

August 14, 2023

Subject: Management's Explanation and Analysis for the 3 months and 6 months period ended
June 30, 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 and 6 months period ended June 30, 2023 which the details are as follows:

Performance

Unit : Million Baht	For the 3 months period ended June 30,				For the 6 months period ended June 30,			
	2023	2022	Movement		2566	2565	เปลี่ยนแปลง	
	Amount	Amount	Amount	%	Amount	Amount	Amount	%
Revenues from services	101.60	111.01	(9.41)	(8.48)	208.56	218.43	(9.87)	(4.52)
Cost of services	(83.38)	(88.31)	(4.93)	(5.58)	(168.64)	(174.72)	(6.08)	(3.48)
Gross profit (loss)	18.22	22.70	(4.48)	(19.74)	39.91	43.71	(3.79)	(8.68)
Other revenues	6.30	1.81	4.48	246.99	8.53	3.37	5.17	153.56
Total revenues	107.89	112.82	(4.93)	(4.37)	217.09	221.79	(4.70)	(2.12)
Distribution cost	(2.75)	(3.74)	(0.98)	(26.28)	(5.95)	(9.44)	(3.48)	(36.93)
Administrative expenses	(12.11)	(11.24)	0.87	7.75	(24.08)	(21.32)	2.76	12.95
EBITDA	22.87	22.93	(0.05)	(0.23)	44.70	42.60	2.10	4.93
EBITDA Margin (%)	21.20	20.32			20.59	19.21		
Financial cost	(4.25)	(3.60)	0.65	18.04	(7.99)	(7.30)	0.69	9.45
Profit (Loss) before income tax expenses	5.40	5.94	(0.54)	(9.06)	10.42	9.01	1.41	15.64
Income tax (expense) revenue	3.13	0.38	2.75	720.35	3.89	1.11	2.78	250.68
Net profit (loss) for the year	8.53	6.32	2.21	34.93	14.32	10.12	4.19	41.43
EBITDA Margin (%)	7.90	5.60			6.60	4.56		

1. Total Revenues

Total revenues comprise of revenues from services and other revenues. For the quarter 2/2023, the Company has total revenues at Baht 107.89 million which decreased by Baht 4.93 million or equivalent to 4.37% (for the quarter 2/2022: Baht 112.82 million). For the six-month period of 2023, the Company has total revenues at Baht 217.09 million which decreased by Baht 4.70 million or equivalent to 2.12% (for the first six-month period of 2022: Baht 221.79 million).

1.1 Revenues from services

For the quarter 2/2023, the Company has revenues from services at Baht 101.60 million, which decreased by Baht 9.41 million or equivalent to 8.48%, comparing to the same quarter of prior year.

For the six-month period of 2023, the Company has revenues from services at Baht 208.56 million, which decreased by Baht 9.87 million or equivalent to 4.52%, comparing to the same quarter of prior year.

For the quarter 2/2023 and the six-month period of year 2023, the revenues from services decreased due to the decreased dental revenues because of decreased clients, and the decreased beauty revenues because of closing the beauty clinic.

1.2 Other revenues

For the quarter 2/2023, the Company has other revenues at Baht 6.30 million, which increased by Baht 4.48 million or equivalent to 246.99%, comparing to the same quarter of prior year.

For the six-month period of 2023, the Company has other revenues at Baht 8.53 million, which increased by Baht 5.17 million or equivalent to 153.56%, comparing to the same quarter of prior year.

For quarter 2/2023 and the six-month period of 2023, other revenues increased due to the income recognition of expired beauty courses, and from the rental and service income in the beauty clinic area of Ram Intra K.M. 10 Branch and in the quarter 2/2023, the Company has revenues from selling of assets which is the land and building of the Seri Thai Branch.

2. Cost of services

For the quarter 2/2023, the Company has cost of services at Baht 83.38 million which decreased by Baht 4.93 million or equivalent to 5.58%, comparing to the same quarter of prior year.

For the six-month period of 2023, the Company has cost of services at Baht 168.64 million, which decreased by Baht 6.08 million or equivalent to 3.48%, comparing to the same quarter of prior year.

For quarter 2/2023 and the six-month period of 2023, cost of services decreased due to the dentist remuneration, dental supplies, laboratory expense were decreased in line with the decreased revenues from services ratio.

3. Distribution cost

For the quarter 2/2023, the Company has distribution cost at Baht 2.75 million which decreased by Baht 0.98 million or equivalent to 26.28%, comparing to the same quarter of prior year.

For the six-month period of 2023, the Company has distribution cost at Baht 5.95 million which decreased by Baht 3.48 million or equivalent to 36.93%, comparing to the same quarter of prior year.

For quarter 2/2023 and the six-month period of 2023, distribution cost decreased due to the decreased advertising and sale promotion because in the previous period the Company advertises about the innovation of the dental room to be equal to operation room through social media to promote and increase the clients' confidence, and decreased incentive in line with the decreased revenues from services.

4. Administrative expenses

For the quarter 2/2023, the Company has administrative expenses at Baht 12.11 million which increased by Baht 0.87 million or equivalent to 14.57%, comparing to the same quarter of prior year.

For the six-month period of 2023, the Company has administrative expenses at Baht 24.08 million which increased by Baht 2.76 million or equivalent to 12.95%, comparing to the same quarter of prior year.

For quarter 2/2023 and the six-month period of 2023, the administrative expenses increased due to the adjustment of employee salaries, the allowance of impairment for right-of-use assets at Nakorn

Ratchsima Branch and in quarter 2/2023, it is increased from other expenses due to selling of the land and building of the Seri Thai Branch.

5. Financial cost

For the quarter 2/2023, the Company has financial cost at Baht 4.25 million which increased by Baht 0.65 million or equivalent to 18.04%, comparing to the same quarter of prior year.

For the six-month period of 2023, the Company has financial cost at Baht 7.99 million which increased by Baht 0.69 million or equivalent to 9.45%, comparing to the same quarter of prior year.

For quarter 2/2023 and the six-month period of 2023, the financial cost increased due to the paid interest paid for loan (purchasing land and building of Chang Wattana Branch).

6. Performance

For the quarter 2/2023, the Company has net profit at Baht 8.53 million or net profit margin at 7.90 of total revenues which increased by Baht 2.21 million or equivalent to 34.93%, comparing to the same quarter of prior year which had net profit margin at 5.60 of total revenues.

For the six-month period of 2023, the Company has net profit at Baht 14.32 million or net profit margin at 6.60 of total revenues. Mainly it was from appropriate cost restructuring and enhancing service standard.

Analysis of financial position as at June 30, 2023

Unit : Million Baht

	June 30, 2023	December 31, 2022	Increase (Decrease)	%
Total assets	571.57	488.22	83.35	17.07
Total liabilities	319.99	250.96	69.03	27.50
Total owner's equity	251.58	237.26	14.32	17.07

Assets

As at June 30, 2023, the Company had total assets at Baht 571.57 million which increased from December 31, 2022 by Baht 83.35 million or equivalent to 17.07% by having the significant movement as follows:

- Cash and cash equivalent decreased by Baht 24.95 million or equivalent to 22.53% because of purchasing land and building of Chang Wattana Branch.
- Property, plant and equipment increased by Baht 74.74 million or equivalent to 75.80%, because of purchasing land and building for dental clinic of Chang Wattana Branch replaced of the former location, and selling of land and building of the Seri Thai Branch
- Right-of-use assets increased by Baht 29.60 million or equivalent to 14.43%, because of enter into hire-purchase contract of land for 2 new dental clinics at Trang and Chumporn, and renewal of long-term lease agreements of Rangsit Branch and Ratchprueg Branch.
- Deferred income tax assets increased by Baht 3.89 million or equivalent to 19.32%, due to entering into more hire-purchase contracts, resulting more right-of-use assets.

Liability

As at June 30, 2023, the Company had total liabilities at Baht 319.99 million which increased from as at December 31, 2022 by Baht 69.03 million or equivalent to 27.50% by having the significant movement as follows:

- Long-term loan increased Baht 39.20 million because loan from a bank in credit line of 40 million for purchasing land and building of Chang Wattana Branch.
- Liabilities under lease contract increased by Baht 29.87 million or equivalent to 14.35%, because of entering into hire-purchase contract of land for 2 new dental clinics at other provinces, and renewal of long-term lease agreements of 2 current branches.

Owner's equity

As at June 30, 2023, the Company had owner's equity at Baht 251.58 million which increased by Baht 14.32 million or equivalent to 6.03% because the Company's operation had comprehensive profit.

Please be informed accordingly.

Yours sincerely,

(Dr. Wattana Chaiwat)

Chief Executive Officer