

November 9, 2023

Subject: Management's Explanation and Analysis for the 3 months and 9 months ended
September 30, 2023

Attention: President

The Stock Exchange of Thailand

LDC Dental Public Company Limited ("the Company") would like to clarify the performance of the Company for the quarter 3/2023 and the 9 months ended September 30, 2023 which the details are as follows:

Performance

Unit : Million Baht	For the 3 months ended September 30				For the 9 months ended September 30			
	2023	2022	Movement		2023	2022	Movement	
	Amount	Amount	Amount	%	Amount	Amount	Amount	%
Revenues from services	104.14	109.59	(5.44)	(4.97)	312.70	328.01	(15.31)	(4.67)
Cost of services	(83.55)	(86.87)	(3.32)	(3.83)	(252.19)	(261.59)	(9.40)	(3.59)
Gross profit (loss)	20.59	22.71	(2.12)	(9.34)	60.51	66.42	(5.91)	(8.90)
Other revenues	1.55	1.71	(0.16)	(9.45)	10.08	5.07	5.01	98.71
Total revenues	105.69	111.29	(5.61)	(5.04)	322.78	333.09	(10.31)	(3.09)
Distribution cost	(3.06)	(3.96)	(0.89)	(22.58)	(9.01)	(13.39)	(4.38)	(32.69)
Administrative expenses	(11.34)	(9.80)	1.53	15.65	(35.42)	(31.12)	4.30	13.80
EBITDA	20.91	23.38	(2.47)	(10.55)	65.61	65.52	0.09	0.13
EBITDA Margin (%)	19.79	20.43			20.33	19.67		
Financial cost	(4.37)	(3.55)	0.82	23.05	(12.37)	(10.86)	1.51	13.90
Profit (Loss) before income tax expenses	3.37	7.11	(3.74)	(52.65)	13.79	16.12	(2.33)	(14.47)
Income tax (expense) revenue	0.09	3.60	(3.51)	(97.56)	3.98	4.71	(0.72)	(15.39)
Net profit (loss) for the year	3.45	10.70	(7.25)	(67.74)	17.77	20.83	(3.06)	(14.68)
EBITDA Margin (%)	3.27	9.62			5.51	6.25		

1. Total revenues

Total revenues consist of revenues from services and other income, in the quarter 3/2023, the Company had total revenues at Baht 105.69 million, which decreased by Baht 5.61 million, or 5.04% (quarter 3/2022: Baht 111.29 million), while in the first nine months of 2023, the Company's total revenues was Baht 322.78 million, which decrease by Baht 10.31 million, or 3.09% (First nine months of 2022: Baht 333.09 million).

1.1 Revenues from services

For the quarter 3/2023, the Company has revenues from services at Baht 104.14 million, which decreased by Baht 5.44 million or 4.97%, comparing to the same quarter of prior year.

For the nine-month period of 2023, the Company has revenues from services at Baht 312.70 million, which decreased by Baht 15.31 million, or 4.67%, comparing to the same period of prior year.

For the quarter 3/2023 and for the nine-month period of 2023, the Company's revenues from services were decreased from dental income due to the economic situation so the customers delayed spending, resulting decreased customers, and decreased from beauty income due to closure.

1.2 Other revenues

For the quarter 3/2023, the Company has other revenues at Baht 1.55 million, which increased by Baht 0.16 million or equivalent to 98.71%, comparing to the same quarter of prior year.

For the nine-month period of 2023, the Company has other revenues at Baht 10.08 million, which increased by Baht 5.01 million, or 98.71%, comparing to the same period of prior year due to the increasing of the rental and service income.

2. Cost of services

For the quarter 3/2023, the Company has cost of services at Baht 83.55 million which decreased by Baht 3.32 million, or 3.83%, comparing to the same quarter of prior year.

For the nine-month period of 2023, the Company has cost of services at Baht 252.19 million which decreased by Baht 9.40 million, or 3.59%, comparing to the same period of prior year.

Cost of services were decreased doctor remuneration, medical supplies, dental laboratory which were in line with the decreasing revenues from services.

3. Distribution cost

For the quarter 3/2023, the Company has distribution cost at Baht 3.06 million which decreased by Baht 0.89 million, or 22.58%, comparing to the same quarter of prior year.

For the nine-month period of 2023, the Company has distribution cost at Baht 9.01 million which decreased by Baht 4.38 million, or 32.69 %, comparing to the same period of prior year.

Distribution cost was decreased due to the advertising and sale promotion because the Company previously used a large public relations budget to emphasize raising the air standards in LDC dental room to be equivalent to an operating room, promoting advanced safety. Currently, the Company focuses mainly on reaching the target group by using smaller budget, including the decreased incentive, which is in line with the decreased service income.

4. Administrative expenses

For the quarter 3/2023, the Company has administrative expenses at Baht 11.34 million which increased by Baht 1.53 million, or 15.65%, comparing to the same quarter of prior year.

For the nine-month period of 2023, the Company has administrative expenses at Baht 35.42 million which increased by Baht 4.30 million, or 13.80%, comparing to the same period of prior year.

Administrative expenses were increased due to the adjustment of annual employee remuneration, allowance for right-of-use assets - Nakorn Ratchsima Branch and from expenses of selling land and building – Seri Thai branch.

5. Financial cost

For the quarter 3/2023, the Company has financial cost at Baht 4.37 million which increased by Baht 0.82 million, or 23.05%, comparing to the same quarter of prior year.

For the nine-month period of 2023, the Company has financial cost at Baht 12.37 million which increased by Baht 1.51 million, or 13.90%, comparing to the same period of prior year.

Financial cost was increased, mainly due to interest paid on loans to purchase land and building – Chaengwattana branch.

6. Performance

For the quarter 3/2023, the Company has net profit at Baht 3.45 million or net profit margin at 3.27 of total revenues, which decreased by Baht 7.25 million, or 67.74%, comparing to the same quarter of prior year which had net profit margin at 9.62 of total revenues.

For the nine-month period of 2023, the Company has net profit at Baht 17.77 million or net profit margin at 5.51 of total revenues, which decreased by Baht 3.06 million, or 14.68%, comparing to the same period of prior year which had net profit margin at 6.25 of total revenues. The main factor is the slowdown of customers' spending.

Analysis of financial position

Unit : Million Baht

	September 30, 2023	December 31, 2022	Increase (Decrease)	%
Total assets	565.95	488.22	77.73	15.92
Total liabilities	310.92	250.96	59.96	23.89
Total owner's equity	255.03	237.26	17.77	7.49

Assets

As at September 30, 2023, the Company had total assets at Baht 565.95 million which increased from December 31, 2022 by Baht 77.73 million, or 15.92%. Overall, this is due to purchasing of land and buildings, renovation expense of the new Chaengwattana branch, including paying for the design and construction for the expansion of the new branch in Trang Province. Therefore, cash and cash equivalents were decreased by Baht 18.83 million while property, plant and equipment were increased by Baht 80.04 million, or 81.18%, mainly due to purchasing the land and buildings to have LDC Dental - Chaengwattana branch replacing the original location, and from selling land and buildings - Seri Thai branch by having the right-of-use assets increased by Baht 21.55 million, or 10.51%, from the lease contract to prepare for the opening of new dental centers in Trang and Chumphon provinces, as well as expansions to improve the image of the On Nut branch.

Liability

As at September 30, 2023, the Company had total liabilities at Baht 310.92 million which increased from as at December 31, 2022 by Baht 59.96 million, or 23.89%. Mainly it is from long-term loans which increased by Baht 38.46 million to purchase new land and building - Chaengwattana branch, and liabilities under the lease contract which increased by Baht 20.68 million from the lease contract for new dental centers in another provinces, including the renewal of long-term leases of the current 2 branches.

Owner's equity

As at September 30, 2023, the Company had owner's equity at Baht 255.03 million which increased by Baht 17.77 million, or 7.49% because the Company's operation had comprehensive profit.

Significant financial ratio

	September 30, 2023	December 31, 2022
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) (%)	20.33	19.71
Return On Equity (ROE) (%)	7.31	12.01
Return On Assets (ROA) (%)	3.40	8.43
Current Ratio (times)	1.98	2.40
Debt to Equity Ratio (times)	1.14	1.06

Overall, the Company still maintains proper financial strength both in terms of liquidity and the debt to equity ratio. As of September 30, 2023, the Company has liquidity ratio at 1.98 times and a debt to equity ratio at 1.14 This ensures that the Company will have sufficient liquidity and able to deal with the variable situations by having the cautious financial management and control policy for the highest benefit.

Future Possibilities

The Company plans business growth with the goal of making every branch to be Profit Center, upgrading the current branches to be premium and looking for new opportunities and new business to increase income. In addition, the Company prepares to expand branches in the southern zone as small hospitals, promoting advanced safety by starting at Trang Province as a pilot project. It is expected that revenue will be recognized at the beginning of the quarter 2/2024.

Please be informed accordingly.

Yours sincerely,

(Dr. Wattana Chaiwat)

Chief Executive Officer