

Date 13 May 2022

Subject Management's Discussion and Analysis of financial statement for Quarter 1 ended Mar 31, 2022

To Presidents 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 Quarter 1 ended Mar 31, 2022 as follows:

	Q1-2021	Q4-2021	Q1-2022	Changes	
				YOY	QOQ
	(MB)	(MB)	(MB)	(%)	(%)
Revenue from sale	255.78	296.04	371.40	45.20	25.44
Total Revenues	258.72	303.67	374.71	44.83	23.39
Total Expenses	239.78	277.62	336.26	39.95	21.12
Profit for the periods	14.39	22.13	30.19	109.84	36.42

Profitability Ratios	Q1-2021	Q4-2021	Q1-2022
Gross margin (%)	22.27	23.93	23.92
Net margin (%)	5.56	7.29	8.05
EPS (THB)	0.07	0.10	0.11

Revenue

The Group had total revenue of 374.71 million baht in Q1-2022. The revenue mostly came revenue from sale, totaling 371.40 million baht accounted for 99.11% of total revenue. Its total revenue from sales of Q1-2022 increased 45.20% YOY and 25.44% QOQ. This is largely due to the widespread of corona virus-2019 which has caused a leap in demands for antigen test kit (ATK). In addition, the Group has opened additional four branches - three branches in late 2021 and another in Q1-2022. All these factors combined have led to an increase of 37.50% YOY and 26.81% QOQ of its total number of transactions in Q1-2022.

For Q1-2022, revenue from sale of medicine and dietary supplement remained the largest contributor of the Group's revenue from sale, accounted for 60.99% followed by medical equipment and home healthcare 25.42% of revenue from sale. Considering growth rate by product group, medical

equipment and home healthcare has contributed the highest growth rate of 143.49% YOY and 71.98 QOQ followed by personal healthcare 39.05% YOY and medical foods 38.72% YOY increase. However, medical and dietary supplement has also contributed an impressive growth rate of 25.37% YOY.

REVENUE BREAKDOWN	1Q-2021		4Q-2021		1Q-2022		Changes			
							YOY		QOQ	
	(MB)	(%)	(MB)	(%)	(MB)	(%)	(MB)	(%)	(MB)	(%)
Medicine and dietary supplement	180.69	70.64	199.98	67.55	226.53	60.99	45.84	25.37	26.55	13.27
Medical equipment and home healthcare	38.77	15.16	54.90	18.54	94.41	25.42	55.64	143.49	39.51	71.98
Personal healthcare	24.33	9.51	25.87	8.74	33.84	9.11	9.50	39.05	7.79	30.82
Medical food	11.98	4.69	15.32	5.18	16.62	4.48	4.64	38.72	1.30	8.50
Total revenue from sale	255.78	100.00	296.07	100.00	371.40	100.00	115.62	45.20	75.33	25.44

Gross margin

For Q1-2022, the Group had 88.83 million baht of gross profit, representing 23.92% gross margin and a 22.27% YOY increase. It was mainly due to the large increase of sale of Healthiness's personal healthcare products which sold through Icare Health's retail pharmacy stores which has resulted in a significant increase of the Group's personal healthcare gross margin from 25.57% of Q1-2021 and 25.36% of Q4-2021 to 29.86% in Q1-2022.

Distribution costs

Distribution cost of Q1-2022 increased 33.09% YOY from 27.13 million baht of Q1-2021 to 36.11 million baht of Q1-2022. The variable costs correlated to the changes of revenue from sale such as staff costs, commission, and bank fees. Additionally, depreciation cost increased 31.19% YOY in accordance with the increased number of branches opened in late 2021 and in Q1-2022.

Administrative expenses

Administrative expenses in Q1-2022 increased 29.16% YOY mainly due to increased staff expenses. The company's number of staff has increased 21.35% YOY as it has been preparing for the future business expansion. However, its subsidiaries' number of employees has increased marginally at 3.51% YOY.

Finance costs

For Q1-2022, the Group has financial cost of 1.38 million baht, accounted for 0.37% of total revenue. The Group's financial cost primarily was the interest cost of right-of-use assets.

Net profit

For Q1-2022, the Group reported net profit of 30.19 million baht, representing net margin of 8.06%. Net profit growth of 109.84% YOY was contributed by the high growth of revenue from sale combined with the expanded gross margin while its distribution costs and administrative expenses rose at the lower rate.

STATEMENT OF FINANCIAL POSITION

AS AT	31 Mar 2021 (MB)	31 Dec 2021 (MB)	31 Mar 2022 (MB)	YOY (%)	QOQ (%)
TOTAL ASSETS	392.38	1,118.30	1,169.38	51.08	4.57
TOTAL LIABILITIES	251.41	252.41	273.30	20.88	8.27
TOTAL SHAREHOLDERS' EQUITY	140.97	865.89	896.08	30.19	3.49
Current ratio (X)	6.15	6.14	5.77		
ROAE* (%)	30.32	15.83	18.47		
ROAA** (%)	10.50	10.40	12.23		
Debt to equity ratio (X)	1.78	0.29	0.30		

*ROAE = Trailing-12-month Net profit, to average total shareholders' equity.

**ROAA = Trailing-12-month Net profit, to average total assets.

Total assets

As at 31 March, 2022, the Group had total assets of 1,169.38 million baht. Cash and cash equivalent decreased while other current financial assets increased as the Group has invested cash received from initial public offering in money market and low risk fixed-income funds. In addition, Icare Health Co., Ltd., its subsidiary, has acquired a new plot of land with a warehouse worth 49.00 million baht to use as the Group's new head quarter and warehouse. This has resulted in its property, plant and equipment increased from 73.40 million baht as of the end of 2021 to 126.77 million baht as of the end of Q1-2022.

Total liabilities

The Group has total liabilities of 273.30 million baht, an increase of 20.88 million baht or 8.27% from the end of 2021. Its main liabilities were trade and other current payable and lease liabilities. Lease liabilities and current portion of lease liabilities has increased 10.76% as compared to that of the end of 2021 mainly because it has opened new branches. The Group had only 2.27 million baht of current portion of long-term borrowings while it has no long-term borrowings from financial institutions left in Q1-2022 which has lessened its debt-to-equity ratio to 0.30 times in Q1-2022.

Total shareholder's equity

As at 31 March, 2022, the Group had total shareholders' equity of 896.08 million baht in its consolidated statements of financial position. The company had unappropriated retained earnings of 82.35 million baht in its separate statements of financial position as at 31 March, 2022 and it will pay dividends of 0.16 baht per share from its 2021 performance on 20 May, 2022 which amounted to 43.52 million baht.

Please be informed accordingly.

Yours sincerely,



(Araya Tantanasin)

Chief Finance Officer

Healthlead Public Company Limited