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DENTAL CORPORATION PUBLIC COMPANY LIMITED
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Subject Management's Discussion and Analysis for the three-month period ended June 30th, 2026.

To The President

The Stock Exchange of Thailand

<u>Overview of business operations, economic conditions, and industry trends that affect performance.</u>

Dental Corporation Public Company Limited ("the Company") is an integrated dental healthcare business listed on the Stock Exchange of Thailand under the ticker symbol "D". Its business covers the entire supply chain, from upstream to downstream, including: (1) providing dental services through a network of dental hospitals, dental centers, and dental clinics such as Bangkok International Dental Hospital (BIDH), Bangkok International Dental Center (BIDC), and Smile Signature; (2) operating dental laboratories; and (3) selling and importing dental equipment, materials, and products through subsidiaries, creating continuous business synergy within the group.

The Company's key strength lies in being one of Thailand's largest dental networks, focusing on both domestic and international clients, particularly the Medical & Dental Tourism sector. This is supported by Thailand's reputation as a high-quality healthcare hub in the region, as well as its ability to provide specialized and cosmetic dental services to international standards.

In terms of the economy, the recovery of Thailand's tourism sector after the reopening of the country has positively impacted the demand for services from foreign patients. Meanwhile, domestic purchasing power is gradually recovering in line with economic activity and private consumption. However, the Company may still face pressure from financial costs, interest rates, medical personnel expenses, and price competition from smaller dental clinics and other networks in the market.

The dental industry in Thailand continues to show growth potential due to several supporting factors, including:

- The aging population, which increases the demand for dental implants, dentures, and restorative dentistry.
- The popularity of cosmetic dentistry, such as clear aligners, veneers, and teeth whitening.
- The growth of medical tourism.
- The development of digital dental technologies such as CAD/CAM and Digital Dentistry.

However, the industry faces intense competition from private hospitals, specialized clinics, and budget-conscious players. Therefore, businesses need to differentiate themselves in terms of quality, safety standards, branding, and customer experience.

The Company hereby reports the consolidated operating results of the Company and its subsidiaries for the cumulative period and the three-month period ended 30 June 2026, as follows:

- **Accumulated overall performance**

	Jan - June 2026	Jan - June 2025	Increase (Decrease) Million	%
Profit (loss)	39.5	35.8	3.7	11
Revenue	554.0	510.8	43.2	9

The group's net profit for the first six months of 2026 totaled 39.5 million baht, an increase of 3.7 million baht or 11% compared to the same period of the previous year. This was due to the group's total revenue of 554 million baht, an increase of 43.2 million baht or 9%, resulting from increased revenue in the dental business, which totaled 380 million baht for the first six months (2025: 322 million baht). This also stemmed from an increase in international clients seeking dental services through medical tourism, driven by the company's renowned and internationally recognized dental standards and the confidence in Thailand's reputation as a leading health tourism destination.

- **Q2 2026 performance**
- **Net profit (loss)**

	Q2 (3M) 2026	Q2 (3M) 2025	Increase (Decrease) Million	%
Profit (loss)	17.1	19.8	(2.7)	(14)

The group's net profit for the second quarter of 2026 was 17.1 million baht, a decrease of 2.7 million baht or 14% compared to the same period of the previous year. This was primarily due to a 34.5 million baht or 31% decrease in revenue from the trading business, as the company had not secured any government projects this year due to budget delays and reductions (compared to 28.41 million baht in government project sales in the second quarter of 2025). This resulted in a decrease in the company's overall profit. However, the dental business saw a revenue increase of 34.9 million baht or 23%, driven by a higher number of international patients seeking medical tourism services. This increase is attributed to the company's renowned and internationally-standard dental practice. Despite the potential impact of the US-Iran conflict on travel decisions and patient confidence in March-April 2026, the effect on the group's overall profit was minimal.

- **<u>Revenue from sales and services</u>**

	Q2 (3M) 2026	Q2 (3M) 2025	Increase (Decrease) Million Baht	%
Revenue from rendering of service	186.1	151.2	34.9	23%
Revenue from sales of goods	79.4	113.9	(34.5)	(31%)
Total revenue	**265.5**	**265.1**	**0.4**	**1%**

Dental services segment

In Q2 2026, revenue from dental services decreased due to a decline in Thai clients. However, the group continued to operate as usual, maintaining high standards of cleanliness and safety to reassure clients. In Q2 2026, the average visit volume was 21,850, an increase of approximately 9% from the previous period (Q2 2025, average visit volume: 20,051). The group generated 55.0 million baht in revenue from Thai clients in Q2 2026, a 3% increase year-on-year, without significant change (Q2 2025: 53.6 million baht). Revenue from international clients in Q2 2026 totaled 131.1 million baht, an increase of 33.5 million baht or 35% (Q2 2025: 97.6 million baht). The majority of international clients are wellness tourists visiting Thailand, showing increased confidence in the group's internationally renowned standards of dental services and treatments. The majority of tourists are from Europe, Australia, and the Americas. Although the US-Iran conflict impacted travel decisions and confidence among international patients in March-April 2026, the effect on the company was limited.

Furthermore, Bangkok International Dental Hospital (BIDH), which focuses on high-income Thai clients, expat executives residing in Thailand, and tourists—customers with high purchasing power—generated 43.8 million baht in revenue for the group in Q2 2026 (compared to 36.3 million baht in Q2 2025), an increase of 7.5 million baht or 21%. The main reason for this increase is that the majority of international clients are tourists traveling to Thailand for wellness tourism, who trust the internationally renowned standards of dental services and treatments of the group. BIDH derives 81% of its revenue from international clients (compared to 70% in Q2 2025).

Distribution of dental supplies and equipment segment

In the second quarter of 2026, the group's revenue from the sale of dental materials and equipment amounted to 79.4 million baht, a decrease of 34.5 million baht or 31%, due to the company not securing government projects this year as a result of budget delays and reductions (compared to 28.41 million baht in government project sales in the second quarter of 2025). Dental Vision Co., Ltd. (a subsidiary) sells dental materials and equipment such as drills, dental implants, dental chairs, and X-ray machines to dental laboratories and dental clinics, and also bids on projects from dental faculties of both public and private universities.

Cost of sales and rendering of services

	Q2 (3M) 2026	Q2 (3M) 2025	Increase (Decrease) Million Baht	%
Cost - Dental services segment	112.3	92.9	19.4	21%
Gross profit margin	40%	39%		
Cost - Distribution of dental supplies and equipment	57.5	80.3	(22.8)	(29%)
Gross profit margin	28%	29%		

The dental services segment had a gross profit margin of 40%, unchanged from the previous year. The company incurs fixed costs such as rent, depreciation of assets and rights to use assets, and employee costs.

The dental materials and equipment sales segment had a gross profit margin of 28%, unchanged from the previous year.

- **Expenses**

	Q2 (3M) 2026	Q2 (3M) 2025	Increase (Decrease) Million	Baht
Distribution costs	27.9	25.0	2.9	12%
Administrative expenses	46.2	39.6	6.6	17%
Finance costs	3.2	3.8	-0.6	-16%

Distribution costs

Distribution costs increased from the previous year by 2.9 million baht, or 12 percent, from increased marketing expenses from TDA booths, academic conferences and trade shows of the Dental Association of Thailand, amounting to 1 million baht. The company had a total of 18 booths, which increased by approximately 10 booths from the previous year due to more products and support from partners. And there are marketing expenses from online platforms Tiktok, Shopee in the amount of 1.5 million baht from the increasing sales of Elite smile toothpaste. Currently, the company has sales from Elite smile toothpaste of approximately 1 million baht per month.

Administrative expenses

Administrative expenses increased by 6.6 million baht, or 17%, compared to the previous year. This increase is attributed to several factors: a 4% annual salary increase, the hiring of more permanent staff, and a 3-5% increase in other operating costs. Additionally, 1.5 million baht was spent on outsourcing marketing efforts to an external agency, and 2 million baht was spent on renovations and improvements to the hospital building and premises.

Finance costs

Finance cost had no significant change from last year.

- **Others**

	Q2 (3M) 2026	Q2 (3M) 2025	Increase (Decrease)	
			Million	Baht
Other income	3.7	1.7	2.0	118%
Tax revenue (expenses)	(5.2)	(5.4)	0.2	4%

Other income

Other income increased by 2 million baht, or 118 percent, due to a profit of approximately 1 million baht from providing dental implant courses to dentists.

Tax revenue (expenses)

Tax expenses decreased from the calculation of corporate income tax according to tax law caused by the company has lower profit.

Summary of consolidated statements of financial position

	As at March 31, 2026	As at December 31, 2025	Increase (Decrease)	
			Million Baht	%
Total assets	1,385.0	1,353.3	31.7	3
Total liabilities	548.2	520.1	28.1	6
Total Shareholders' equity	836.8	833.2	3.6	1

Total Assets

As of June 30, 2026, total assets amounted to 1,385.0 million baht, an increase of 31.7 million baht, or 3%. This increase was driven by a 31 million baht rise in cash and cash equivalents, resulting from operating cash flow and bank drawings; a 12 million baht increase in inventory due to purchases for resale at the TDA event; and a 9 million baht decrease in trade receivables and other current receivables due to improved accounts receivable management.

Total Liabilities

As of June 30, 2026, total liabilities amounted to 548.2 million baht, an increase of 28.1 million baht, or 6%. This increase was primarily due to a 47 million baht increase in long-term bank loans resulting from debt restructuring, and a 25 million baht decrease in short-term loan repayments.

Total Shareholders' equity

As of June 30, 2026, total shareholders' equity amounted to 836.8 million baht, an increase of 3.6 million baht, or 3%, resulting from the group's net profit of 39.5 million baht for the year and dividend payments of 35.6 million baht during the year.

Key Financial Ratio

	Unit	30 June 2026	For the year 2025
Liquidity Ratio			
Current ratio	Time	1.35	1.25
Average collection period	Day	28.6	31.9
Average days sales of inventory	Day	99.9	101.6
Average account payable days	Day	60.2	58.6
Cash cycle	Cycle	68	75
Profitability Ratio			
Gross profit margin	%	36.7	36.3
Net profit margin	%	7.1	8.2
Return on average shareholders' equity	%	9.5	10.3
Return on average assets	%	5.7	6.3
Financial policy Ratio			
Debt to equity ratio	Time	0.6	0.6

Interest coverage ratio	Time	9.2	8.8
Dividend ratio	%	64	48

Factors Potentially Affecting Future Operations or Growth: The company's future operations and growth may be impacted by both internal and external factors, the most significant of which are as follows:

1. Overall economic conditions and consumer purchasing power: The recovery or slowdown of domestic and international economies, interest rates, inflation, and the cost of living may affect consumer purchasing power, particularly for cosmetic dental services or services beyond basic necessities, which could impact the number of service users and the company's revenue.

2. Growth of the health and dental industry: The trend towards an aging society, increasing awareness of oral health, the popularity of cosmetic dentistry, and the expansion of medical tourism are key factors supporting business growth. However, structural changes in the industry or a slowdown in growth rate may affect the company's expansion plans.

3. Competition in the industry: The dental business faces competition from private hospitals, large dental clinics, franchise networks, and small-scale operators in terms of price, service quality, location, and marketing. Therefore, the company must maintain its competitiveness through brand development, service standards, and the introduction of modern technology.

4. Risks from reliance on foreign patients and the tourism sector: If the company derives a significant portion of its revenue from foreign patients, changes in the number of tourists, global economic conditions, travel restrictions, or unforeseen events such as US Israel war with Iran may affect revenue and growth.

Sincerely yours,

-Mr. Nattasit Surapanpairoj-

Authorized to sign on behalf of the Company