



**MEDIA RELEASE
FOR IMMEDIATE RELEASE**

Q&M Dental Group recorded growth in both Revenue and Net Profit after tax attributable to parent of S\$182.7 million and S\$11.5 million respectively for FY2023

- Total EBITDA for 2H2023 beats 2H2022 by 39% to S\$18.6 million. FY2023 EBITDA is 5% higher at S\$37.0 million vs FY2022.
- FY2023 Core Healthcare Business Revenue and EBITDA higher at S\$176.2m and S\$39.6 million respectively.
- 2nd interim dividend of 0.53 cent per share to be paid on 26 March 2024. Total FY2023 annual dividend is 0.69 cent per share with a payout ratio of 57%.
- Group gearing reduced from 0.83 to 0.78 as at 31 Dec 2023 from one year ago.

GROUP FINANCIAL HIGHLIGHTS

	6 months ended 31 December			12 months ended 31 December		
	2H2023 S\$'000	2H2022 S\$'000	Change %	FY2023 S\$'000	FY2022 S\$'000	Change %
Total Revenue	95,578	90,304	6	182,723	181,214	1
Core Healthcare Business Revenue	92,895	88,402	5	176,204	172,131	2
Other Business	2,683	1,902	41	6,519	9,083	(28)
Total EBITDA	18,557	13,349	39	37,034	35,220	5
Core Healthcare Business EBITDA	21,439	19,143	12	39,601	39,473	-
Total PATMI	6,183	1,460	323	11,517	11,309	2
Core Healthcare Business PATMI	8,788	7,657	15	14,763	17,068	(14)
Earnings Per Share (SG Cent)	0.65	0.16	306	1.22	1.20	2



SINGAPORE, 29 February 2024 – Mainboard listed Q & M Dental Group Limited (“ the Group” or “the company” and together with its subsidiaries, the “Group”) today reported total revenue of S\$182.7 million and profit after tax attributable to parent of S\$11.5 million for the 12 months ended 31 December 2023 (“**FY2023**”).

Dr Ng Chin Siau, (黄震霄医生) Group Chief Executive Officer of Q & M, said, *“We are heartened by the improvement in the numbers overall for FY2023 despite the macroenvironment impact of relatively high inflation rate, high interest rates and a generally challenging business environment. The resilience of Q&M’s Core Healthcare Business is once again being well-demonstrated and is a testament to strategies and processes we have put in place. We will continue to focus on organic growth within the Group’s strong network in Singapore and Malaysia and also optimising our existing clinics to obtain better outcomes in service and overall productivity.*”

FY2023 Financials

Core Healthcare Business Revenue increased from S\$172.1 million for FY2022 to S\$176.2 million for FY2023, mainly from higher revenue contribution from Singapore dental clinics that was offset by lower revenue contribution from Singapore medical clinics, deconsolidation of the Shanghai Chuangyi in June 2023 and the impact of the weakening Malaysian Ringgit for the Group’s operations in Malaysia. The Group’s medical laboratory business was also impacted by lower demand for Covid-19 testing now that the Covid-19 virus has entered the endemic stage.

Aoxin Q & M Dental Limited (“Aoxin Q &M”), a 32.8% owned associate’ company of Q & M reversed from a loss in second half of 2022 to a profit in second half financial year of 2023 (“2H2023”), resulting in Q & M recording a share of profit from equity-accounted associate of S\$0.1 million in 2H2023. Comparing FY2023 with FY2022, share of loss in Aoxin Q & M, decreased by S\$0.5 million for the same reason give above.

Net cash flow generated from operating activities was S\$33.5 million for FY2023. This is mainly attributable to operating cash flow before changes in working capital offset by increase on working capital. Net cash used in investing activities in FY2023 amounted to S\$7.2 million, mainly due to purchase of plant and equipment for the existing dental clinics and cost of developing the Artificial Intelligence (AI) guided clinical decision support system. Net cash used in financing activities in FY2023 was S\$32.0 million, mainly due to repayment of lease liabilities arising from right-of-use assets, repayment of bank loans, dividend payment to shareholders.



As at 31 December 2023, Q & M has cash and cash equivalents of S\$34.0 million and bank borrowings plus finance leases amounting to S\$80.3 million.

Net Asset Value attributable to owners of parent is S\$99.1 million as at 31 December 2023 compared to S\$96.5 million a year ago, an increase of 3%. Net assets value per ordinary share increased to 10.5 Singapore cents as at 31 December 2023 from 10.2 cents a year ago.

Dividend

The Board of Directors of Q & M declared a second interim dividend of 0.53 Singapore cent per ordinary share for 2H2023. The Group paid a 0.16 Singapore cent dividend for 1H2023. The total dividend thus works out to 0.69 Singapore cents for FY2023, with a payout ratio of 57%. The dividend will be paid on 26 March 2024.

Recent Developments

Investment by EM2AI Professionals Holdco Pte. Ltd. Into EM2AI Pte. Ltd. as an Interested Person Transaction

On 25 January 2024, Q & M entered into a joint venture agreement with EM2AI Professional Holdco Pte. Ltd. and its wholly-owned subsidiary, EM2AI Pte Ltd., in which EM2AI Professional Holdco Pte. Ltd. has agreed to invest S\$1.6 million of fresh funds into EM2AI for an effective shareholding interest of 51% in EM2AI. In addition, EM2AI Professional Holdco Pte. Ltd. has also agreed to provide an interest free loan of S\$3.7 million to EM2AI Pte Ltd.

The investment was undertaken to derive the following benefits for the Group:

- a) Strengthen the Group's financial position and improve its cash flow as EM2AI is a loss-making company and its activities require significant capital investment, specifically in the area of research and development (R&D). With this investment, the primary responsibility for providing cash flow to EM2AI will be shifted to the EM2AI Professional HoldCo Pte Ltd. Funds saved by the Company in respect of further funding requirements of EM2AI can be deployed by the Group to its core activities;



- b) By divesting majority control of EM2AI, the Group will effectively minimise its capital investment in EM2AI during its growth stage. The Group, with its minority stake, will benefit from the growth of EM2AI without having to invest substantially into EM2AI;
- c) There are certain risks and uncertainties associated with AI-empowered solutions and businesses along with intensive working capital requirements. It is thus difficult to estimate when the business will become ultimately profitable. The investment will allow the Group to mitigate some of the associated risks and at the same time continue to participate in the growth of EM2AI.

Looking ahead

While we are focused on sustainable growth for the Group, we are also mindful of the values and philosophy by which the organisation abides by. Fundamental to this is a responsibility to be the very best in all we do when it comes to the care we offer and the smiles that we create because of our commitment to our stakeholders to the saying: **修身、齐家、治国、平天下**.

We strive to build a strong and holistic platform upon which our future growth can be firmly established with particular emphasis on the following strategic thrusts:

1. Strengthening the basics

The Group has always placed strong emphasis on conducting business based on the long term outlook that is ethical and sustainable for both our patients and the Group.

2. Improving efficiency- reducing costs and wastage

Starting in 2023, Q&M is now organised with area management teams that include dentists, nurses, operations and finance personnel to improve overall cost and operational efficiencies, reduce overlaps while also empowering Area Managers to make improvements on the ground. We believe this will improve staff motivation and morale throughout the organisation.

3. Q&M College

As of 4th quarter of 2023, the Group has made it mandatory to attend certain technical training courses for our dentists at the Q.& M College as part of our continuous effort to always maintain the highest standards of skill and expertise and at the same time, refresh the skills of our dentists to improve the overall standard of care throughout the organisation.



4. Artificial Intelligence and Dentistry 3.0

In the dynamic landscape of dentistry, embracing the ethos of a learning organization is paramount for continued growth and innovation. Q & M is a learning organisation made up of employees skilled at creating, acquiring, and transferring knowledge. This is very much part of our Company DNA since day one. With technological advances alongside a fast-changing world, any firm that remains stationary is doomed to oblivion.

Just as Dentistry 3.0 heralds a new era of patient-centric care and technological advancement, so too must our organisation evolve into a hub of continuous learning and adaptation. Imagine a collaborative ecosystem where dental professionals engage in interdisciplinary dialogues, harnessing the latest research and technological breakthroughs to refine their craft and elevate patient outcomes. In this vision, our company becomes not merely a provider of dental healthcare, but a catalyst for industry-wide transformation. By fostering a culture of curiosity, experimentation, and knowledge-sharing, we not only stay ahead of the curve but actively shape its trajectory.

Our investment in Artificial Intelligence is not merely paying lip-service to an emerging trend but yields real world benefits in terms of ethical dentistry that will ultimately result in positive outcomes and experiences both for the dentists and also our patients. Patients armed with more knowledge can also make better informed decisions in consultation with their dentists and dentists can leverage on the data-centric recommendations for the most appropriate treatment plans every time.

5. Expanding our brand- Singapore and Southeast Asia

Q & M is embarking on an intensive strategy for organic growth in our network of dental clinics, bolstering its team of dentists to support future operations in Singapore and Malaysia. Concurrently, we will enhance our digital clinical decision support system to deliver ethical and optimal treatment plans for patients.

With rising standards of living and increased expectations for dental healthcare, particularly in Singapore, the Group is poised to meet the growing demand for both primary and specialised dental services.

Expanding beyond Singapore, the Group seeks to establish a sustainable growth pillar through organic expansion within the burgeoning private dental healthcare market of Southeast Asia. We aim to extend the reach of the Q & M brand and expertise beyond current borders, leveraging our



premium reputation and brand for quality products and services. This expansion will be executed with careful and decisive precision, positioning us to export our proficiency regionally.

6. Giving Back through serving the community- Free Dental Clinic @Chai Chee

The Free Dental Clinic which was launched in July 2023 has become a tremendous platform for Q & M to give back to the community, serving to cement the bond between dentists and nurses with the community from all over Singapore. The Group is heartened by the willingness of so many to step up to volunteer their time and expertise to help and benefit those who might otherwise have limited access to good quality dental healthcare.

Since its opening in July 2023 to 31 Dec 2023, the Free Dental Clinic has had the privilege of serving around 220 patients in the community. Of these, more than 90 patients were over 60 years old as well as young children under 12 years of age. We look forward with excitement to serving a larger number of our community in the year ahead.

This press release is read in conjunction with Q & M's FY2023 results release on SGXNET.

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Footnotes:

1. Core Healthcare Business excludes contributions from the Group's medical laboratory, other gains, other losses and expenses incurred on the development of the Group's digital Artificial Intelligence (AI) guided clinical decision support system as well as rental rebates received from the Singapore Government.
2. EBITDA refers to earnings before interest, taxes, depreciation and amortisation.
3. PATMI refers to profit after tax and minority interest (aka Profit attributable to parent).



About Q & M Dental Group (Singapore) Limited (QC7.SI)

Q & M Dental Group (Singapore) Limited (QC7.SI) (“Q & M” or together with its subsidiaries, the “Group”) is a leading private dental healthcare group in Asia.

The Group owns the largest network of private dental outlets in Singapore, operating 105 dental outlets across the country. Underpinned by about 270 experienced dentists and over 350 supporting staff, the Group sees an average of 40,000 patient visits a month in Singapore. The Group also operates 5 medical clinics and a dental supplies and equipment distribution company.

Outside of Singapore, the Group has 44 dental clinics and a dental supplies and equipment distribution company in Malaysia. Q & M is also the substantial shareholder of Aoxin Q & M Dental Group Limited, a dental Group listed on the Catalist board of the Singapore Exchange that operates dental clinics and hospitals primarily in the north-eastern region of the PRC. The Group aims to expand its operations geographically and vertically through the value chain in Malaysia, the PRC and within the ASEAN region.

The Q & M College of Dentistry was established in 2019 to offer postgraduate dental education as part of its commitment to continual education and professional development of dentists. It offers Singapore’s first private postgraduate diploma programme in clinical dentistry.

In 2020, the Group expanded into the medical laboratories and research industry with the strategic investment into Acumen Diagnostics Pte. Ltd. (“Acumen”). Currently, Acumen focuses on developing its range of medical research, tests and solutions to secure viable patents and to achieve successful commercialisation of the medical products in the near future.

The Group was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX- ST”) on 26 November 2009.

For more information on the Group, please visit www.QandMDental.com.sg

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