

Q & M NET PROFIT ATTRIBUTABLE TO PARENT INCREASED 618% TO \$9.4m
Net profit excluding other gains and share of associate loss tripled to \$6.8 million in 1Q21 from \$2.3 million in 1Q20

- Total revenue for 1Q21 increased by 47% to \$43.8 million from \$29.8 million in 1Q20 despite the existing Covid-19 pandemic
- Profit attributable to parent increased by 618% to \$9.4 million in 1Q21 from \$1.3 million in 1Q20.
- Excluding other gains and share of loss from associate, net profit attributable to parents increased by 198% to \$6.8 million in 1Q21 from \$2.3m in 1Q20.
- 1st interim dividend of 1 cent per share to be paid on 2 June 2021 to reward shareholders due to strong performance despite the Covid-19 challenges.

Singapore, 11 May 2021 – Q & M Dental Group (Singapore) Limited (“Q & M” or the “Group”), a leading private dental healthcare group in Asia, reported a net profit attributable to shareholders of \$9.4 million for the three months ended 31 March 2021 (“1Q21”).

Financial Highlights	1Q21 \$'000	1Q20 \$'000	% Change
Revenue ¹	43,762	29,844	47
Key Operating Expenses ²	33,217	24,166	37
Other Expenses	2,415	1,391	74
Share of Loss from Equity-Accounted Associates	240	856	(72)
Other Gains	4,255	(110)	NM
PATMI	9,411	1,311	618
PATMI Margin	22%	4%	-
PATMI (Excluding Other Gains & Share of Loss)	6,796	2,277	198

¹Revenue from dental and medical clinics, dental equipment & supplies distribution and laboratory tests

²Key Operating Expenses include Consumables & Supplies Used, cost of sales of Dental Equipment & Supplies Distribution and laboratory tests, Employee Benefits Expense and Depreciation of Right-Of-Use Assets

1Q21 revenue increased by 47% to \$43.8 million from \$29.8 million in 1Q20 mainly due to higher revenue in dental outlets.

Revenue contribution from dental and outlets increased by 41% from \$27.8 million in 1Q20 to \$39.2 million in 1Q21 mainly due to higher revenue from existing dental outlets in Singapore despite Covid-19 pandemic.

Key operating expenses increased by 37% from \$24.2 million in 1Q20 to \$33.2 million in 1Q21 due to increase in employment benefits expenses as a result of increased in revenue. Employment benefits expenses include professional fees paid to dentists.

Other expenses increased by 74% from \$1.4 million in 1Q20 to \$2.4 million in 1Q21 mainly due to higher revenue which resulted in higher credit card charges, advertising and marketing expenses,

higher legal and professional fees due to the legal cases in PRC. The increase is also due to expenses incurred by Acumen which was acquired in April 2020.

Share of loss from equity accounted associate decreased by 72% from \$0.86 million in 1Q20 to \$0.24 million in 1Q21 mainly due to lower losses from the associate, Aoxin Q&M.

Excluding the other gains and share of associate loss, the Group net profit after tax attributable to parents was \$6.8 million for 1Q21 as compared to \$2.3 million in 1Q20. Profit has increased by 198% in 1Q21 as compared to 1Q20 mainly due to core dental business and maiden profit contribution from the Covid-19 laboratory testing business

As at 31 March 2021, the Group had cash and cash equivalents of \$39.5 million, bank borrowing, finance leases and outstanding preference shares of \$91.1 million. Net debt was \$51.6 million. Net proceeds of \$17 million from the disposal of Aidite was only received in April 2021.

As at 31 March 2021, the Group has a total of 85 dental outlets, 5 medical outlets and 1 dental college in operations, compared to 80 dental outlets, 5 medical outlets and 1 dental college as at 31 March 2020 in Singapore.

As at 31 March 2021, the Group has a total of 36 dental outlets in Malaysia and 1 dental outlet in People's Republic of China ("PRC") compared to 32 dental outlets in Malaysia and 1 dental outlet in PRC as at 31 March 2020.

Commenting on the results, **Dr Ng Chin Siau, Group Chief Executive Officer** said, “

The 1Q2021 result reflects strong growth and vigour in our dental business, notwithstanding the ongoing effects of covid-19 pandemic. This shows that the Group has grown in strength in our core business. Parallel to this, the Group had, in April 2020, invested in Acument Diagnostics when the pandemic first started. That business made its maiden contribution to our bottom line in 1Q2021. The contribution is expected to grow for the rest of the year, and beyond as the covid pandemic will remain part of the environment at least in the medium term. The investment in the testing business has provided the Group with a hedge against any adverse effect of the pandemic on our core dental business. As stated in the Ministry of Health website, the average daily number of swab tests over the past week was 52,900 as at 3rd May 2020 as a result of more tests by the government due to the resurgence of Covid-19 cases in the local communities. In a CNBC article dated 10 May 2021, Singapore Minister for Foreign Affairs, Mr Vivian Balakrishnan says Covid-19 is “permanent” and subsequent waves of infections will be a normal occurrence in the coming years.

Covid-19 is likely to be permanent and people may have to learn to live with it. We may have to get used to do the followings: -

- 1) Wearing of masks;
- 2) Contact tracing;
- 3) Social distancing;
- 4) Covid-19 testing;
- 5) Vaccinations

The Group will remain nimble in looking for business opportunities while building our dental brand and endeavours in allied sectors.

With all the growth initiatives outlined above, we expect future profitability to be driven by both the dental and Covid-19 laboratory test business. ”

This news release is to be read in conjunction with the Group’s announcement posted on SGXNET on 11 May 2021.

For more information, please contact:

Chief Financial Officer

Vitters Sim Tel: 6705 9888

Email: Vitters@qnm.sg