

February 21, 2024

Subject: Management's Explanation and Analysis for the 12 months ended December 31, 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 year 2023 ended December 31, 2023 which the details are as follows:

**Analysis of performance**

Unit : Million Baht

Items	For the 12 months ended December 31,			
	2023	2022	Movement	
	Amount	Amount	Amount	Amount
Revenues from services	413.38	436.50	(23.13)	(5.30)
Cost of services	(332.48)	(347.85)	(15.36)	(4.42)
Gross profit (loss)	80.90	88.66	(7.76)	(8.76)
Other revenues	12.10	6.86	5.24	76.42
Total revenues	425.48	443.36	(17.88)	(4.03)
Distribution cost	(11.91)	(17.06)	(5.15)	(30.19)
Administrative expenses	(47.41)	(42.59)	4.82	11.32
EBITDA	85.87	87.37	(1.50)	(1.71)
EBITDA Margin (%)	20.18	19.71		
Financial cost	(17.14)	(14.40)	2.74	19.00
Profit (Loss) before income tax expenses	16.53	21.46	(4.93)	(22.96)
Income tax (expense) revenue	0.58	5.42	(4.84)	(89.27)
Net profit (loss) for the year	17.11	26.88	(9.76)	(36.33)
EBITDA Margin (%)	4.02	6.06		

## 1. Total revenues

Total revenues consist of revenues from services and other income, in year 2023, the Company had total revenues at Baht 425.48 million, which decreased by Baht 17.88 million, or 4.03%, comparing with the prior year (year 2022: Baht 443.36 million).

### 1.1 Revenues from services

For the year 2023, the Company has revenues from services at Baht 413.38 million, which decreased by Baht 23.13 million or 5.30 %, comparing with the prior year (year 2022: Baht 436.50 million).

For the year 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 year 2023, the Company has other revenues at Baht 12.10 million, which increased by Baht 5.24 million or equivalent to 76.42%, comparing with the prior year (year 2022: Baht 6.86 million) due to the increasing of the rental and service income and selling of land and buildings - Seri Thai branch.

## 2. Cost of services

For the year 2023, the Company has cost of services at Baht 332.48 million which decreased by Baht 15.36 million, or 4.42%, comparing with the prior year (year 2022: Baht 347.85 million).

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

## 3. Distribution cost

For the year 2023, the Company has distribution cost at Baht 11.91 million which decreased by Baht 5.15 million, or 30.19%, comparing with the prior year (year 2022: Baht 17.06 million).

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, promoting advanced safety. However, currently, the Company focuses mainly on reaching the

target group and developing the Company's personnel to be able to communicate and present services to meet customer needs, including the decreased incentive, which is in line with the decreased service income.

#### 4. Administrative expenses

For the year 2023, the Company has administrative expenses at Baht 47.41 million which increased by Baht 4.82 million, or 11.32%, comparing with the prior year (year 2022: Baht 42.59 million).

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

#### 5. Financial cost

For the year 2023, the Company has financial cost at Baht 17.14 million which increased by Baht 2.74 million, or 19.00%, comparing with the prior year (year 2022: Baht 14.40 million).

Financial cost was increased due to interest expense under the lease agreement because in year 2023, the Company entered to lease agreements for 3 branches in other provinces and mainly from interest expense on loan to purchase land and buildings in the Chaengwattana branch.

#### 6. Performance

For the year 2023, the Company has net profit at Baht 17.11 million or net profit margin at 4.02 of total revenues, which decreased by Baht 9.76 million, or 36.33%, comparing with the prior year which had net profit margin at 6.06 of total revenues. The main factor is the slowdown of spending from customers.

## Analysis of financial position

Unit : Million Baht

	December 31, 2023	December 31, 2022	Increase (Decrease)	%
Total assets	561.93	488.22	73.71	15.10
Total liabilities	308.18	250.96	57.22	22.80
Total owner's equity	253.75	237.26	(16.49)	(6.95)

### Assets

As at December 31, 2023, the Company had total assets at Baht 561.93 million which increased from December 31, 2022 by Baht 73.71 million, or 15.10%.

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, including changing fixed deposits from 3 months to 6 months, causing cash and cash equivalents to be decreased by Baht 78.65 million, or 71.02%.

Other current financial assets increased by Baht 46.25 million, or 292.80% because the Company adjusted the investment policy by changing fixed deposits from 3 months to 6 months due to higher interest rate.

Property, plant and equipment were increased by Baht 83.25 million, or 84.43%, mainly due to purchasing the land and buildings to have LDC Dental - Chaengwattana branch replacing the original location at Baht 93 million, and from selling land and buildings - Seri Thai branch at Baht 18 million.

The right-of-use assets increased by Baht 23.15 million, or 11.29%, from the lease contract to prepare for the opening of new dental centers in Trang, Chumphon and Surat Thani, as well as the renewal of the lease contracts in 3 branches in Bangkok and surrounding areas: Ratchaphruek and Rangsit by extending the lease period for more 15 years, and Bang Yai branch for more 3 years.

### Liabilities

As at December 31, 2023, the Company had total liabilities at Baht 308.18 million which increased from as at December 31, 2022 by Baht 57.22 million, or 22.80%.

Mainly it is from long-term loans which increased by Baht 37.72 million to purchase new land and building - Chaengwattana branch (credit line at Baht 40 million).

Liabilities under the lease contract were increased by Baht 20.11 million, or 9.66% from the lease contract for new dental centers in Trang, Chumphon and Surat Thani provinces, including the renewal of long-term leases of the current 3 branches.

### Owner's equity

As at December 31, 2023, the Company had owner's equity at Baht 253.75 million which increased by Baht 16.49 million, or 6.95% because the Company's operation had comprehensive profit.

### **Future Possibilities**

At present, the Covid-19 pandemic situation is relieved and people can use the services as usual. The Company has a plan to penetrate new customer groups by focusing on contract customers, including educational institutions and schools to create new customer base. The Company also prepares to reach foreign customers. In 2024, the Company plans to increase branches in the southern zone, which is a potential location while committing to enhance the safety standards as "Dental Safety Goals" in order to build the customer confidence.

Please be informed accordingly.

Yours sincerely,

(Dr. Wattana Chaiwat)

Chief Executive Officer