

No. HEL/025/2023

Date May 15, 2023

Subject Management's Discussion and Analysis of financial statement for Quarter 1 ended Mar 31, 2023

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, 2023 as follows:

	Changes				
	Q1-2023 (MB)	Q1-2022 (MB)	Q4-2022 (MB)	YOY (%)	QOQ (%)
Revenue from sales	385.40	371.40	388.75	3.77	-0.86
Total revenues	388.34	374.71	395.30	3.64	-1.76
Total expenses	370.56	336.26	353.96	10.20	4.69
Net profit (loss) for the period	12.80	30.19	34.02	-57.62	-62.39
EBITDA	30.25	45.69	53.58	-33.79	-43.54

Revenue

In Q1-2023, the Group had a total revenue of 388.34 million baht, comprised of revenue from sales at 385.40 million baht or 99.24% of total revenue. Revenue from sales grew 3.77% YoY. In Q1-2023, revenues from sales of three categories grew 16% to 23% YOY - Medicine and Dietary Supplement at 16%, Personal Healthcare at 20%, and Medical Foods at 23%. These three categories accounted for 83.96% of total revenue from sales.

Revenue from sales of Medical Equipment and Home Healthcare decreased 34.53% YoY. This is due to sales of ATK and coronavirus disease 2019 or COVID-19 related products hitting a peak in Q1-2022 when COVID-2019 was declared as a dangerous communicable disease by the Ministry of Public Health (MOPH). At that time, MOPH had implemented the policy to prevent, contain, and control the spread of COVID-19 by highly encouraging the use of ATK tests for both public and private sectors as well as for individuals. However, MOPH has renounced COVID-19 formerly as a dangerous communicable disease to be labeled as a communicable disease under surveillance on October 1, 2022, and as a result, sales of ATK and COVID-19 related products have decreased.

The Group has opened a total of 11 new branches in 2022 and additional three new branches in Q1-2023

- 1) Icare Seri-Market Phutthamonthon Sai 5
- 2) Icare Tha It Nonthaburi and
- 3) Icare Thanya-Market Aom Yai,

As of March 31, 2022, the Group had a total of 39 branches in operation, two branches under construction and four rental contracts signed for new branches.

REVENUE BREAKDOWN	1Q-2023		YOY		QOQ	
	(MB)	(%)	(MB)	(%)	(MB)	(%)
Medicine and Dietary Supplement	262.47	68.10	35.94	15.86	4.37	0.02
Medical Equipment and Home Healthcare	61.81	16.04	-32.60	-34.53	-12.18	-0.16
Personal Healthcare	40.74	10.57	6.91	20.41	2.91	0.08
Medical Food	20.38	5.29	3.76	22.62	1.56	0.08
Total revenue from sales	385.40	100.00	14.00	3.77	-3.34	-0.01

Gross margin

In Q1-2023, the Group had a gross profit of 82.75 million baht or a gross margin of 21.47%. Gross profit decreased 23.92% YoY, primarily due to the Group's recent engagement in marketing activities such as a series of promotions of non-medicine products, and the Group also maintained medicine prices to increase competitiveness and to gain market share. In addition, profit from sales of Medical Equipment and Home Healthcare products related to Covid-19 has decreased.

Distribution costs

For Q1-2023, distribution cost was 49.54 million baht, accounting for 12.85% of revenue from sales. 88.62% of its distribution costs consists of employee costs, rental fees, utilities, and depreciation and amortization costs. Distribution costs increased 37.19% YoY in Q1-2023 largely from branch expansions: 11 branches in 2022 and three branches in Q1-2023. Furthermore, distribution costs in Q1-2023 have included some pre-opening expenses of the new branches to be open in Q2-2023.

Administrative expenses

For Q1-2023, the Group had 19.54 million baht in administrative expenses, accounting for 5.03% of total revenue. The Group's administrative expenses increased 9.34% YoY. 73.20% of administrative expenses were employee costs, and depreciation and amortization costs.

Finance costs

The Group had financial costs of 1.99 million baht, 0.51% of total revenue. The finance cost mainly was the interest cost of right-of-use assets.

Net profit

In Q1-2023, the Group had a net profit of 12.80 million baht, decreased by 57.62% YoY because gross margin decreased and at the same time, distribution costs increased.

Profitability Ratios	Q1-2023	Q1-2022	Q4-2022
Gross margin (%)	21.47	23.92	27.23
Net margin (%)	3.29	8.06	8.61
EPS (THB)	0.05	0.11	0.13

STATEMENT OF FINANCIAL POSITION

	31 Mar. 2023	31 Mar. 2022	31 Dec. 2022	YOY	QOQ
	(MB)	(MB)	(MB)	(%)	(%)
Total assets	1,311.03	1,169.38	1,288.19	12.11	1.77
Total liabilities	356.25	273.30	346.20	30.35	2.90
Total shareholder's equity	954.78	896.08	941.99	6.55	1.36
Current ratio (X)	4.76	5.77	4.76		
ROE* (%)	10.90	18.41	13.08		
ROA** (%)	8.13	12.23	9.83		
Debt to equity ratio (X)	0.37	0.30	0.37		

Total assets

As at March 31, 2023, the Group had total assets of 1,311.03 million baht. Cash and cash equivalent decreased from 146.35 million baht at the end of 2022 to 83.71 million baht as of March 31, 2023 as the Group increased the proportion of investment in low-risk investments such as money market and debentures. As a result, the Group's financial assets increased by 50.19 million baht. Inventories, property, plant, and equipment, and right-of-use assets were still the Group's main assets. Its main assets increased due to branch expansion and investing in improving the new warehouse in 2022.

Total liabilities

The Group had total liabilities of 356.25 million baht as of March 31, 2022, an increase of 10.05 million baht or 2.90% from that of FY Ended 2022. Its main liabilities were lease liabilities, trade, and other current payable. Branch expansion was the main reason total liabilities from lease liabilities increased 7.78% from FY Ended 2022.

Additionally, the Group is currently debt-free, as it repaid all loans from financial institutions in Q2-2022. Its debt-to-equity ratio remained low at only 0.37X as of March 31, 2023.

Total shareholder's equity

As of March 31, 2023, the Group had shareholders' equity at 954.78 million baht and unappropriated retained earnings at 135.39 million baht. According to the Annual General Meeting of Shareholders held April 12, 2023, The Meeting unanimously approved the dividend payment to the shareholders at the rate of 0.18 baht per share for 272 million shares. The company paid the dividend 0.18 baht per share or the total amount of 48.96 million baht to its shareholders on May 11, 2023.

Please be informed accordingly.

Yours sincerely,



(Araya Tantanasin)

Chief Finance Officer

Healthlead Public Company Limited