

No. HEL/011/2023

Date February 24, 2023

Subject Management's Discussion and Analysis of financial statement for the year ended December 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 the year ended December 31, 2022 as follows:

	Q4-2022	YOY	QOQ	Jan. - Dec. 2022	YOY
	(MB)	(%)	(%)	(MB)	(%)
Revenue from sales	388.75	31.30	-2.22	1,519.52	26.76
Total revenues	395.30	30.19	-1.84	1,538.21	26.46
Total expenses	353.96	28.10	-2.25	1,389.82	24.79
Net profit (loss) for the period	34.02	53.72	9.04	118.23	48.41
EBITDA	53.58	48.39	6.34	186.65	39.69

Revenue

In Q4-2022, the Group had total revenue 395.30 million baht, comprised of revenue from sale 388.75 million baht or 98.34% of total revenue. Revenue from sale grew continually 31.30% YoY as Personal healthcare and Medical equipment and home healthcare increased 46.27 YoY and 34.79 YOY respectively. In addition, in Q4-2022, Medical and dietary supplement rose 29.06% YoY, significantly higher than 19.26% YoY of FY2022 in average. This was mainly owing to the need for general medicine consumption rose as public resumed their normal social activities and lifestyle.

For 2022, the Group had total revenue 1,538.21 million baht of which 98.78% came from revenue from sales 1,519.52 million baht. Revenue from sale increased 26.76% YoY owing to same sales growth of 16.44% YoY in 2022 combined with additional sales from new branches. In 2022, the Group successfully opened 11 new branches in Bangkok Metropolitan area while closed one branch, Vitaminclub - Central Ladprao. As a result, the Group had a total of 36 branches as of 31 December 2022.

REVENUE BREAKDOWN	Q4-2022		YOY		QOQ		12M2022	YOY
	(MB)	(%)	(MB)	(%)	(MB)	(%)	(MB)	(%)
Medicine and dietary supplement	258.10	66.39	58.12	29.06	(2.14)	(0.82)	981.51	19.26
Medical equipment and home healthcare	73.99	19.03	19.10	34.79	(6.70)	(8.30)	321.48	49.24
Personal healthcare	37.84	9.73	11.97	46.27	(0.43)	(1.12)	145.40	39.04
Medical food	18.82	4.84	3.50	22.82	0.44	2.37	71.14	27.56
Total revenue from sales	388.75	100.00	92.68	31.30	(8.83)	(2.22)	1,519.52	26.76

Gross margin

In Q4-2022, the Group had 105.84 million baht gross profit. In Q4-2022, its gross margin hit 27.23% gross margin, higher than 23.93% in Q4-2021. For 2022, the Group had made 376.25 million baht gross profit, representing 24.76% gross margin, also higher than 23.05% in 2021. The Group has experienced across the board gross margin increase on all four product categories because of higher bargaining power. In addition, revenue from sale of Healthiness's products increased 67.90% YoY and had high gross margin.

Selling expenses

The Group's main distribution costs were employee costs, rental fees, utilities and depreciation and amortization costs all of which accounted for 87.92% of total distribution costs in Q4-2022. It had distribution costs of 51.89 million baht in Q4-2022, accounted for 13.35% of revenue from sale or an increase of 59.50% YoY as it opened five new branches and closed one in Q4-2022. Branch expansion has resulted in a significant increase of its employee costs and rental fees. For the same reason, selling expenses for 2022 increased 37.64% YoY.

Administrative expenses

For Q4-2022, the Group had 20.78 million baht of administrative expenses, accounted for 5.26% of total revenue. The Group's administrative expenses increased by 12.01% YoY. For 2022, administrative expenses amounted to 78.79 million baht, accounted for 5.12% of total revenue or an increase of 17.13% YoY. Employee costs and depreciation and amortization costs accounted for 67.22% and 64.58% of total administrative expenses for Q4-2022 and 2022 respectively.

Finance costs

The Group had financial costs of 5.73 million baht, accounted for 0.37% of total revenue. All of which was the interest cost of right-of-use assets.

Net profit

The Group had net profit of 34.02 million baht for the period Q4-2022, an increase of 53.72% YoY. In 2022 the Group had net profit of 118.23 million baht, an increase of 48.41% YoY. Net margin still increased

from 7.29% as of Q4-2021 to 8.61% as of Q4-2022 and 6.55% as of 2021 to 7.69% as of 2022 due to higher gross margin and low growth of administrative expenses.

Profitability Ratios	Q4-2022	2022	2021
Gross margin (%)	27.23	24.76	23.93
Net margin (%)	8.61	7.69	6.55
EPS (THB)	0.13	0.43	0.39

STATEMENT OF FINANCIAL POSITION

	31 Dec. 2022	31 Dec. 2021	YOY	QOQ
	(MB)	(MB)	(%)	(%)
Total assets	1,288.19	1,118.30	15.19	6.75
Total liabilities	346.20	252.41	37.16	15.33
Total shareholder's equity	941.99	865.89	8.79	3.91
Current ration (X)	4.76	6.14		
ROE (%)	13.08	15.83		
ROA (%)	9.83	10.40		
Debt to equity ratio (X)	0.37	0.29		

Total assets

As at December 31, 2022, the Group had total assets of 1,288.20 million baht. Cash and cash equivalent were switched to financial assets as the Group invested in Money Market Funds and Fixed Income Funds. Inventories increased 32.07% YoY in line with the increase in sales and branch expansion. In addition, property, plants, and equipment increased by 126.25% from YE2021 as the Group has used capital expenditure by acquiring a new plot of land with a building to be used as its new head office and warehouse; renovating existing branches and investing in new branch expansion. The right of use assets also increased to 171.46 million baht as at December 31, 2022, an increase of 45.11% from that of FY Ended December 31, 2021, as the Group acquired a larger number of lease agreements for the new branches.

Total liabilities

The Group had total liabilities of 346.20 million baht as at December 31, 2022, an increase of 93.78 million baht or 27.09% increase from that of FY Ended 2021. Its main liabilities were lease liabilities and trade and other current payable which increased 47.07% YoY and 28.28% YoY respectively as a result of branch expansion and increased sales.

Additionally, 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 0.37X as of December 31, 2022.

Total shareholder's equity

As at December 31, 2022, the Group had shareholders' equity of 941.99 million baht. The company had unappropriated retained earnings of 122.60 million baht.

Please be informed accordingly.

Yours sincerely,



(Araya Tantanasin)

Chief Finance Officer

Healthlead Public Company Limited