

Date November 14, 2022

Subject Management's Discussion and Analysis of financial statement for Quarter 3 ended September 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 3 ended September 30, 2022 as follows:

	Q3-2022 (MB)	YoY (%)	QoQ (%)	9M2022 (MB)	YoY (%)
Revenue from sale	397.58	12.87	9.89	1,130.77	25.27
Total revenues	402.71	13.13	10.18	1,142.91	25.22
Total expenses	362.10	12.09	7.29	1,035.86	23.70
Profit (loss) for the period	31.20	23.60	36.76	84.21	46.37
EBITDA	50.39	15.48	36.20	133.07	36.47

Revenue

The Group had total revenue of 402.71 million baht in Q3-2022 which was comprised of revenue from sale 397.58 million baht or 98.73% of total revenue. In Q3-2022, revenue from sale grew continually 12.87% YoY and 9.89% QoQ, despite Antigen Test Kit (ATK) sale decrease. ATK sale accounted for only 4.23% of total revenue from sale in Q3-2022 as Thailand's Centre of COVID-19 Situation Administration (CCSA) gradually relaxed COVID-19 control policy such as remove daily COVID-19 situation report and change ATK screening policy from regular test on general public to only symptomatic persons which, in the first half of this year, most entrepreneur and corporates had adopted ATK screening policy within their organizations by weekly basis.

REVENUE BREAKDOWN	Q3-2022		YoY		QoQ		9M2022 (MB)	YoY (%)
	(MB)	(%)	(MB)	(%)	(MB)	(%)		
Medicine and Dietary Supplement	260.24	65.46	27.24	11.69	23.60	9.97	723.41	16.11
Medical Equipment and Home Healthcare	80.69	20.30	5.84	7.80	8.31	11.48	247.49	54.18
Personal Healthcare	38.26	9.62	8.99	30.73	2.80	7.90	107.56	36.66
Medical Food	18.38	4.62	3.27	21.66	1.07	6.19	52.32	16.11
Total revenue from sale	397.58	100.00	45.34	12.87	35.78	9.89	1,130.77	25.27

Personal Healthcare had the highest growth rate of 30.73% YoY in Q3-2022. The growth was mainly driven by hygienic products as awareness of personal hygiene arose after CCSA eased COVID-19 control policy and encouraged people to gradually go back to live normal life. The second highest growth was Medical Food, increased 21.66% YoY which was in line with Thailand aging society trend. Thailand was officially announced to enter aging society completely in 2022, having 12 million registered elderlies, accounted for 18.3% of total population.¹

Gross margin

In Q3-2022, the Group had 96.40 million baht gross profit, representing 24.25% gross margin, which was higher than 23.54% in Q3-2021. This was mainly due to 1) gross margin of Medical Food and Home Healthcare increased; 2) proportion of revenue from sale of all three categories, except for Medicine and Dietary Supplement, expanded; and 3) revenue from sale of Healthiness products, of which had high gross margin, through the Group's drug store chain increased 38.62% YoY.

Selling expenses

In Q3-2022, the Group had distribution costs of 43.39 million baht, accounted for 10.91% of revenue from sale or an increase of 23.29% YoY. The Group's main distribution costs were employee costs, rental fees and depreciation and amortization costs, all of which accounted for 86.61% of total distribution costs. The increase of distribution costs was in line with its expansion plan. The Group has opened six new branches over the past 12 months (from October 1, 2021 to September 30, 2022), which resulted in total number of branches increased from 26 to 32 by September 30, 2022. In addition, selling expenses in Q3-2022 have included some of pre-opening costs of the new branches to be operated in Q4-2022.

¹ Department of Older Persons (POP), Older statistics January 2022; <https://www.dop.go.th/th/know/side/1/1/1159>;

Date: March 6, 2022

Administrative expenses

For Q3-2022, administrative expenses amounted to 18.53 million baht, accounted for 4.60% of total revenue. The Group's administrative expenses slightly increased by 0.07% YoY. Employee costs and depreciation and amortization costs were 67.61% of total administrative expenses.

Finance costs

The Group had financial costs of 1.70 million baht, accounted for 0.42% of total revenue. All of which was the interest cost of right-of-use assets.

Net profit

The Group had net profit of 31.20 million baht for the period Q3-2022, an increase of 23.60% YoY. Although the Group had higher distribution costs YoY, higher revenue growth combined with higher gross margin has resulted in higher net profit margin from 7.09 % in Q3-2021 to 7.75 % in Q3-2022.

Profitability Ratios	Q3-2022	Q2-2022	Q3-2021
Gross margin (%)	24.25	23.54	23.54
Net margin (%)	7.75	6.24	7.09
EPS (THB)	0.11	0.08	0.13

STATEMENT OF FINANCIAL POSITION

	30 Sep 2022	31 Dec 2021	30 Sep 2021	YoY	QoQ
	(MB)	(MB)	(MB)	(%)	(%)
Total assets	1,206.77	1,118.30	419.04	187.99	4.08
Total liabilities	300.19	252.41	258.92	15.94	5.65
Total shareholder's equity	906.58	865.89	160.12	466.19	3.56
Current ratio (X)	5.19	6.14	1.24		
ROAE* (%)	19.94	15.83	46.91		
ROAA** (%)	13.08	10.40	17.52		
Debt to equity ratio (X)	0.33	0.29	1.62		

*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 September 30, 2022, the Group had total assets of 1,206.77 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 121.69% 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 invested in the existing branches renovation, the new warehouse renovation and development, and new branches. The right of use assets also increased to 148.39 million baht as at September 30, 2022, an increase of 25.58% from that of FY Ended December 31, 2021, since the Group has acquired a larger number of lease agreements for the new branches.

Total liabilities

The Group had total liabilities of 300.19 million baht as at September 30, 2022, an increase of 47.78 million baht or 18.93% 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 0.33 as of September 30, 2022.

Total shareholder's equity

As at September 30, 2022, the Group had shareholders' equity of 906.58 million baht. The company had unappropriated retained earnings of 86.34 million baht.

Please be informed accordingly.

Yours sincerely,



(Araya Tantanasin)

Chief Finance Officer

Healthlead Public Company Limited