

No. HEL24/05/2024

Date 15 May 2024

Subject Management's Discussion and Analysis of financial statement for Quarter 1 ended 31 March 2024

To President 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 31 March 2024 as follows:

	Q1 2024	Q1 2023	Q4 2023	Change	
	(MB)	(MB)	(MB)	YOY (%)	QOQ (%)
Revenue from sales	482.41	385.40	442.29	25.17	9.07
Total revenues	494.82	388.34	450.64	27.42	9.80
Total expenses	470.79	370.56	412.05	27.05	14.26
Net profit (loss) for the period	18.58	12.80	29.70	45.17	-37.46
EBITDA	41.14	30.25	54.22	35.98	-24.13

Revenue

In Q1-2024, the Group had a total revenue of 494.82 million baht, comprised of revenue from sales at 482.41 million baht or 97.49% of total revenues. Revenue from sales grew 25.17% YoY and 9.07% QoQ. The significant growth rate of revenue from sales in this quarter was a result of branch expansion and the impact from the government's domestic consumption stimulus plan – Easy E-Receipt program which took place from 1 January to 15 February 2024. In Q1-2024, the Group opened two new branches in Bangkok and Metropolitan area, adding up to 52 branches as of 31 March 2024. (Table 1 page 5)

Revenue from sales of all four categories increased both YoY and QoQ. Still, Medicine and Dietary Supplement is the largest category, accounting for 68.82% of the total sales. Medicine and Dietary Supplement grew by 26.50% YoY and 7.62% QoQ. Medical Food had the highest growth rate at 36.20% YoY. Secondly, Personal Healthcare increased 31.79% YoY and 18.67% QoQ which was in line with our long-term plan to expand the proportion of revenue from sales of this category.

Other income jumped 102.80% YoY from the rapid increase in the number of branches and selling area which has resulted in increased revenue from existing and additional services. However, compared to that of Q4-2023, other income declined by 28.70%. This could be considered a normal business cycle as the producers and distributors of the products, besides medicine, would generally allocate their promotion budget in the first quarter less than the latter quarters.

The Group had 6.45 million baht net gain on disposal of non-current assets classified as held-for-sale in Q1-2024. This was referred to land and building previously used as Icare Health Co., Ltd. (its subsidiary)'s warehouse. The Group sold and transferred the property to the new owner on 8 February 2024. In Q1-2024, other gains declined 11.82 YoY and 37.76 QoQ because the Company switched its investment from other financial assets to bank deposits when the interest rate rose in 2023. This has resulted in a significant increase in finance income.

REVENUE BREAKDOWN	Q1 2024		Change			
	Proportion		YOY		QOQ	
	(MB)	(%)	(MB)	(%)	(MB)	(%)
Medicine & Dietary Supplement	332.01	68.82	69.54	26.50	23.51	7.62
Medical Equipment & Home Healthcare	68.94	14.29	7.14	11.55	6.17	9.82
Personal Healthcare	53.70	11.13	12.95	31.79	8.45	18.67
Medical Food	27.76	5.76	7.38	36.20	2.00	7.77
Total revenue from sales	482.41	100.00	97.01	25.17	40.12	9.07

Gross margin

In Q1-2024, the Group had a gross profit of 104.83 million baht or a gross margin of 21.73% which was higher than 21.47% in Q1-2023. This was due to the gross margin of the three categories increased, except Medicine and Dietary Supplement. However, the gross margin in Q1-2024 was lower than 25.11% in Q4-2023. It would be considered a normal business cycle because the fourth quarter would normally have the best performance as the Group receives the year-end rebate fees in accordance with Trade Term Agreements.

Distribution costs

In Q1-2024, distribution cost was 74.96 million baht, accounting for 14.92% of revenue from sales. 88.86% of its distribution costs consists of employee costs, rental fees, utilities, and depreciation and amortization costs. Distribution costs increased 45.27% YoY in Q1-2024 largely from branch expansions: 13 branches from a total of 39 branches as of 31 March 2023 to 52 branches as of 31 March 2024.

Administrative expenses

In Q1-2024, the Group had 22.28 million baht in administrative expenses, accounting for 4.50% of total revenues. The Group's administrative expenses increased 14.02% YoY largely due to the increase in employee expenses and other expenses in order to support its expansion plan.

Finance costs

The Group had financial costs of 2.91 million baht, 0.59% of total revenues. The finance costs increased 46.10% YoY and 11.52% QoQ which was the result of the branch expansion. Its finance costs were mainly the finance cost of right-of-use assets.

Net profit

In Q1-2024, the Group had a net profit of 18.58 million baht, increased by 45.17% YoY because revenue from sales, gross profit margin, other income and finance income increased plus it had gain from disposal of non-current assets. However, compared to Q4-2023, net profit decreased 37.46% QoQ because gross profit margin and other income in the other quarters are normally less than that of the fourth quarter.

Profitability	Q1 2024	Q1 2023	Q4 2023
Gross profit margin (%)	21.73	21.47	25.11
Net margin (%)	3.75	3.29	6.59
EPS (THB)	0.07	0.05	0.11

STATEMENT OF FINANCIAL POSITION

	31-Mar-24	31-Mar-23	31-Dec-23	YOY	QOQ
	(MB)	(MB)	(MB)	(%)	(%)
Total assets	1,432.08	1,311.03	1,382.35	9.23	3.60
Total liabilities	445.45	356.25	414.29	25.04	7.52
Total shareholders' equity	986.63	954.78	968.05	3.34	1.92
Current ratio (X)	4.29	4.76	4.26		
ROAE* (%)	8.29	10.90	7.82		
ROAA** (%)	5.87	8.13	5.59		
Debt to equity ratio (X)	0.45	0.37	0.43		

*ROAE = Trailing-12-month net profit to average total shareholders' equity

**ROAA = Trailing-12-month net profit to average total assets

Total assets

As of 31 March 2024, the Group had total assets of 1,432.08 million baht, an increase of 3.60% from 31 December 2023. Total current assets increased 1.40% QoQ and total non-current assets increased 7.08% from as of 31 December 2023. In Q1-2024, other intangible assets other than goodwill increased 30.82% from 31 December 2023 which mainly was the software license fees.

On 8 February 2024, The Group sold its non-current assets classified as held-for-sale, net book value 17.38 million baht as stated in the statements of financial position as of 31 December 2023 and it recognized 6.45 million baht gain from disposal of the assets in this quarter.

Total liabilities

The Group had total liabilities of 445.45 million baht as of 31 March 2024, an increase of 7.52% from that of 31 December 2023. The increased liabilities were mainly related to the branch expansion including current portion of lease liabilities, lease liabilities, and provision of dismantling and removal cost.

Additionally, the Group is currently debt-free. Its debt-to-equity ratio remained low at only 0.45 times as of 31 March 2024.

Total shareholders' equity

As of 31 March 2024, the Group had shareholders' equity at 986.63 million baht and unappropriated retained earnings at 167.24 million baht. According to the Annual General Meeting of Shareholders held on 12 April 2024, The Meeting unanimously approved the dividend payment to the shareholders at the rate of 0.15 baht per share for 272,000,000 shares which was 40,800,000 baht in total. The Company paid the dividend to its shareholders on 10 May 2024.

Please be informed accordingly.

Yours sincerely,



(Araya Tantanasin)

Chief Finance Officer

Healthlead Public Company Limited

Table 1 : Our pharmacy details

1. 

Branch	Location	Open
1. Thotsakan Intersectioin	349/512 Phutta Monthon Sai 2, Bang Phai Subdistrict, Bang Khae District Bangkok	2009
2. Save Center	Room A.5 42-42/1-42/34 Borommaratchachonnani Road, Sala Thammasop Subdistrict, Thawi Watthana District, Bangkok	2009
3. Sai 2 Market	238 Phutta Monthon Sai 2, Bang Khae Nuea Subdistrict, Bang Khae District Bangkok	2009
4. Prachaniwet 1	99/188,189 Thetsaban Songkhro Road, Lat Yao Subdistrict, Chatuchak District, Bangkok	Mar 2010
5. Seri Market Rama 9	999/5 Unit U013,U014 Rama 9 Road, Phattanakan Subdistrict, Suan Luang District, Bangkok	Dec 2014
6. The Trio	170/14 Phutta Monthon สาย 3, Bang Phai Subdistrict, Bang Khae District, Bangkok	Dec 2014
7. Senee Market Phet Kasem 28	194/14 Phet Kasem Road, Pak Khlong Phasi Chareon Subdistrict, Phasi Chareon District, Bangkok	Aug 2016
8. Phet Kasem 56	618/3-618/4 Phet Kasem Road, Bang Wa Subdistrict, Phasi Chareon District, Bangkok	Aug 2019
9. Victoria Garden	1871 Building B, Room B109 Phet Kasem Road, Lak Song Subdistrict, Bang Khae District, Bangkok	Jun 2020
10. Thanommit Market	88 Rarm Intra 55/8, Tha Raeng Subdistrict, Bang Khen District, Bangkok	Nov 2021
11. Laselle	965,967,969 Bang Na Tai Subdistrict, Bang Na District, Bangkok	May 2022
12. Ratchayothin	15,15/1 Room B101, 1 st FL. Box Space Ratchayothin, Ratchadaphisek Subdistrict, Chatuchak District, Bangkok	Aug 2022
13. Susco Ekkachai 101	1133/1-2 Susco Gas Station Ekkachai 101 Branch, Ekkachai Road, Bang Bon Tai Subdistrict, Bang Bon District, Bangkok	Aug 2022
14. Susco Phutta Bucha	367 Susco Gas Station Phutta Bucha Branch, Phutta Bucha Road, Bang Mod Subdistrict, Thung Khru District, Bangkok	Sep 2022

Branch	Location	Open
15. Thonburi Marketplace	Room R04 Thonburi Marketplce Borommaratchachonnani Road, Sala Thammasop Subdistrict, Thawi Watthana District, Bangkok	Nov 2022
16. Bangchak Tha Kham	Room A02-A03 1 st FL. Building A, Tha Kham Road, Samae Dam Subdistrict, Bang Khun Thian District, Bangkok	Dec 2022
17. Rarm Intra KM.8	311/12 ชั้น 1 Rarm Intra Road, Rarm Intra Subdistrict, Khan Na Yao District, Bangkok	Dec 2022
18. Lotus Nong Chok	46 Chueam Samphan Road, Krathum Rai Subdistrict, Nong Chok District, Bangkok	Dec 2022
19. Seri Market Phutta Monthon Sai 5	Room A029,A030, 64 Moo 11, Phutta Monthon Sai 5 Rai Khing Subdistrict, Sam Phran District, Nakhon Pathom	Apr 2023
20. Tha It Nonthaburi	91/144-145 Moo 5, Bang Rak Noi Subdistrict, Mueang Nonthaburi District, Nonthaburi	Apr 2023
21. Thunya Aom Yai	33/34 Moo 2, Aom Yai Subdistrict, Sam Phran District, Nakhon Phatom	Apr 2023
22. Lat Phrao 136	Room 3, 3466 Soi Lat Phrao 136, Lat Phrao Road, Khlong Chan Subdistrict, Bang Kapi District, Bangkok	May 2023
23. Foody Farm Bang Yai	Room FD-10,11,12, 88/88 Moo 8 Bang Muang Subdistrict, Bang Yai District, Nonthaburi	Jul 2023
24. Caltex Si Saman	Shop 1-4, 323/2 Moo 3, Ban Mai Subdistrict, Pak Kret District, Nonthaburi	Sep 2023
25. Ramkhamhaeng 59	1 st FL. and Mezzanine, 517,517/1 Ramkhamhaeng Road, Hua Mak Subdistrict, Bang Kapi District, Bangkok	Sep 2023
26. Village Hub Pracha Uthit 90	Building D Room D102A, 1 FL. 828,828/1 Moo 2, Ban Khlong Suan Subdistrict, Phra Samut Chedi District, Samut Prakan	Dec 2023

2.  Pharmax

Branch	Location	Open
1. Pradit Manutham	275 Pradit Manutham Road, Wangthonglang Subdistrict, Wangthonglang District, Bangkok	2013
2. Chamchuri Square	317 Chamchuri Square Building, B FL. Room 03 - B03/1, Phayathai Road, Pathumwan Subdistrict, Pathumwan District, Bangkok	2013
3. Pure Place Ramkhamhaeng 110	86/1 Pure Place Shopping Mall B Building, 1 st FL. Room B105-B106 Ramkhamhaeng Road, Saphan Sung Subdistrict Saphan Sung District, Bangkok	2013
4. Nuan Chan	17/63 Nuan Chan Road, Nuan Chan Subdistrict, Bueng Kum District, Bangkok	2013
5. The Jas Wanghin	728 The Jas Wanghin Community Mall, Room B102 1 st FL. Lat Phrao-Wanghin Road, Lat Phrao Subdistrict, Lat Phrao District, Bangkok	Dec 2014
6. The Nine Rama 9	999/2 The Nine, Rama 9 Road, Phattanakan Subdistrict Suan Luang District, Bangkok	Dec 2014
7. Food Villa Ratchaphruek	77/11 Food Villa Ratchaphruek, Ratchaphruek Road, Bang Ramat Subdistrict, Taling Chan District, Bangkok	Feb 2016
8. The Street Ratchada	139 The Street Ratchada, Ratchadaphisek Road, Din Daeng Subdistrict, Din Daeng District, Bangkok	Jun 2016
9. The Crystal Ekkamai-Ramindra	209 The Crystal Building J 1 st FL. Room 101 Pradit Manutham Road, Lat Phrao Subdistrict, Lat Phrao District, Bangkok	Jul 2017
10. Fashion Island	587,589,589/7-9 Fashion Island, Room B037C B FL. Rarm Intra Road, Khan Na Yao Subdistrict, Khan Na Yao District, Bangkok	Nov 2018
11. Lotus Lat Krabang	362 Tesco Lotus Building Ladkrabang Branch, Luang Phaeng Road, Thap Yao Subdistrict, Lat Krabang District, Bangkok	Sep 2020

Branch	Location	Open
12. Robinson Lat Krabang	Room RLK-1F-RR-102/3, RLK-1K FL., 308/1 Lat Krabang Road, Lat Krabang Subdistrict, Lat Krabang District, Bangkok	Sep 2021
13. Marketplace Krungthep Kreetha	Room KTK01LS107,109, 1F FL. 241 Krungthep Kreetha Road, Hua Mak Subdistrict, Bang Kapi District, Bangkok	Oct 2021
14. Thonglor 13	283/3-4 Unit 0101-2, 1 st FL. Homeplace Office Building, Soi Thonglor 13, Sukhumvit 55, Khlong Tan Nuea Subdistrict, Vadhana District, Bangkok	Mar 2022
15. Seacon Srinakarin	55 Seacon Sqsquare Room B0029, B1 FL. Srinakarin Road, Nong Bon Subdistrict, Prawer District, Bangkok	Sep 2022
16. Ratchapruek	81/1 Moo 10 Bangkrang Subdistrict, Mueang Nonthaburi District, Nonthaburi	Nov 2022
17. Boothavorn Suvarnabhumi	Room A1-A13, 15/2 Moo 14 Bang Phli Yai Subdistrict, Bang Phli District, Samut Prakan	Jun 2023
18. On Nut	Room P1-P5, 1762/1 On Nut Road, On Nut Subdistrict, Suan Luang District, Bangkok	Oct 2023
19. Lotus North Ratchapruek	Tesco Lotus North Ratchapruek, Room PG028, 30/17 Moo 4, Aomkred Subdistrict, Pak Kret District, Nonthaburi	Dec 2023
20. Paradise Park G Floor	Paradise Park, G FL. 61 Srinakarin Road, Nong Bon Subdistrict, Prawet District, Bangkok	Dec 2023
21. PTT Borommaratchachonnani 99	Room 3.1, 359/2 Borommaratchachonnani Road, Chimphli Subdistrict, Taling Chan District, Bangkok	Dec 2023
22. Paradise Park 3 rd Floor	Paradise Park, 3 rd FL. 61 Srinakarin Road, Nong Bon Subdistrict, Prawet District, Bangkok	Dec 2023
23. Sena Fest	542,542/1-2 Room S01, G FL. Sena Fest Project, Charoen Nakhon Road, Khlong Ton Sai Subdistrict, Khlong San District, Bangkok	Mar 2024

Branch	Location	Open
24. The Mall Bang Khae	Room G01, G FL. 518,518/1 Petchkasem, Bang Khae Nuea Subdistrict, Bang Khae District, Bangkok	Mar 2024

3. 

Branch	Location	Open
1. Central Pinklao	7/222 Central Pinklao Room 325/1 3 rd FL. Borommaratchachonnani Road, Arun Amarin Subdistrict, Bangkok Noi District, Bangkok	May 2016

4. 

Branch	Location	Open
1. Superdrug	40/9 Phran Nok-Phutthamonthon Sai 4, Bang Phrom Subdistrict, Taling Chan District, Bangkok	Mar 2017