Mobile-Health Network Solutions

MNDR (IPO pending) - Buy $7 PT

Initiation Report – March 21, 2024

Rapidly Growing Southeast Asia Telemedicine Company with Global Aspirations

Analyst: Barry M. Sine, CFA, CMT

We initiate coverage of Mobile-Health Network Solutions with a Buy Rating and $7 Price Target Ahead of IPO

- The company, which operates under the MaNaDr and related brands, is the largest and fastest-growing telemedicine company in Singapore.
- It has regional and global growth aspirations to be a global Medical Operating System and has put many of the pieces in place to do so.
- We believe that telemedicine has a strong future, like so many other industries that have gone digital, and that Southeast Asia is the fastest-growing region globally, with the most mobile savvy population.
- Demand is surging, with private telemedicine consultations up 416% in the most recent fiscal year ended June 2023.
- The company has filed for an IPO which looks to be pending pricing soon, with a price range of $4 to $5 per share.
- Our target, pro forma for the IPO, is $7 based on a blend of both telemedicine and social media comps.
- The company's closest comps are both TelaDoc (NASD – TDOC) in telemedicine and Doximity (NASD DOCS) for its medical forums. Both are cash rich and acquisitive.

Rating	Buy	
Target Price	$7.00	
Ticker Symbol	MNDR	
Market	NASDAQ	
Stock Price	$4.50	
52 wk High	NA	
52 wk Low	NA	
Shares Outstanding:	34.0	M
Public Market Float:	NA	M
Avg. Daily Volume	NA	
Market Capitalization:	$153.0	M
Institutional Holdings:	NA	
Dividend Yield:	NA	

Earnings Per Share

FYE - June	**FY2023**	**FY2024E**	**FY2025E**	**FY2026E**
Revenue ($mm)	**$7.9**	**$12.1**	**$21.7**	**$38.2**
EV/Rev	17.8X	11.6X	6.5X	3.7X
EBITDA ($mm)	**($3.2)**	**($3.7)**	**($1.2)**	**$0.7**
EPS	($0.12)	($0.11)	($0.03)	$0.02

Risks/Valuation

- We see two key risks to the business. First, consumers could revert to favoring in-person medical treatment and second, that 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 10X. Social media comps trade at an average of 4x with a range of 1x to 8x. Since we think the company is better positioned strategically and will grow faster than comps, we use a multiple of 6X our FY2026 revenue estimate, which is when we forecast positive EBITDA and EPS.

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 and geographically across Southeast Asia and to other markets such as the Middle East, Australia and perhaps even the U.S.

Rapidly Growing Southeast Asia Telemedicine Company with Global Aspirations

We initiate coverage of Mobile-Health Network Solutions with a Buy rating and a $7 price target, pro forma for the company's pending IPO with proposed ticker MNDR and pricing range of $4 to $5. We note that the company operates under the MaNaDr brand, as well as associated brands such as ManaCare and ManaShop. As we note in this report, the company is the largest and fastest-growing telemedicine company in Singapore, which is the financial hub for Southeast Asia, which itself is in turn the fastest growing region in the world. As we discuss in this report, there are myriad reasons why we think the company's Singapore telemedicine business can continue growing (albeit not as fast as the 416% growth in private consultations posted in FY2023). But, in our view, this is only part of the reason to invest in the company. As its two co-CEOs recently explained to us in a daylong visit to their Singapore headquarters, it has put in place the systems, personnel and branding for significant global expansion. As we discuss later, Southeast Asia represents significant opportunity (Mana means a supernatural force in Indonesia). But other markets like the Middle East (where Manna is described as coming from heaven in both the Torah and Koran) to Australia and eventually even the tough U.S. market. Most telemedicine providers benefited from a surge in demand during Covid, but unlike most of its local and global peers, MaNaDr has continued growing, and we forecast even greater growth.

The at-a-glance table below shows that the company has now conducted over two million medical teleconsultations to date. Its private sector telemedicine business is growing rapidly with triple-digit growth in the most recently reported fiscal year, ended June 30, 2023.

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

Source: Litchfield Hills Research and company reports

In the valuation section of this report, we discuss comparables, but no one company is exactly comparable to MaNaDr. In many ways it is more of a healthcare social media company, for both doctors (similar to Doximity in the U.S.) and patients, so we use both social media and telemedicine comps. As noted, unlike many telemedicine comps, MaNaDr continued to grow even after the Covid-related surge in demand.

In terms of risk factors, there are always risks associated with investing in any emerging small cap company as many just do not survive. This company does, however, have a relatively strong history, going back almost a decade. At present, it is beating its local competitors, although a gorilla with a King Kong balance sheet could come along. Although we note that MaNaDr was created by doctors, some of whom we met, and is a more thoughtful approach than that of some of the gorillas, for example Amazon's impersonal and even less technically advanced offering. And finally, there is the risk that consumers decide they prefer to get their healthcare the old-fashioned way, in person. But that flies in the face of the online trends in nearly every other industry including dating. Consumers, especially Southeastern Asian gen Z-ers, spend inordinate amounts of time on their phones, so consuming healthcare this way seems natural, not to mention much more convenient. So, trends or factors we have not foreseen could hurt the company, but we don't expect risks to materially diminish the growth story.

MaNaDr History

We spent several hours at the company's Singapore headquarters interviewing the company's co-CEOs, Doctor Siaw and Doctor Teoh. Dr. Siaw is both a respected physician and an experienced IT executive. He is so widely regarded by his peers, that his is on the disciplinary committee for doctors in Singapore. He also consulted for the IT department for the Singapore Ministry of Health for many years. It is rare to find one person with a strong medical background, as well as an IT background and strong inside knowledge of the government health ministry. Dr. Siaw is clearly the visionary behind the company and actively involved, discussing the company's mascot and how it curates health products for sale on its site. Dr. Teoh perfectly complements him. She is 12 years younger, so both were born in years of the snake (which is considered very lucky in Asian culture). Dr. Teoh runs the business end of MaNaDr and fluently discussed the financials and growth plans with us.

Even the company's name was carefully researched over a six-month period and strategically selected to appeal to a global audience as it achieves its growth aspirations. The first and foremost consideration was to find a name that was not inadvertently offensive or off-putting in some cultures (for example, when General Motors launched the Chevrolet Nova in Mexico, they quickly learned that no va means does not go in Spanish). In many cultures, local brands are preferred, and English language brands are not as attractive.

MaNaDr has a specific meaning in at least four cultures:

- **Malaysia** – in the Malay language the word "mana" means where, so MaNaDr translates into where is the doctor? Malaysia borders Singapore and the two countries have close economic and cultural ties, so Malysia is an obvious next market for entry. In addition, about 15% of the population of Singapore are Malays, making them the second largest population group, after Chinese. While English is most commonly spoken in Singapore, according to the constitution, Malay is the official language.
- **Indonesia** – in the Melanesian, Polynesia and Indonesia cultures mana is a supernatural force across the universe and refers to unseen supernatural powers. So MaNaDr means doctors with supernatural powers.
- **Japan** – Mana is a popular fantasy video game series from Japan available on the Nintendo, PlayStation and Xbox platforms with releases from 1991 to 2022. So, the name connotes positive

images among the Japanese, and global, gaming community, which should prove attractive to younger consumers who already spend much of their lives online anyway and are therefore likely receptive to receiving their medical services this way too.

- **Judaism and Islam** – in the Torah, manna is a food source from heaven – "manna from heaven" mentioned in the books of Exodus and Numbers. The word is used in the same context three times in the Koran. So, Jews and Muslims also have a positive association with the word.

Dr. MaNaCat is the Company's Global Ambassador

MaNaDr's marketing strategy has gone so far as to create a universally attractive mascot to make it consumer friendly. It is one of very few healthcare companies to utilize a mascot and, in our opinion, Dr. ManaCat (or ManaKitty) is the most creative. Medtronic has a person in a stent costume and AstraZeneca has a person in a giant Nexium pill costume while numerous practices have Care Bear, or slightly more creatively, Kare Bear mascots. It did not use a dog because the canine species is not well-regarded among Muslims. ManaCat has both blue and pink coloring, so it is gender neutral. The company boasts that it is the only healthcare company with a global name and mascot.

Doctor MaNaCat aka Doctor ManaKitty

Source: Company reports

The first version of the app was introduced in 2016, but lacked important features and was refined until a more market friendly version was launched in 2018. The next year, in 2019, the web browser version was launched. This timing was fortuitous since the Covid pandemic started in 2019 and really hit hard in 2020. This increased the demand for healthcare as about half of the world's population came down with Covid at some point while the supply of in-person medical treatment was limited due to fears of spreading Covid. Singapore relies heavily on migrant labor for construction and other low wage occupations and this part of the population was hit particularly hard as they were sequestered in their cramped dormitory lodgings. The Ministry of Manpower reached out to MaNaDr to provide telehealth to these workers. It had the doctors, was multilingual and it had the technology to meet this important unmet need.

Covid proved to be a financial windfall for MaNaDr. In fiscal 2022 it conducted 113,000 public sector telemedicine consultations representing roughly 40% of all of its consultations that year. But public sector telemedicine was 75% of telemedicine revenue as the government paid much more than MaNaDr charges its patients. This surged total revenue by 255% in FY2021 and another 217% in FY2022. The flip side is that now that Covid has largely passed, public sector revenue plunged by 97% in 2023 with just 5,000 consultations. Despite this sharp plunge in public sector telemedicine revenue, the 416% surge in private sector transactions, and 344% revenue growth, allowed it to still post 12.7% consolidated revenue growth for FY2023, while many (we believe most) telemedicine companies globally saw a decline in revenue post-Covid. One lasting benefit is that the many consumers who used telemedicine became comfortable with it, and now use it for all of their healthcare needs. With Covid now past public health is such a small part of the business and not a strategic imperative that the company will no longer break this part of the business out separately starting when it reports its results for fiscal year 2024.

We think understanding the impact of Covid is important for investors. Covid represented a one-time, highly lucrative revenue surge in fiscal years 2020, 2021 and 2022, but public sector telemedicine is not the company's core strategy. Private sector telemedicine is, and, to repeat, transactions increased by 416% and revenue increased by 344% in the most recently completed fiscal year. Our model forecasts much slower growth than these triple digit rates, but the company has already shown it can grow, and is dominating the Singapore telemedicine market (see our section on competitors for our justification on why we believe this.) As we discuss in this report, it has put the infrastructure in place for significant growth for years to come, and thus, as we discuss in the valuation section, ought to be accorded a premium multiple.

With this strong base, MaNaDr has a straightforward three-part strategy:

1 Add users

2. Add new services

3. Expand globally, either organically or via acquisition

The Company is Rapidly Adding Users

The company added 69,000 users in FY2022 and 214,000 in FY2023, so it is off to a good start. Like many developed countries, demographic trends in Singapore are beneficial to the company. First, mobile phone adoption is nearly universal among both residents and the large migrant worker community. So, everyone already has an Apple or Google device to download and use the app. And, as we note in the section on competitors, its app is highly rated in both app stores, with better ratings than its competitors.

Second, for a number of reasons, healthcare demand in Singapore is growing rapidly rising from $21 billion in 2020 to $33 billion this year, according to WHO. By 2027, demand is expected to reach $47 billion. There are a number of factors driving this growth. First, Singapore has an aging population with people aged 65 years and older making up roughly 20% of the population by 2027, versus 15% in 2020. Singaporeans are also getting fatter, with 11% of adults being obese, up from 9% in 2013. Across MaNaDr's users, about 60% are at least moderately overweight. This shows no signs of abating as obesity among school age children is also on the rise. As we discuss later, weight management is an ideal market for MaNaDr, where it is already seeing success. The incidence of chronic diseases is also increasing, with, for example, diabetes at 10% and hypertension at 36% of the population. The company's app has a face scanning feature ideal for monitoring these diseases. In our case it accurately measured this analyst's weight, BMI, blood pressure, pulse rate and heartbeat rate after a 60 second scan.

The second part of the strategy is to add new services, for example gender care and weight management. The company launched its comprehensive weight loss management program in December 2022 and boasts some amazing statistics. Most of its patients have achieved their weight loss goals and not a single one has dropped out. Based on what we know about traditional weight loss programs, most are not effective, and most users give up. Part of the reason for MaNaDr's success is the recent introduction of effective weight loss drugs such as Novo Nordisk's Ozempic drug. Ozempic has been certified to be effective by the FDA and in most countries, including the U.S. and Singapore, it requires a doctor's prescription. So MaNaDr customers log in, consult with a doctor, get on a weight loss program and have frequent, convenient follow ups. We think that convenience is key too since it is much easier to log on to the app (from anywhere 24/7) than it is to schedule and travel to a clinic. During our recent visit to Singapore, MaNaDr had its mascot, ManaCat, at the Worldwide Obesity Day event.

The third part of the equation is geographic expansion. The company already has users on its medical forums in 18 countries. We expect its target focus to be on the 11 countries in Southeast Asia, but also see opportunities in Australia, the Middle East and longer term, the U.S. Southeast Asia has a population of roughly 700 million and is seeing rapid growth with region-wide GDP doubling over the last decade. We see a number of reasons for this.

Businesses are diversifying out of China due to perceived geopolitical risks and higher personnel costs as the population ages. Singapore is a major beneficiary and many observers, including the Straits Times, have examined it as the next logical financial center for the region, replacing Hong Kong. The U.S. government bases its Southeast Asian economic team at its embassy in Singapore.

These countries have younger, technologically savvy, and in many cases, highly educated populations. Filipinos reportedly spend an average of 11 hours a day online. And their populations are still growing, unlike China, the U.S., and Singapore. Third, their governments typically have more business-friendly economic environments. We have visited most countries in the region in recent years and found that, unlike in China, every website we attempted to visit was accessible.

We would also note that certain countries stand out as opportunities. For example, Malaysia is adjacent to Singapore, and both have large Malay populations. Indonesia is the world's largest democracy with 280 million people and has the fourth largest population in the world. But Indonesia is spread across 6,000 inhabited islands. It is very difficult to visit a doctor when one is sick if it entails a plane or boat ride, making telemedicine ideal. Similarly, Philippines has 2,000 inhabited islands and the population speaks English. MaNaDr will need to obtain regulatory approvals to offer medical service in new countries, but this may come via acquisition. In our view, it need not make a major acquisition to enter a new country, rather it can acquire a small healthcare company with the necessary licensing already in place. MaNaDr is already setting the stage with a globally friendly app and branding and users on its medical forums in 17 countries outside of Singapore. We expect that some of the IPO proceeds will fuel this global expansion.

MaNaDr Dominates the Singapore Telemedicine Sector

Company	Website / Daily consults	Google Play	App Store	Online consultation	Medication delivery by mail	Self-operated walk-in clinics	Online retail pharmacy	Chronic disease management	Health knowledge forum	Enterprise telehealth service	Pharma and health products
manaDR – Making connections between doctors and patients easier	manadr.com 3,000 Daily consults Oct. 2023	3,390 reviews 4.6 avg. score 100k+ downloads	3,200 reviews 4.8 avg. score 3/1/2024 last review	✓ S$8 24/7	✓	✓	✓	✓	✓	✓	✓
DOCTOR ANYWHERE – Healthcare solutions to help users lear happier and healthier lives	doctoranywhere.com 2,000 Daily consults Oct. 2023	5,540 reviews 4.1 avg. score 1M+ downloads	576 reviews 3.1 avg. score	✓ S$20 8AM - 12AM	✓	✓	✓	✓		✓	
WhiteCoat – A seamless patient-centric experience	whitecoat.com.sg 1,100 Daily consults Oct. 2023	1,530 reviews 3.9 avg. score 500k+ downloads	1,300 reviews 4.6 avg. score	✓ S$25 8AM - 12AM	✓	✓				✓	
mydoc Simplify Healthcare – Simplifying the business of getting well and staying well	my-doc.com 100 Daily consults Oct. 2023	106 reviews 5.0 avg. score 10k+ downloads	111 reviews 4.1 avg. score	✓ S$20 24/7	✓		✓			✓	
hidoc – Provide medical consultation, patient-centric care, and healthcare screening	hidoc.sg 300 Daily consults Oct. 2023	N/A reviews N/A avg. score 10k+ downloads	135 reviews 4.7 avg. score	✓ S$20 9AM - 9PM	✓				✓	✓	

Source: Litchfield Hills Research and company reports

In its IPO filings the company is necessarily cautious in how it discusses the competitive landscape and specific competitors. It relies heavily on research conducted by Frost and Sullivan. Because it provides each company's tagline in describing competitors A through D, we were able to figure out their identity via online searches and other methods. We were then able to find even more information than the company provides, some of which is in the table above. Our conclusion is that MaNaDr dominates this market and is gaining share. Basically, we believe this is due to better quality (borne out by user rankings) and a much lower price with consults starting at S$8 ($6 in U.S. dollars) compared to S$20 for most competitors.

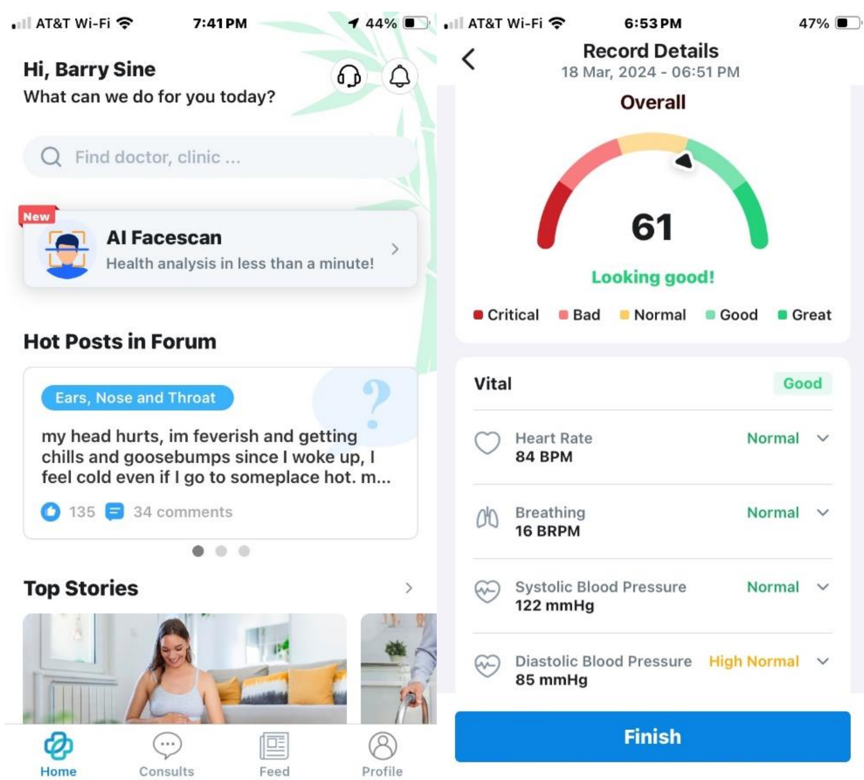
As noted in the table above, by far the largest competitor is Doctor Anywhere. It has garnered massive funding of almost $200 million but is also generating sizable losses (private company financials are publicly available in Singapore through the website of Accounting and Corporate Regulatory Authority - acra.gov.sg). As of October 2023, it was averaging 2,000 patient consults daily, versus 3,000 for MaNaDr but both its Apple and Google rankings are much lower. It has recently announced acquisitions of physical clinics, and this appears to be where it is focusing its strategy. In fact, it appears that its telemedicine revenue declined in the most recently reported fiscal year. Some of this may be due to the decline in demand post Covid, but MaNaDr was able to grow, showing that it has gained market share versus its next largest competitor. However, we wouldn't count Doctor Anywhere out as it has ample funding and an impressive array of strategic partners such as Prudential Singapore.

The next up is WhiteCoat, but it has about one-third as many daily consultations as MaNaDr, and costs much more (starting at S$25). We had a hard time determining whether the two smaller players were still operating. HiDoc and MyDoc had just 300 and 100 daily consultations, respectively, as of last October. MyDoc announced its partnership with Prudential Singapore in 2019 but was recently supplanted by Doctor Anywhere who announced its own partnership with them in 2023.

The App is the Heart of the Business

We are very impressed with the company's app, especially the facial scanning function. A key part of the app is the AI face scan. Once in the app, the user selects AI Facescan and holds their phone to their face. The app prompts the user how to hold the phone and once set, the scan takes one minute with results a few seconds later. This gives the doctor a basic health snapshot of patients. We tried it several times and were surprised how accurate the data was, and consistent over multiple scans, compared to our test subject's known parameters. It's clearly not perfect, and it advises users of that, but it's a remarkable tool to get basic vitals in one minute remotely. Parameters measured include heart rate, breathing rate, systolic blood pressure, diastolic blood pressure, cardiac workload and vascular capacity.

MaNaDr App Home Page and AI Facial Scan Results



Source: MaNaDr patient app

Both doctors and patients log into the app. Patients write a sentence describing their malady and are assigned to doctors typically within two minutes with doctors receiving higher patient rankings getting priority. Management showed us how the app looks from both a patient and a physician perspective. Doctors must be licensed in Singapore but can then perform the telemedicine consultation from anywhere in the world. Doctors get about 85% of the revenue from a visit, which typically takes 2 – 3 minutes, so doctors can see around 20-30 patients in an hour. The average fee is S$8 per consultation, which is less than its competitors. Our back of the envelope math suggests that doctors who spend 40 hours a week seeing patients can earn over S$250k annually. And they can do so without the overhead of running a physical clinic or dealing with the hassles of getting paid by insurance companies. MaNaDr typically charges the patients directly via credit card, and then remits funds to the doctors within two months. About 85% of cases can be treated by telemedicine alone. After a consultation, MaNaDr can dispatch a prescription delivery from hundreds of pharmacies across Singapore so the patient can quickly receive treatment. The company also has hospital admitting rights and can dispatch an ambulance if needed. For suicidal mental health cases it dispatches social workers. While litigation is a risk, although no country is nearly as bad as the U.S., MaNaDr has never had a malpractice claim. Part of this success stems from the fact that its system automatically follows up with patients to make sure that symptoms are receding. Part of it is that most malpractice claims stem from misdiagnoses of more serious diseases (which MaNaDr does not treat) or botched surgeries (it does not perform any surgeries).

As noted, patient satisfaction is extremely high as tracked by both the Google and Apple app stores. The negative reviews we did see tended to be older and technology-related with the company responding that the glitch noted had been resolved. There were a small number of complaints about doctors, but MaNaDr's system is self-correcting, disfavoring doctors with low average patient ratings.

MaNaDr is Positioned for Significant Geographic Expansion

The company today operates in 18 countries, but only generates telemedicine revenue in Singapore where it is licensed to provided medical and pharmacy services. Its online health forums are available globally and allow the company to conduct soft launches into new markets before it becomes licensed for full heath care services. We believe that the most fertile new markets are the rest of southeast Asia and the Middle East. MaNaDr already has many of its IT employees in low-cost Vietnam. The more affluent Middle East countries such as Saudia Arabia, Kuwait, Qatar, the UAE and Oman bring in large numbers of migrant workers, just like Singapore. MaNaDr is ideally suited to serve multi-cultural populations as its home country of Singapore was founded on the multi-cultural ideals of Lee Kwan Yew, its founding Prime Minister.

MaNaCare is the company's corporate healthcare division and represents about 40% of revenue. Revenue from this business is included in the telemedicine segment. Under this plan the company contracts with employers who make MaNaDr's service available to their employees. With its automated facial scanning tool and 24/7 availability, employees can quickly and easily access healthcare services and seek treatment. This reduces unnecessary sick days, keeps sick employees out of the workplace and helps them recover more quickly.

The company operates one in-person walk in clinic located in the City Gate mixed use shopping mall in the Sultan Mosque area in Singapore and near a large Thai population. The clinic is located on the second level of the mall and is relatively small. We walked by on a recent visit and were warmly welcomed inside by Doctor Jeremiah Pereira, who is the medical director. We were not there for a medical appointment, but we can see by Dr. Pereira's welcoming attitude and friendly smile are key reasons why the clinic is so successful. A large part of the clinic's business is gender treatment, which are heavily in demand in the nearby Thai community. Downstairs from the clinic, we stumbled across a new ManaPharma location that was in the process of being stocked prior to its opening. The company operates as a wholesale pharmacy to other clinics, keeping its own inventory on hand. During our visit to the clinic, we observed delivery sccooter drivers coming into pick up drug deliveries for patients. Revenue from the clinic was at just 1% of FY2023 results, and per our forecast, unlikely to become a significant contributor. But it does give the company some optionality and patients an opportunity for in-person visits. We note that the company's competitors are focusing more heavily on in-person treatments now that Covid is over, but we see MaNaDr as nearly entirely a telemedicine play.

MaNaDr Clinic and MaNaPharma at the City Gate Mall in Singapore

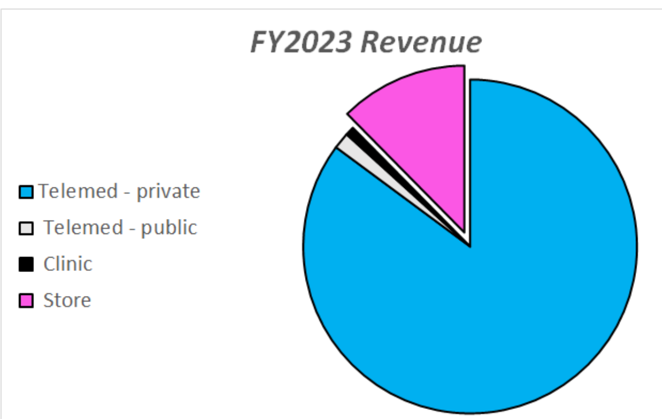
Source: Litchfield Hills Research

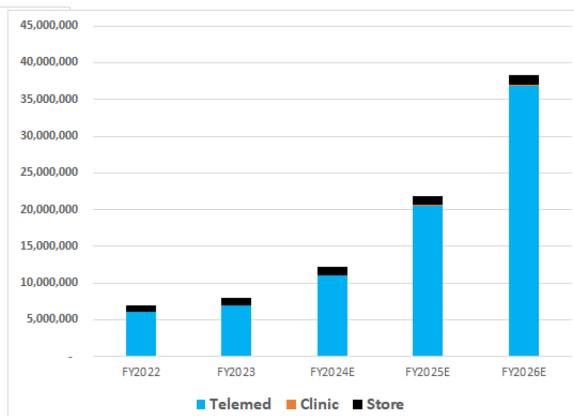
Lastly, the company operates its own online store under the names MaNaShop and MaNaStore stocked with health-related products. These products include medicines, health supplements, skincare, nutrition products and medical devices as well as personal care products and health screening packages. This business comprised 12% of revenue in FY2023, but we see telemedicine growing faster. When we met with Dr. Siaw we were surprised by his enthusiasm and knowledge of this business. Instead of just selling any products, its 2,000 products are curated by the MaNaDr team. For example, Dr. Siaw spoke in some detail about its limited, curated selection of fish oil products. The company offers its own inventory, as well as a serving as a marketplace for other merchants to sell their wares. Lastly, it has an ample inventory of ManaKitty plush toys for sale.

We See Revenue Rising to $12 mm in FY2024, and to $38 million by FY26, with Positive EBITDA and EPS in FY26

In forecasting MaNaDr's results several key trends should be considered. First, the core private sector telemedicine grew by 344% in FY2023 with proforma total revenue up by 227%, excluding the one off Covid related benefit. MaNaDr serves about 15% of the Singapore population today, while its key competitors are seeing declines or even minimal demand. It plans a major push in the weight management space and just sponsored a public event. Obesity is almost as large of an issue in Singapore as it is in the U.S., and with doctor-prescribed, effective treatments such as Ozembic now available, demand for telemedicine should increase. Lastly, there are numerous countries where the company's services should prove attractive as it adds licensed physicians to serve them. Our detailed forecast, showing our expectations for consultations, revenue per consultation and gross margin by sector is shown on page 14. The net result is our forecast for $12 million in revenue in FY2024, $22 million in FY2025 and $38 million in FY2026. Our income forecast is on page 15.

MaNaDr Financial Snapshot





Source: Litchfield Hills Research and company reports

Our telemedicine forecast is based on our forecast for the number of consultations – rising from 913k in FY23 to over 3 million in FY26. Private transactions increased by 416% in the most recent fiscal year, while we forecast 50% growth going forward. We do expect some international expansion to drive this but are not specifically modelling in which countries until the company makes announcements. As noted, it charges about $6 (S$8.10) for a basic consult and its blended average in FY23 was just under $8, which we repeat in FY24. But recall that MaNaDr is priced well below its competitors, and they appear to be shrinking or exiting the market. Thus, we expect gradual increases in the average rate, to $10 in FY25 and $12 in FY26. Part of this is due to the fact that we expect a greater mix of more lucrative consultations such as weight management.

We also factor in that the company is currently unprofitable and EBITDA breakeven. A price increase to the S$20 its competitors charge would bring the company to EBITDA positive in the current fiscal year even with heavy IPO-related and expansion-related costs currently. Our model does show the company getting to profitability in FY2026 with EBITDA losses comfortably supported by expected IPO proceeds per our model. It's important to note that the company has a positive cash flow operating cycle. For the most part, it takes in payments for teleconsultations immediately via credit card. But the roughly 85% of the teleconsultation fee it pays to doctors does not go out until two months later, giving the company a large operating cash flow cushion built into its business model.

MaNaDr is unprofitable today, even with the surge in Covid-related demand, but should turn profitable by FY2026. As noted, headcount is up by 60% to prepare for new market expansions. This growth will likely not continue, although management does intend to boost salaries upon the successful completion of its IPO. The $800k in IPO-related expenses should increase to $2.0 million in FY2024 – the year in which the IPO is occurring – but fall off dramatically thereafter. While we forecast a continued increase in the dollar value of both salaries/benefits and SG&A, both should decline dramatically as a percentage of revenue. The reason for this is that MaNaDr is essentially a SaaS or more precisely healthcare as a service company. The key to these businesses is that the technical costs to build and operate the platform tend to plateau once the platform is scalable, with revenue growth leading to profitability. Since MaNaDr pays its doctors about 85% of the revenue it receives for teleconsultations, the remaining 15% drops to the bottom line. Once salaries/benefits and SG&A combined drop below 15% of revenue as revenue increases, mathematically this results in EBITDA profitability.

Putting the Financials in Context

To analyze MaNaDr's financials on a comparable basis, three adjustments need to be made to the FY 2022 and FY2023 financials:

1. Remove the public sector telehealth revenue. This revenue of $4.6 million in FY2022 and $126k in FY2023 represented revenue from serving migrant workers sequestered in their dormitories during Covid, at the request of Ministry of Manpower and is not continuing now that the crisis has passed.
2. Remove roughly $800k in operating expenses in FY2023 representing legal, consulting and accounting expenses associated with the planned IPO. We forecast that these expenses will continue into FY2024 at a higher level of about $2.0 million, but not thereafter.
3. Remove roughly $700k in salary and benefit expenses associated with increasing headcount from 57 to 92 in FY2023. These new employees are largely associated with planned expansions into new countries, not current operations.

Revenue growth in FY2023 was 227% on this proforma basis, compared to just 12.7% with the one-off public sector telehealth revenue included in FY2022 and FY2023. With the expense adjustments, it turned in an EBITDA loss of $1.1 million in FY2023 instead of the reported loss of $3.2 million.

Valuation is Somewhat Complex

In valuing MNDR we take into account several factors. First, it is growing much faster than any of the public comps we would use. There are some public telehealth comparables – TelaDoc with a market cap of $2.5 billion is most notable. Like Doximity in the healthcare space (and LinkedIn more generically), MaNaDr provides a forum for medical professionals to consult one another. Doximity is so successful that it trades at a $5 billion valuation. MaNaDr's business is much smaller, but for now at least, it has the fastest growing part of the world largely to itself. We also consider other generic social media companies such as Meta as comps. In addition to the doctor forums MaNaDr also has patient forums and bills itself as a healthcare operating system or healthcare social media company. As an operating system, it serves patients and doctors today, but its long-term ambitions are to include clinics, doctors' offices, hospitals and pharmacies. It already has relationships with providers in each category but for now, it is primarily a telemedicine company.

Telemedicine comps trade at an average of 3x 2024 estimated revenue (source FactSet consensus) with Doximity, which along with TelaDoc we view as the closest comps, trading at 10x. Social media comps trade at 4x 2024 estimated revenue, with Meta at 8x. From a social media perspective, MaNaDr is more like Meta, as it has separate forums for doctors and patients, and connects both by video chat, rather than just Zoom which is a handy video conferencing app but adds no real value. Most public telemedicine comps, and MaNaDr's private Singapore comps saw declining revenue compared to their Covid era peak whereas MaNaDr has managed to grow its revenue as it converted many patients who used and like its service during Covid, to long-term customers. We run into the same two offsetting factors in valuing MaNaDr as we do with most other microcap stocks. Its much smaller size presents greater risk and argues for a lower valuation. On the other hand, its much, much faster recent growth history, and per our forecast, expected future growth, argue for a higher valuation. Our $7 price target equates to 6x our FY2026 revenue estimate, which is in the range of comps. By this time, we expect the company to be EBITDA positive, as its scale overcomes the largely fixed costs of running an online business and it should have much greater visibility if even some of its international expansion ambitions come to fruition. Our full comps table is on page 14 of this report.

We Value MNDR Shares at $7, Pro Forma for Pending IPO

Share price	$4.50	$7.00
Shares outstanding	34,000,000	34,000,000
Market cap	$153,000,000	$238,000,000
Plus debt	0	0
Less cash	12,512,211	12,512,211
Enterprise value	$140,487,789	$225,487,789
EV per share	$4.50	$4.50
2026E Revenue	$38,224,606	$38,224,606
EV/Revenue	3.7x	5.9x

Source: Litchfield Hills Research

Lastly, we would also note that, in our opinion, the company presents an attractive acquisition target. The two behemoths in the sector have enormous cash balances – Teladoc with $1 billion and Doximity with $710 million – and both frequently mention M&A as part of their strategy. Teladoc's U.S. growth has slowed to a crawl as it now has about a quarter of the U.S. population on its platform, while it grew 15% internationally last year. Teladoc provides telemedicine services while Doximity is a medical profession forum business, while MaNaDr offers both in Southeast Asia. MaNaDr would bring something new to each so, for example Doximity could leverage its huge doctor base (more than the American Medical Association) and MaNaDr's telemedicine platform to expand into telemedicine in the US, while Teladoc could leverage MaNaDr's healthcare forum technology to encroach on Doximity's business in the U.S. And MaNaDr brings extensive knowledge of Southeast Asia, the fastest growing region in the world, and one with even greater propensity among consumers to utilize mobile phone apps for services. We also note that while Teladoc is the most successful telemedicine company globally, relative to their home county populations, MaNaDr is more successful having conducted 2 million consultations to date in a country with a population of 5.5 million (0.36 ratio) versus 50 million consultations to date for Teladoc in a home market with a population of 341 million (0.15 ratio).

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

Mobile-Health Network Solutions

MNDR (IPO pending) - Buy $7 PT

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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Mobile-Health Network Solutions

MNDR (IPO pending) - Buy $7 PT

Mobile-Health Network Solutions – Comparables

Ticker		Price Last	Cap $ millions	EV $ millions	2022 Revenue	Growth vs. 2021	2023E Rev $	Growth vs. 2022E	2024E Rev $	Growth vs. 2023E	EV/Rev. 2024
MNDR	Mobile-health Network Solutions Class	$4.50	153.00	140.49	6.99	217%	7.87	12.7%	12.09	53.5%	11.6x
MNDR	At $7 price target	$7.00	238.00	225.49	6.99	217%	7.87	12.7%	12.09	53.5%	18.7x
DOCS	Doximity, Inc. Class A	$27.88	5,201.41	4,992	419.05	102.5%	473.82	13.1%	520.42	9.8%	9.6x
TDOC	Teladoc Health, Inc.	$15.12	2,525.63	3,106	2,406.84	18.4%	2,602.42	8.1%	2,670.03	2.6%	1.2x
GDRX	GoodRx Holdings, Inc. Class A	$6.57	2,595.13	2,743	766.55	2.8%	750.27	-2.1%	800.78	6.7%	3.4x
LFST	Lifestance Health Group, Inc.	$6.27	2,386.93	2,738	859.50	28.8%	1,055.70	22.8%	1,220.83	15.6%	2.2x
HIMS	Hims & Hers Health, Inc. Class A	$15.68	3,359.45	3,576	526.92	93.8%	872.00	65.5%	1,190.95	36.6%	3.0x
TALK	Talkspace, Inc.	$3.30	557.38	474	119.57	5.2%	150.05	25.5%	191.30	27.5%	2.5x
AMWL	American Well Corporation Class A	$0.87	251.04	(64)	277.20	9.7%	259.03	-6.6%	261.93	1.1%	
AHI	Advanced Health Intelligence Ltd Spon:	$1.50	13.64	13	0.41	-8.3%	0.42	3.4%			
UPH	UpHealth Inc	$0.79	14.75	61	158.80	NM	145.65	-8.3%	62.24	-57.3%	1.0x
TTALO-FI	Terveystalo Oy Class A	$7.80	987.76	1,417	1,344.28	-1.5%	1,381.86	2.8%	1,459.18	5.6%	1.0x
Average						**27.9%**		**12.4%**		**5.4%**	**3.0x**
META	Meta Platforms Inc Class A	$496.98	1,267,004	1,293,967	116,609.00	-1.1%	134,902.00	15.7%	158,105.55	17.2%	8.2x
SNAP	Snap, Inc. Class A	$11.06	18,256	20,004	4,601.85	11.8%	4,606.12	0.1%	5,253.21	14.0%	3.8x
SPOT	Spotify Technology SA	$254.15	49,337	48,090	12,736.11	11.5%	14,232.58	11.7%	16,829.78	18.2%	2.9x
BILI	Bilibili, Inc. Sponsored ADR Class Z	$11.84	3,843	3,761	3,170.05	5.5%	3,129.45	-1.3%	3,492.50	11.6%	1.1x
MTCH	Match Group, Inc.	$35.13	9,415	12,850	3,188.80	6.9%	3,364.50	5.5%	3,606.12	7.2%	3.6x
UBER	Uber Technologies, Inc.	$75.70	157,191	170,286	31,877.00	82.6%	37,281.00	17.0%	43,306.43	16.2%	3.9x
LYFT	Lyft, Inc. Class A	$17.95	7,177	6,906	4,095.10	27.6%	4,403.60	7.5%	5,124.73	16.4%	1.3x
GRAB	Grab Holdings Limited Class A	$3.17	12,436	8,573	1,433.00	112.3%	2,359.00	64.6%	2,758.27	16.9%	3.1x
DASH	DoorDash, Inc. Class A	$129.58	52,351	54,883	6,583.00	34.7%	8,635.00	31.2%	10,190.37	18.0%	5.4x
Average						**32.4%**		**16.9%**		**15.1%**	**3.7x**

Source: FactSet Research Systems, Company reports and Litchfield Hills Research LLC

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