



Mobile-Health Network Solutions

MNDR (NASDAQ) - Buy

Update Report – April 23, 2024

Rapidly Growing Southeast Asia Telemedicine Company with Global Aspirations

Analyst: Barry M. Sine, CFA, CMT

Mobile Health (aka MaNaDr) pre-announced 100% growth for 1H F24 telemedicine visits and revenue.

- Yesterday, Mobile Health Network Solutions pre-announced better-than-expected F24 first-half results for the period ending December 31, 2023.
- The company provided 714k telemedicine visits for the six months, an increase of 98%. We have only published full-year estimates, but the six months represent annualized visits of 1.428 million, or about 5% ahead of our full-year estimate. With sequential growth in 2H F24, visits should come in comfortably ahead of our estimate.
- 1H F24 revenue was reported at \$6 million, up 100% from the prior first-half period. Annualized this equals our full fiscal year revenue estimate of \$12 million, but assuming that 2H results increase beyond 1H levels, the company should significantly exceed our estimates.
- The company expects to file a 6-K with full financials by June 30th, after which we expect to update our forecast.
- The shares have moved well beyond the price target we established when initiating coverage in March, so we are suspending our target until we can better assess the 1H results and see how much profit-taking occurs after the breath-taking 600%+ surge to its post-IPO high before the recent pullback.
- We continue to be bullish on the company's prospects. Today it provides a quality telemedicine offering in Singapore, besting its peers. More importantly, as we outlined in our initiation report, it has the pieces in place for expansion across Southeast Asia and beyond.

| | | | | | | |
|-------------------------|-----------|---------------------------|----------------|----------------|----------------|----------------|
| Rating | Buy | Earnings Per Share | | | | |
| Target Price | suspended | FYE - June | FY2023 | FY2024E | FY2025E | FY2026E |
| Ticker Symbol | MNDR | | | | | |
| Market | NASDAQ | | | | | |
| Stock Price | \$23.85 | Revenue (\$mm) | \$7.9 | \$12.1 | \$21.7 | \$38.2 |
| 52 wk High | \$29.50 | EV/Rev | -1.2X | -0.8X | -0.4X | -0.3X |
| 52 wk Low | \$4.79 | | | | | |
| Shares Outstanding: | 34.0 M | EBITDA (\$mm) | (\$3.2) | (\$3.7) | (\$1.2) | \$0.7 |
| Public Market Float: | 15.8 M | EPS | (\$0.12) | (\$0.11) | (\$0.03) | \$0.02 |
| Avg. Daily Volume | 7,030,856 | | | | | |
| Market Capitalization: | \$523 M | | | | | |
| Institutional Holdings: | NA | | | | | |
| Dividend Yield: | 0.0% | | | | | |

Risks/Valuation

- We see two key risks to the business. First, consumers could revert to favoring in-person medical treatment, and second, a larger and better-capitalized competitor could enter the Southeast Asia telemedicine market. We discount both in this report.
- We use a blend of telemedicine and social media comps to value the company. Telemedicine comps trade at an average of 3x 2024E revenue, with a range of 1X to 8X. Social media comps trade at an average of 4x with a range of 1x to 8x. The stock is currently at 18.7x our F26 revenue estimate, which is not unreasonable given the just-reported 100% growth, however, there are few 100% growers to use as comps.

Company description: Mobile-Health Network Solutions operates under the MaNaDr brand and is the largest and fastest-growing telemedicine provider in Singapore. It has put the infrastructure in place to expand its array of services geographically across Southeast Asia and to other markets such as the Middle East, Australia, and perhaps even the U.S.



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Pre-Announced 1H F24 Numbers Suggest Company Tracking Well Ahead of Our Estimates

Yesterday, Mobile Health Network Solutions pre-announced two data points for 1H F24 (ended December 31, 2023), which suggests that the company is tracking well ahead of our estimates, (which are only on a full-year basis). We are not adjusting our model at this time, but plan to do so once the company files full financial statements with its 6-K to be filed by June 30th.

Telemedicine visits for the six months came in at 714K, up 98%. If we double this to annualize it, it would be about 5% ahead of our full-year estimate. However, given the company's strong growth trajectory, we expect further growth in 2H, which would put this metric well ahead of our estimates.

Similarly, revenue came in at \$6 million for the first half, up 100%. This works out to \$12 million annualized, in line with our estimate. But with continued strong growth, revenue should be well ahead of our estimate, not just for F24, but also for F25 and F26. And we note that this is occurring without significant entries into new countries, as planned. We plan to update our forecast once the company files its 6-K by June 30th, with full financial statements.

Given the meteoric runup in the shares (over 600% to the high), we suspend our target until the shares settle out and we can fully assess the 1H 24 financial statements. But with the just-reported 100% growth, solid domestic positioning in Singapore, and global expansion aspirations, the enormous runup in the shares may prove the market's wisdom once again.

A Telemedicine Leader in Singapore, aspiring to be the Healthcare Operating System for the World

| Currently Singapore's Leading Telemedicine Platform | FY2026 Estimates | Future Growth Aspirations |
|---|--|--|
| \$8 mm revenue in F23 negative EBITDA in F23 1,500 Medical professionals 2,000,000 Consults to date 700 Clinics 18 Countries | \$38 mm est. revenue in F26 positive est. EBITDA in F26 | Healthcare Operating System Patients Doctors Clinics Hospitals Pharmacies |
| Singapore - telemedicine 416% FY23 growth in private teleconsults 17 countries - health care forums | | International Telemedicine Expansion Southeast Asia Middle East Australia United States |

Source: Litchfield Hills Research and Company reports



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It's Been Nine Amazing Days of Trading Since MNDR's IPO Debut



Source: FactSet Research Systems Inc.



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Mobile-Health Network Solutions – Revenue and Key Performance Indicators Forecast

| Fiscal years ended June 30 | 2022 | 2023 | 2024E | 2025E | 2026E |
|----------------------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Telemedicine | | | | | |
| Number of new users | 69,000 | 214,000 | | | |
| YoY growth | | 210.1% | | | |
| Number of private transactions | 176,000 | 908,000 | 1,362,000 | 2,043,000 | 3,064,500 |
| YoY growth | | 415.9% | 50.0% | 50.0% | 50.0% |
| Number of public transactions | 113,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| YoY growth | | -95.6% | 0.0% | 0.0% | 0.0% |
| Total transactions | 289,000 | 913,000 | 1,367,000 | 2,048,000 | 3,069,500 |
| YoY growth | | 215.9% | 49.7% | 49.8% | 49.9% |
| Revenue | | | | | |
| Telemedicine - Private sector | 1,509,843 | 6,704,414 | 10,896,000 | 20,430,000 | 36,774,000 |
| YoY growth | | 344.0% | 62.5% | 87.5% | 80.0% |
| Telemedicine - Public sectors | 4,615,595 | 125,689 | 40,000 | 50,000 | 60,000 |
| YoY growth | | -97.3% | -68.2% | 25.0% | 20.0% |
| Clinics | - | 68,063 | 74,869 | 82,356 | 90,592 |
| YoY growth | | | 10.0% | 10.0% | 10.0% |
| Telemedicine Subtotal | 6,125,438 | 6,898,166 | 11,010,869 | 20,562,356 | 36,924,592 |
| YoY growth | | 12.6% | 59.6% | 86.7% | 79.6% |
| Revenue per transaction | \$21.20 | \$7.56 | \$8.00 | \$10.00 | \$12.00 |
| Cost of Sales | 4,283,480 | 5,948,232 | 9,359,239 | 17,478,003 | 31,385,903 |
| Gross Profit | 1,841,958 | 949,934 | 1,651,630 | 3,084,353 | 5,538,689 |
| As a percent of revenue | 30.1% | 13.8% | 15.0% | 15.0% | 15.0% |
| Medicine and Device Sales | | | | | |
| Revenue | | | | | |
| Sales of devices | 863,411 | 976,720 | 1,074,392 | 1,181,831 | 1,300,014 |
| YoY growth | | 13.1% | 10.0% | 10.0% | 10.0% |
| Cost of Sales | 770,263 | 831,660 | 945,465 | 1,040,011 | 1,144,013 |
| Gross Profit | 93,148 | 145,060 | 128,927 | 141,820 | 156,002 |
| As a percent of revenue | 10.8% | 14.9% | 12.0% | 12.0% | 12.0% |

Source: Company reports and Litchfield Hills Research LLC



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Mobile-Health Network Solutions – Income Forecast

| Fiscal years ended June 30 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|-------------------------------|-----------|-----------|------------|-------------|-------------|-------------|------------|
| Revenue | 620,591 | 2,202,805 | 6,988,849 | 7,874,886 | 12,085,261 | 21,744,187 | 38,224,606 |
| YoY growth | | 255.0% | 217.3% | 12.7% | 53.5% | 79.9% | 75.8% |
| Seq growth | | | | | | | |
| Cost of Revenue | 482,164 | 1,611,493 | 5,053,743 | 6,779,892 | 10,304,704 | 18,518,014 | 32,529,916 |
| Gross Margin | 138,427 | 591,312 | 1,935,106 | 1,094,994 | 1,780,557 | 3,226,173 | 5,694,690 |
| As a percent of revenue | 22.3% | 26.8% | 27.7% | 13.9% | 14.7% | 14.8% | 14.9% |
| Operating Expenses | | | | | | | |
| Salaries and benefits | 46,195 | 433,241 | 1,038,877 | 2,389,892 | 2,417,052 | 3,261,628 | 3,822,461 |
| As a percent of revenue | 7.4% | 19.7% | 14.9% | 30.3% | 20.0% | 15.0% | 10.0% |
| Employees | | | 57 | 92 | | | |
| Per employee | | | 18,226 | 25,977 | | | |
| S,G&A | 514,674 | 63,587 | 615,473 | 1,898,986 | 3,021,315 | 1,087,209 | 1,146,738 |
| As a percent of revenue | 82.9% | 2.9% | 8.8% | 24.1% | 25.0% | 5.0% | 3.0% |
| EBITDA | (422,442) | 94,484 | 280,756 | (3,193,884) | (3,657,810) | (1,122,664) | 725,492 |
| EBITDA margin | -87.6% | 5.9% | 5.6% | -47.1% | -35.5% | -6.1% | 2.2% |
| Depreciation and amortization | 730 | 584 | 87,094 | 94,816 | 95,000 | 96,000 | 97,000 |
| Operating Income | (423,172) | 93,900 | 193,662 | (3,288,700) | (3,752,810) | (1,218,664) | 628,492 |
| Operating margin | -68.2% | 4.3% | 2.8% | -41.8% | -31.1% | -5.6% | 1.6% |
| Other income | | | | | | | |
| Government incentives | | | 2,357 | 27,892 | - | - | - |
| Other income, net | 65,959 | 73,557 | 62,453 | 47,448 | - | - | - |
| Pretax Income | (357,213) | 167,457 | 258,472 | (3,213,360) | (3,752,810) | (1,218,664) | 628,492 |
| Taxes | - | - | (165,775) | - | - | - | - |
| Tax rate | 0.0% | 0.0% | 64.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| Net Income | (357,213) | 167,457 | 92,697 | (3,213,360) | (3,752,810) | (1,218,664) | 628,492 |
| Diluted shares outstanding | | | 21,600,500 | 27,077,750 | 34,000,000 | 35,000,000 | 36,000,000 |
| Seq change | - | | | 5,477,250 | 6,922,250 | 1,000,000 | 1,000,000 |
| EPS | | | \$0.00 | (\$0.12) | (\$0.11) | (\$0.03) | \$0.02 |

Source: Company reports and Litchfield Hills Research LLC



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Disclosures:

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