

May 11, 2023

Subject: Management's Explanation and Analysis for the 3 months period ended March 31, 2023

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, 2023 which the details are as follows:

Performance

Unit : Million Baht	March 31, 2023		March 31, 2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenues from services	106.96	100.00	107.42	100.00	(0.46)	(0.43)
Cost of services	(85.26)	(79.72)	(86.41)	(80.44)	(1.15)	(1.33)
Gross profit (loss)	21.69	20.28	21.01	19.56	0.69	3.28
Other revenues	2.24	2.09	1.55	1.44	0.69	44.32
Total revenues	109.20		108.97		0.23	0.21
Distribution cost	(3.20)	(2.99)	(5.70)	(5.31)	(2.50)	(43.91)
Administrative expenses	(11.97)	(11.19)	(10.08)	(9.39)	1.89	18.75
EBITDA	21.83		19.67		2.15	10.94
EBITDA Margin (%)	19.99		18.05			
Financial cost	(3.74)	(3.50)	(3.70)	(3.45)	0.04	1.08
Profit (Loss) before income tax expenses	5.02	4.70	3.08	2.86	1.95	65.35
Income tax (expense) revenue	0.77	0.72	0.73	0.68	0.04	5.25
Net profit (loss) for the year	5.79	5.41	3.80	3.54	1.99	52.21
Net profit margin (%)	5.30		3.49			

1. Revenues

1.1 Revenues from services

For the quarter 1/2023, the Company has revenues from services at Baht 106.96 million, which decreased by Baht 0.46 million or equivalent to 0.43%, comparing to the same quarter of prior year because of closing the beauty clinic LDC Esthetics (temporarily).

1.2 Other revenues

For the quarter 1/2023, the Company has other revenues at Baht 2.24 million, which increased by Baht 0.69 million or equivalent to 44.32%, comparing to the same quarter of prior year due to the recognition of the expired beauty course and the rental-service income because of additional lease agreement for the beauty area in Ram Intra Km. 10 Branch.

2. Cost of services

For the quarter 1/2023, the Company has cost of services at Baht 85.26 million or equivalent to 79.27% of revenues from services which decreased by Baht 1.15 million or equivalent to 1.33%, comparing to the same quarter of prior year. Mainly it was from decreasing medical supplies and dental laboratory which it is according to the cost restructure policy, resulting gross profit Baht 21.69 million or equivalent to 20.28% of revenues from services which increased by Baht 0.69 million or equivalent to 3.28%, comparing to the same quarter of prior year.

3. Distribution cost

For the quarter 1/2023, the Company has distribution cost at Baht 3.20 million or equivalent to 2.99% of revenues from service which decreased by Baht 2.50 million or equivalent to 43.91%, comparing to the same quarter of prior year due to the advertising and sale promotion because in the previous period the Company advertises about the innovation of safety measure and standard for the dental room through social media.

4. Administrative expenses

For the quarter 1/2023, the Company has administrative expenses at Baht 11.97 million or equivalent to 11.19% of revenues from services which increased by Baht 1.89 million or equivalent to 18.75%, comparing to the same quarter of prior year. Mainly it was from impairment allowance for right-of-use assets at Nakorn Ratchsima Branch Baht 1.00 million and signboard tax because the Company paid the signboard tax of year 2023 in this period.

5. Financial cost

For the quarter 1/2023, the Company has financial cost at Baht 3.74 million or equivalent to 3.50% of revenues from service which increased by Baht 0.04 million or equivalent to 1.08%, comparing to the same quarter of prior year, due to the paid interest on leasehold right.

6. Performance

For the quarter 1/2023, the Company has net profit for the period at Baht 5.79 million or net profit margin at 5.30 of total revenues which increased by Baht 1.99 million or equivalent to 52.21%, comparing to the same quarter of prior year. Mainly it was from appropriate cost restructuring and enhancing service standard.

Analysis of financial position as at March 31, 2023

Unit : Million Baht

	March 31, 2023	December 31, 2022	Increase (Decrease)	%
Total assets	500.96	488.22	12.74	2.61
Total liabilities	257.91	250.96	6.94	2.77
Total owner's equity	243.05	237.26	5.79	2.44

Assets

As at March 31, 2023, the Company had total assets at Baht 500.96 million which increased from December 31, 2022 by Baht 12.74 million or equivalent to 2.61% by having the significant movement as follows:

- Cash and cash equivalent increased by Baht 13.57 million or equivalent to 12.25% because of the Company's better operation performance.
- Account receivable and other receivable decreased by Baht 1.71 million or equivalent to 22.40%, due to Social Security Fund receivable, advance rental payment of Chaeng Wattana branch and it's forward interest.

Liability

As at March 31, 2023, the Company had total liabilities at Baht 257.91 million which increased from as at December 31, 2022 by Baht 6.94 million or equivalent to 2.77% by having the significant movement as follows:

- Account payables and other payables increased by Baht 2.53 million or equivalent to 7.72% due to the accrued laboratory expense and dentist remuneration.
- Liabilities under lease contract increased by Baht 4.19 million or equivalent to 2.01% because in this period, the Company made lease contracts for 2 branches of dental clinics in other provinces.

Owner's equity

As at March 31, 2023, the Company had owner's equity at Baht 243.05 million which increased by Baht 5.79 million or equivalent to 2.44% because the Company's operation had comprehensive profit.

Future Possibilities

The Company still uses the strategy of "LDC The Next Normal", improving the safety standard and enhancing LDC brand image in order to increase the confidence of clients and the Company's personnel together with the cost management for more profitable and searching for new business opportunity.

Future Cash Flow Management and Financial Position

The Company still applies the policy of expense control throughout the organization and makes cost restructuring including closely monitor warehouse system to prevent over stock which may result impairment. In the past period, the Company managed various things to improve financial liquidity, resulting increased cash on hand and credit line and the working capital was better because of the cash earnings from operation. The Company believes the operation will be developing continuously. However, the Company realizes to the fluctuation which may occur due to the remaining COVID-19 pandemic.

Please be informed accordingly.

Yours sincerely,

(Dr. Wattana Chaiwat)

Chief Executive Officer