

No. HEL/040/2023

Date November 13, 2023

Subject Management's Discussion and Analysis of financial statement for Quarter 3 ended September 30, 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 3 ended September 30, 2023 as follows:

			Changes		
	Q3-2023 (MB)	Q3-2022 (MB)	Q2-2023 (MB)	YOY (%)	QOQ (%)
Revenue from sales	410.80	397.58	397.05	3.33	3.46
Total revenues	416.57	402.71	403.77	3.44	3.17
Total expenses	394.79	362.10	381.19	9.03	3.57
Net profit (loss) for the period	16.21	31.20	15.97	-48.04	1.52
EBITDA	49.21	50.39	36.43	-2.34	35.09

Revenue

In Q3-2023, the Group had a total revenue of 416.57 million baht, comprised of revenue from sales at 410.80 million baht or 98.62% of total revenue. Revenue from sales increased 3.33% YOY and 3.46% QOQ. In Q3-2023, revenues from sales of three categories grew 10.23% to 27.01% YOY – Medical and Dietary Supplement 10.23%, Personal Healthcare at 11.54%, and Medical Foods at 27.01%. These three categories accounted for 85.90% of total revenue from sales.

Revenue from sales of Medical Equipment and Home Healthcare decreased 28.23% YoY. This was due to sales of ATK and coronavirus disease 2019 or COVID-19 related products dropped significantly after MOPH has renounced COVID-19 formerly as a dangerous communicable disease to be labeled as a communicable disease under surveillance on October 1, 2022.

The Group opened a total of 11 new branches in 2022 and added seven new branches in the first nine months of this year. As a result, as of September 30, 2023, the Group had a total of 43 branches in operation. The Group has also opened two additional branches in early Q4-2023 in Bangkok and five branches under renovation.

REVENUE BREAKDOWN	Q3-2023		YOY		QOQ	
	(MB)	(%)	(MB)	(%)	(MB)	(%)
Medicine and Dietary Supplement	286.86	69.83	26.62	10.23	15.39	5.67
Medical Equipment and Home Healthcare	57.91	14.10	-22.78	-28.23	-5.79	-9.08
Personal Healthcare	42.68	10.39	4.42	11.54	2.48	6.18
Medical Food	23.35	5.68	4.97	27.01	1.66	7.66
Total revenue from sales	410.80	100.00	13.22	3.33	13.75	3.46

Gross margin

In Q3-2023, the Group had a gross profit of 92.90 million baht or a gross margin of 22.61%. Gross margin was lower than 24.25% of Q3-2022, primarily due to profit from sales of Medical Equipment and Home Healthcare products related to Covid-19 and Healthiness's products, which had high gross margin, decreased.

Distribution costs

For Q3-2023, distribution cost was 59.72 million baht, accounting for 14.54% of revenue from sales. 89.84% of its distribution costs consists of employee costs, rental fees, utilities, and depreciation and amortization costs. Distribution costs increased 37.65% YoY in Q3-2023 largely from branch expansions and pre-opening expenses of the new branches to be opened in Q4-2023.

Administrative expenses

For Q3-2023, the Group had 19.17 million baht in administrative expenses, accounting for 4.60% of total revenues. The Group's administrative expenses increased 3.41% YoY. 79.09% of administrative expenses were employee costs, and depreciation and amortization costs.

Finance costs

The Group had financial costs of 2.24 million baht, 0.54% of total revenue. Finance cost increased 31.88% YOY which was an impact of rapid branch expansion. The finance costs were the finance cost of right-of-use assets.

Net profit

In Q3-2023, the Group had a net profit of 16.21 million baht, decreased by 48.04% YoY largely owing to distribution costs increase from branch expansion.

Profitability Ratios	Q3-2023	Q3-2022	Q2-2023
Gross margin (%)	22.61	24.25	22.80
Net margin (%)	3.89	7.75	3.96
EPS (THB)	0.06	0.11	0.06

STATEMENT OF FINANCIAL POSITION

	30 Sep 2023	31 Dec 2022	30 Sep 2022	QOQ	YOY
	(MB)	(MB)	(MB)	(%)	(%)
Total assets	1,300.92	1,288.19	1,206.77	2.07	7.80
Total liabilities	362.92	346.20	300.19	2.90	20.89
Total shareholder's equity	938.00	941.99	906.58	1.76	3.47
Current ratio (X)	4.82	4.76	5.19		
ROAE* (%)	8.57	13.08	19.94		
ROAA** (%)	6.30	9.83	13.08		
Debt to equity ratio (X)	0.39	0.37	0.33		

*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, 2023, the Group had total assets of 1,300.92 million baht, increased by 2.07% from as at December 31, 2022 - total current assets decreased 6.73% while total non-current assets increased 18.27% as compared to the end of 2022. Cash and cash equivalent decreased from 146.35 million baht at the end of 2022 to 31.00 million baht as at September 30, 2023 as the Group invested in branch expansion which resulted in an increase of inventories, property plant & equipment and right-of-use assets.

However, the Group's other current financial assets remain at a high level. The overall changes in assets have not affected its liquidity as its current ratio was still high at 4.82 times in Q3-2023, slightly higher than 4.76 times of FY Ended 2022.

Total liabilities

The Group had total liabilities of 362.92 million baht as of September 30, 2023, an increase of 16.72 million baht or 4.83% from that of FY Ended 2022. Its main liabilities were lease liabilities, trade and other current payables. Investing in branch expansion has resulted in 19.51% lease liabilities and 24.39% provision for dismantling and removal cost increase 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 0.39 times as of September 30, 2023.

Total shareholder's equity

As at September 30, 2023, the Group had shareholders' equity at 938.00 million baht and unappropriated retained earnings at 118.61 million baht.

Please be informed accordingly.

Yours sincerely,



(Araya Tantanasin)

Chief Finance Officer

Healthlead Public Company Limited