000	12,287,719	-	11,000,000	143,823,451	(11,272,223)	235,838,947
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 six-month period	-	-	-	-	139,709,790	-	139,709,790
Dividend paid	-	-	-	-	(109,999,800)	-	(109,999,800)
Balance as at June 30, 2023	110,000,000	12,287,719	1,402,883,061	11,000,000	150,564,959	(11,272,223)	1,675,463,516

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 SIX-MONTH PERIOD ENDED JUNE 30, 2023 (UNAUDITED/REVIEWED ONLY)

	Unit : Baht	
	June 30, 2023	June 30, 2022
Cash flows from operating activities		
Profit for the period	139,709,790	100,218,975
Adjustment to reconcile profit (loss) to cash receipt (payment)		
Tax expenses	32,232,323	19,329,613
Finance costs	6,434,911	4,631,617
Finance income	(9,469,858)	(48,695)
Depreciation and amortisation	90,164,931	60,687,590
Difference from reduction in lease payments	-	1,873,889
Reduce cost to net realisable value of inventories	(281,725)	(3,703)
Loss (gain) on disposals/write-off of leasehold improvement and equipment	(68,769)	250,006
Service income received in advance recognised during the period	(232,197,398)	(141,820,071)
Loss on litigation	-	1,202,000
Employee benefit expenses	176,777	116,153
Changes in working capital:		
Trade receivables, (increase) decrease	(2,296,754)	(633,485)
Inventories, (increase) decrease	(12,935,617)	(17,133,412)
Cost to obtain contracts with customers, (increase) decrease	387,465	(8,941,512)
Prepaid expenses, (increase) decrease	(4,493,214)	(9,248,592)
Other current assets, (increase) decrease	(18,566,378)	(8,332,975)
Guarantees and deposits, (increase) decrease	(19,128,135)	(6,377,510)
Trade and other current payables, increase (decrease)	1,435,174	(9,066,491)
Services income received in advance, increase (decrease)	245,371,528	196,494,397
Other current liabilities, increase (decrease)	(272,503)	(365,900)
Other non-current liabilities, increase (decrease)	-	(12,000)
Cash flows (used in) generated from operation	216,202,548	182,819,894
Finance costs paid	(6,434,911)	(4,631,617)
Income tax paid	(20,344,432)	(20,486,157)
Net cash provided by (used in) operating activities	189,423,205	157,702,120

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 SIX-MONTH PERIOD ENDED JUNE 30, 2023 (UNAUDITED/REVIEWED ONLY)

	Unit : Baht	
	June 30, 2023	June 30, 2022
Cash flows from investing activities		
Restricted bank deposits, decrease (increase)	(10,000,000)	-
Payment of investments in subsidiary	(99,600)	-
Payment of payables for purchase of leasehold improvement and equipment, and pay for equipment payable	(195,683,813)	(88,780,235)
Proceeds from sales of equipment	570,093	-
Payments for intangible assets acquisition	(318,860)	(804,640)
Proceeds from finance income	9,449,310	48,695
Net cash provided by (used in) investing activities	(196,082,870)	(89,536,180)
Cash flows from financing activities		
Dividend paid	(109,999,800)	(25,000,000)
Payments for lease liabilities	(45,465,398)	(28,642,539)
Net cash provided by (used in) financing activities	(155,465,198)	(53,642,539)
Net increase (decrease) in cash and cash equivalents	(162,124,863)	14,523,401
Cash and cash equivalents at beginning of the period	464,442,666	75,907,665
Cash and cash equivalents at end of the period	302,317,803	90,431,066
Supplemental for statements of cash flows		
Non-cash transactions:		
Acquisition of equipment, unpaid	23,867,681	50,348,522
Right-of-use assets increased from lease liabilities	120,107,740	120,583,274

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 SIX-MONTH PERIOD ENDED JUNE 30, 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 2922/296-299 Charn Issara Tower 2, 27th Floor, New Petchburi Road, Bangkok, Huay Kwang, Bangkok.

As at June 30, 2023, the Company has 54 branches (included head office).

During the period, the Company has invested in a subsidiary in which has not yet operated commercially business.

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 and six-month periods ended June 30, 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	
Transactions with related parties	Pricing policy	For the three-month	For the six-month
Space rental and service income	Contract price	0.10	0.20
Food and beverage expense	Agreed price	0.03	0.06

Directors' remuneration and management benefits expenses

During the three-month and six-month periods ended June 30, 2023, the Company had employee benefit expenses payable to its directors and management as below.

		Unit : Thousand Baht	
		For the three-month	For the six-month
Short-term employee benefits		8,652	11,796
Post-employment benefits		58	114
		<u>8,710</u>	<u>11,910</u>

5. CURRENT INVESTMENTS

As at June 30, 2023, the Company has invested in 8-month and 12-month maturity fixed deposits with 2 financial institutions of Baht 1,000 million. The interest rate is 1.85% per annum and 1.90% per annum.

6. RESTRICTED BANK DEPOSITS

As at June 30, 2023, the Company has restricted bank deposits with financial institutions totaling Baht 15.10 million which the Company used as collateral against credit limits obtained from financial institutions (December 31, 2022: Baht 5.10 million).

As at June 30, 2023, the Company had an overdraft line and short-term borrowings from banks in the amounts of Baht 30 million and Baht 10 million respectively, at the interest rate of savings deposit rate plus 1% per annum 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 June 30, 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).

7. TRADE RECEIVABLES

Trade accounts receivable are detailed as follows:

	Unit : Thousand Baht	
	June 30, 2023	December 31, 2022
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	5,162	2,871
Overdue		
Less than 3 months	2	-
More than 3 – 6 months	4	8
More than 6 – 12 months	8	-
Total trade receivables	<u>5,176</u>	<u>2,879</u>

8. INVENTORIES

Inventories are detailed as follows:

	Unit : Thousand Baht	
	June 30, 2023	December 31, 2022
Medicine and medical supplies	129,748	118,203
Other supplies	<u>4,058</u>	<u>2,668</u>
Total	133,806	120,871
Less Devalued costs to net realizable value	<u>(539)</u>	<u>(821)</u>
Net	<u>133,267</u>	<u>120,050</u>

9. COST TO OBTAIN CONTRACTS WITH CUSTOMERS

Cost to obtain contracts with customers for the six-month period ended June 30, 2023 had the changes as follows:

	Unit : Thousand Baht
Balance at beginning of period	49,813
Increase during the period	108,794
Amortisation during the period	<u>(109,182)</u>
Balance at end of period	<u>49,425</u>

10. PLANT AND EQUIPMENT

Plant and equipment for the six-month period ended June 30, 2023 had the changes as follows:

	Unit : Thousand Baht
Beginning book value	535,820
Additions	161,645
Write-off/Disposal	(501)
Transfer	(308)
Depreciation	(47,450)
Ending book value	649,206

As at June 30, 2023, the Company used machines at the book value of Baht 64.38 million to mortgage with financial institutions as collateral against overdraft line and short-term borrowings from financial institutions as stated in note 6.

11. 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 six-month period ended June 30, 2023 are summarized below:

	Unit : Thousand Baht
Beginning book value	282,526
Additions	120,108
Decrease from leases modification	(6,620)
Decrease from amortisation	(42,222)
Ending book value	353,792

Lease liabilities

Movement of the lease liabilities during the six-month period ended June 30, 2023 are summarized below:

	Unit : Thousand Baht
Beginning book value	305,105
Additions	120,108
Decrease from leases modification	(6,620)
Decrease from payments	(45,465)
Balance	373,128
Less Portion due within one year	(78,229)
Ending book value	294,899

12. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables are detailed as follows:

	Unit : Thousand Baht	
	June 30, 2023	December 31, 2022
Trade payables	60,029	56,743
Trade notes payable	6,130	6,131
Total trade payables	66,159	62,874
Other current payables		
Other current payables	8,805	8,554
Acquisition of assets payable	23,868	58,215
Accrued expenses	53,404	57,134
Accrued doctor fees	16,300	14,671
Total other current payables	102,377	138,574
Total trade and other current payables	168,536	201,448

13. SERVICE INCOME RECEIVED IN ADVANCE

Service income received in advance for the six-month period ended June 30, 2023 had the changes as follows:

	Unit : Thousand Baht
Beginning book value	403,312
Add Services income received in advance during the period	245,371
Less Realised services income and breakage income during the period	(232,197)
Ending book value	416,486

14. 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 and six-month periods ended June 30, 2023 as follows:

	Unit : Thousand Baht	
	For the three-month	For the six-month
Current tax		
For the period	18,212	35,039
Prior year tax was overstated	(800)	(800)
	17,412	34,239
Deferred tax	(1,763)	(2,007)
	15,649	32,232

15. 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.

16. DIVIDENDS PAID

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 for overall operation to the shareholders for the 2022 results of operation at Baht 0.50 per share, total amount Baht 110.00 million, which was already paid to the shareholders on May 26, 2023.

17. 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.

18. COMMITMENT AND CONTINGENT LIABILITIES

18.1 Capital commitments

As at June 30, 2023 and December 31, 2022, the Company had capital commitments of approximately in the amounts of Baht 4.89 million and Baht 11.48 million respectively, relating to decoration and acquisition of equipment.

18.2 Lease and service agreement commitments

As at June 30, 2023 and December 31, 2022, the Company is liable on payment service for building and rental for photocopy machines in the amounts of Baht 130.36 million and Baht 124.44 million respectively.

18.3 Commitment from bank issuance of letter of guarantee

As at June 30, 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 6.

18.4 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 Appeal Court has scheduled for attending the decision on September 13, 2023.

19. FINANCIAL INSTRUMENTS

19.1 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.

19.2 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.

20. EVENT AFTER THE REPORTING PERIOD

According to the resolution of the Board of directors' meeting No. 3/2023 held on August 15, 2023, passed to approve the payment of interim dividend from net profit for the six-month period ended June 30, 2023 at Baht 0.55 per share, totaling Baht 121.00 million.

21. APPROVAL OF FINANCIAL STATEMENTS

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