

Date 10 November 2021

Subject Management's Discussion and Analysis of financial statements for the nine-month period ended 30 September 2021

To President of The Stock Exchange of Thailand

Healthlead Public Company Limited and its subsidiaries ("the Group") would like to submit the discussion and analysis of significant changes of financial statements for the nine-month period ended 30 September 2021 (9M2021) as follows:

**Statements of Income**

	For the nine-month period ended					
	30 September 2020		30 September 2021		Change	
	(MB)	%	(MB)	%	(MB)	%
Revenue	786.41	98.71	902.69	98.90	116.28	14.79
Interest Income	0.16	0.02	0.00	0.00	(0.16)	(97.50)
Other Income	10.10	1.27	10.05	1.10	(0.05)	(0.50)
<b>Total Revenue</b>	<b>796.67</b>	<b>100.00</b>	<b>912.74</b>	<b>100.00</b>	<b>116.07</b>	<b>14.57</b>
Cost of Sales and Services						
Cost of Sales	615.15	77.21	697.19	76.38	82.04	13.34
Cost of Sales	89.43	11.22	91.51	10.03	2.08	2.33
Administrative expenses	36.93	4.64	48.72	5.34	11.79	31.93
Finance Cost	5.38	0.68	4.03	0.44	(1.35)	(25.09)
<b>Total Expenses</b>	<b>746.89</b>	<b>93.75</b>	<b>841.45</b>	<b>92.19</b>	<b>94.56</b>	<b>12.66</b>
Profit (loss) before income tax expenses	49.78	6.25	71.29	7.81	21.51	43.21
Income tax expenses	11.13	1.40	13.76	1.51	2.63	23.63
<b>Profit (loss) for the period</b>	<b>38.65</b>	<b>4.85</b>	<b>57.53</b>	<b>6.30</b>	<b>18.88</b>	<b>48.85</b>
	30 September 2020		30 September 2021			
Gross Profit Margin (%)	21.78		22.76			
Net Profit Margin (%)	4.85		6.30			
Earnings per share (THB)	0.24		0.29			

### Revenues

The Group reported revenue from sales of 902.69 MB for 9M2021, an increase of 14.79 YoY. Revenue from sales largely came from sales of medicine and dietary supplement products (Professional Healthcare) which accounted for 69.02% of revenue from sales, followed by sales of medical equipment and home healthcare products (Home Healthcare) 17.78%. Sales of Home Healthcare products had the highest growth rate of 30.21% YoY.

Revenue Structure	30 September 2020		30 September 2021		Change	
	(MB)	%	(MB)	%	(MB)	%
Revenue from sale of Professional Healthcare	558.68	71.04	623.01	69.02	64.33	11.51
Revenue from sale of Home Healthcare	123.28	15.68	160.52	17.78	37.24	30.21
Revenue from sale of Personal Healthcare	71.27	9.06	78.71	8.72	7.44	10.44
Revenue from sale of Deli Healthcare	33.18	4.22	40.45	4.48	7.27	21.91
<b>Total Revenue from sale</b>	<b>786.41</b>	<b>100.00</b>	<b>902.69</b>	<b>100.00</b>	<b>116.28</b>	<b>14.79</b>

### Gross Profit

For 9M2021, the Group had made gross profit of 205.49 MB. Gross margin of 9M2021 was 22.76%, slightly increased from 21.78% of 9M2020. This was mainly attributed to high growth rate of Revenue from Sales of Healthiness's health-related innovation products which have high gross margin.

### Selling expenses

The Group had a Selling expenses 91.51 MB in 9M2021 which was 10.14% of Revenue from Sales. Selling expenses was mainly consisted of 51.42% of staff expenses, 12.91% rental fees and 10.28% depreciation of Right-of-use Assets. Staff expenses in 9M2021 was 8.61% decrease as compared to 9M2020 because the Group has transferred some employees from Sales Department to Management. However, the overall Selling expenses has slightly increased by 2.33% YoY.

### Administrative expenses

For 9M2021, the Group had 48.72 MB administrative expenses which was accounted 5.34% of total revenues. The Group's administrative expenses increased by 31.93% YoY largely because of the increase of staff expenses transferred from selling expenses and IPO expenses.

### Financial Cost

The Group had a total of 4.03 MB financial cost in 9M2021 which was accounted for 0.44% of total revenues. Financial cost consisted of interest expenses of short-term and long-term loans from financial institution and interest from lease liabilities.

### Net Profit

For 9M2021, the Group had reported 57.53 MB net profit, 6.30% net margin. Net margin rose from 4.85% of 9M2020 and 4.82% of full year 2020 due to increased efficiency of cost management after merged Icare Health and Healthiness.

### Statements of Financial Position

	For the nine-month period ended					
	30 September 2020		30 September 2021		Change	
	(MB)	%	(MB)	%	(MB)	%
Assets	390.99	100.00	419.04	100.00	28.05	7.17
Liabilities	248.62	63.59	258.92	61.79	10.30	4.14
Equity attributable to owners of the Company	142.37	36.41	160.12	38.21	33.37	23.44
	30 September 2020		30 September 2021			
Current Ratio (times)		1.11		1.24		
Return on Equity or ROE (%)		36.30		51.02		
Return on Assets or ROA (%)		13.22		18.42		
Debt / Equity Ratio (times)		1.75		1.62		

### Total Assets

As at 30 September 2021, the total asset was 419.04 MB, a 7.17% increased from 390.99 MB as at 30 September 2020. Majority of assets of the Group were inventory, property plant and equipment, and Right-of-use assets, all of which were accounted for 82.27% of total asset as at 30 September 2021 and 84.75% as at 30 September 2020.

### Total Liabilities

The Group had total liabilities of 258.92 MB as at 30 September 2021, a 4.14% increase from 248.62 MB as at 30 September 2020 mainly because account payables, other current liabilities and long-term loan from financial institution decreased. Majority of the Group's liabilities were account payable and lease liability which accounted for 79.90% of total liabilities as at 30 September 2021 and 77.55% as at 30 September 2020.

### Shareholders' Equity

As at 30 September 2021, the Group had 160.12 MB of shareholders' equity which accounted for 38.21% of total liabilities and shareholders' equity. Shareholders' equity increased by 19.53 MB from 140.59 MB as at 31 December 2020 as the Group had net profit of 57.53 MB and has paid 38.00 MB dividend payout during that period.

Please be informed accordingly.

Yours sincerely,

Mr. Thatchaphon Chonwattanasakul  
Chief Executive Officer  
Healthlead Public Company Limited