

Date 11 August 2022

Subject Management's Discussion and Analysis of financial statement for Quarter 2 ended June 30, 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 2 ended June 30, 2022 as follows:

	Q2-2022 (MB)	YoY (%)	QoQ (%)	6M2022 (MB)	YoY (%)
Revenue from sale	361.80	22.78	-2.59	733.20	33.20
Total revenues	365.49	22.63	-2.46	740.20	32.95
Total expenses	337.50	22.90	0.37	673.76	30.98
Profit (loss) for the period	22.82	27.45	-24.43	53.01	64.16
EBITDA	36.99	26.49	-19.03	82.69	53.47

### Revenue

The Group had total revenue of 365.49 million baht in Q2-2022 which was comprised of revenue from sale of 361.80 million baht or 98.99% of total revenue. Revenue from sale in Q2-2022 decreased 2.59% QoQ mainly due to Antigen Test Kit (ATK) sales dropped. However, The Group's sales growth rate continued an upward trend, increased 22.78% YoY in Q2-2022 since its same store sales growth (SSSG) continued to rise, 10.51% YoY, combined with increasing sales from the new stores.

In Q2-2022, revenue from sale of Medicine and Dietary Supplement remained the largest portion of revenue from sale, accounted for 65.41% of total revenue from sale. Sales of Medical Equipment and Home Healthcare, ranked second, was accounted for 20.01% of total revenue from sale. In terms of growth rate, Medical Equipment and Home Healthcare had the highest growth rate of 54.37% YoY, followed by Personal Healthcare and Medical Food which grew 41.25 % YoY and 29.67% YoY respectively.

REVENUE BREAKDOWN	Q2-2022		YoY		QoQ		6M2022	YoY
	(MB)	(%)	(MB)	(%)	(MB)	(%)	(MB)	(%)
Medicine and Dietary Supplement	236.64	65.41	27.31	13.05	10.11	4.46	463.17	33.95
Medical Equipment and Home Healthcare	72.39	20.01	25.49	54.37	-22.02	-23.33	166.79	94.71
Personal Healthcare	35.46	9.80	10.36	41.25	1.62	4.80	69.30	40.16
Medical Food	17.31	4.79	3.96	29.67	0.69	4.14	33.94	33.95
<b>Total revenue from sale</b>	<b>361.80</b>	<b>100.00</b>	<b>67.12</b>	<b>22.78</b>	<b>-9.60</b>	<b>-2.59</b>	<b>733.20</b>	<b>33.20</b>

### Gross margin

In Q2-2022, the Group had 85.18 million baht gross profit, representing 23.54% gross margin, which was higher than 22.26% in Q2-2021. This was mainly due to higher gross margin contributed by two product groups - Medicine and Dietary Supplement and Medical Equipment and Home Healthcare. Gross margin of Medical Equipment and Home Healthcare continually increased as Healthiness Co., Ltd. ("Healthiness")'s gross margin considerably rose from 39.20% in Q2-2021 to 49.60% in Q2-2022 as Healthiness's innovative products sold in 2022 had high gross margin and its sales grew continuously.

### Selling expenses

The Group had distribution costs of 39.34 million baht in Q2-2022, accounted for 10.87% of revenue from sale or an increase of 34.79% YoY. The Group's main distribution costs were employee costs, rental fees and depreciation and amortization costs, all of which accounted for 88.85% of total distribution costs. The increase of distribution costs was in line with its expansion plan, opened five new branches over the past 12 months (from 1 July 2021 to 30 June 2022), which resulted in total number of branches increased from 23 to 28 by 30 June 2022. In addition, selling expenses in Q2-2022 have included some of pre-opening costs of a few new branches to be operated in Q3-2022.

### Administrative expenses

For Q2-2022, administrative expenses amounted to 21.60 million baht, accounted for 5.91% of total revenue. The Group's administrative expenses increased by 32.07% YoY, partly due to the expansion of the new warehouse and logistics to support the future sales growth and branch expansion plan. Additionally, the Group had higher consulting fees and administrative expenses.

### Finance costs

The Group had financial costs of 1.41 million baht, accounted for 0.39% of total revenue. Its financial cost mostly was the interest cost of right-of-use assets.

### Net profit

The Group had net profit of 22.82 million baht for the period Q2-2022, an increase of 27.45% YoY. Although the Group had higher distribution costs and administrative expenses YoY, increased revenues together with higher gross margin has resulted in higher net profit margin from 6.01 % in Q2-2021 to 6.24 % in Q2-2022.

Profitability Ratios	Q2-2022	Q1-2022	Q2-2021
Gross margin (%)	23.54	23.92	22.26
Net margin (%)	6.24	8.06	6.01
EPS (THB)	0.08	0.11	0.09

### STATEMENT OF FINANCIAL POSITION

	30 Jun 2022	31 Dec 2021	30 Jun 2021	YoY	QoQ
	(MB)	(MB)	(MB)	(%)	(%)
Total assets	1,159.51	1,118.30	376.11	208.29%	3.68%
Total liabilities	284.13	252.41	232.86	22.02%	12.57%
Total shareholder's equity	875.37	865.89	143.26	511.05%	1.10%
Current ratio (X)	5.41	6.14	1.26		
ROAE* (%)	19.41	15.83	39.18		
ROAA** (%)	12.94	10.40	14.57		
Debt to equity ratio (X)	0.32	0.29	1.47		

\*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 30 June 2022, the Group had total assets of 1,159.51 million baht. Cash and cash equivalent were switched to financial assets as the Group invested in Money Market Funds and Fixed Income Funds. In addition, property, plants, and equipment increased by 91.54% from YE2021 because the Group has acquired a new plot of land with a building to be used as its new head office and warehouse. In addition, it has renovated the

existing branches, renovated and developed the new warehouse, and booked construction cost of new branches which will be opened in Q3-2022. The right of use assets also increased to 142.34 million baht as at 30 June 2022, an increase of 20.46% from that of FY Ended 31 December 2021, since the Group has acquired a larger number of lease agreements for the new branches.

#### **Total liabilities**

The Group had total liabilities of 284.13 million baht as at 30 June 2022, an increase of 31.72 million baht or 12.57% increase from that of FY Ended 2021. Its main liabilities were trade and other current payable, and lease liabilities. The Group currently is a debt-free company as it had repaid all loans from financial institutions in Q2-2022. Its debt-to-equity ratio remained low at only 0.32 as of 30 June 2022.

#### **Total shareholder's equity**

As at 30 June, 2022, the Group had shareholders' equity of 875.37 million baht. The company had unappropriated retained earnings of 55.14 million baht after dividend payment of 0.16 baht per share on 20 May 2022, totalling 43.52 million baht.

Please be informed accordingly.

Yours sincerely,



( Araya Tantanasin)

Chief Finance Officer

Healthlead Public Company Limited