

May 11th, 2020

Subject Management Discussion and Analysis for the 1st Quarter in 2020

To Directors & Managers
The Stock Exchange of Thailand

Inter Pharma Public Company Limited (“the Company”) hereby submitting management discussion and analysis for the 1st quarter in 2020, ended March 31st, 2020 as per herebelow :

	3-Month Period Ended March 31 st		Change
	2020	2019	
	MB	MB	%
Sales Revenue	97.13	84.93	14.36
Total Revenue	98.79	85.40	15.68
Net Profit Margin	63.18%	57.38%	
Selling Administrative Expenses	43.86	44.91	- 2.34
Selling Administrative Expenses Margin	44.40%	52.59%	
Net Profit for the Period	13.87	1.65	740.61
Net Profit Margin	14.04%	1.94%	

	3-Month Period Ended March 31 st					
	2020		2019		Variance	
	MB	%	MB	%	MB	%
Revenues						
Sales Revenue	97.13	98.32	84.93	99.45	12.20	14.36
Other Revenues	1.66	1.68	0.47	0.55	1.19	253.19
TOTAL	98.79	100.00	85.40	100.00		

Sales Revenues

Recorded total revenue of the company and its subsidiaries in the 1st quarter 2020 is 98.79 million baht, almost all is sales revenue amounted at 97.13 million baht or 98.32% of the total revenue which increased by the amount of 12.20 million baht or 14.36 % year-on-year.

Type of Revenue	1 st Quarter 2020		1 st Quarter 2019		Change	
	MB	%	MB	%	MB	%
1. Wellness & Anti-Aging	47.77	49.18	31.87	37.52	15.90	49.90%
2. Aesthetic Innovation	2.94	3.03	24.11	28.39	(21.17)	(87.80%)
3. Companion Animal Healthcare	43.06	44.33	25.70	30.26	17.35	67.51%
4. Livestock	3.36	3.45	3.25	3.82	0.11	3.36%
Total Sales Revenue	97.13	100.00	84.93	100.00	12.20	14.36%

The increase in revenue came from sales increment in Wellness & Anti-Aging products by the amount of 47.77 million baht which grew by 15.90 million baht or 49.90%. The increment mainly driven by sales of probiotics products i.e. Probac, PreBo products (holistic nutrients for bone), multivitamin products (Multivitamin), sanitizing hand gel and YUUU toothpaste, etc. In addition, there was also an increase in sales of Companion Animal Healthcare products in the amount of 43.06 million baht which increased by 17.35 million baht or 67.51% year-on-year. Most of the revenue increment from this sector came from sales of pet skincare shampoo products, combined core vaccine (Biocan), immunoglobulin for dogs (Polyglob), immunology products for cat (Katimum), dogs & cats dietary supplement (Dr. Choice, Pet Select) and pet food (Maria).

The Company has discontinued distributorship of Nabota, Aesthetic Innovation Product from Korea, around end of 2019, therefore, there will no revenue shown in 1st quarter 2020 whilst there were sales of 13.85 million baht year-on-year.

Other Revenues

Other revenues in 1st quarter 2020 of 1.66 million baht comprise of interest income, foreign exchange gain and income from the company's subsidiaries which increase by 1.19 million baht from the same period last year or 253.19%. Interest income came from bank deposit of IPOs and income from rebate.

	3-Month Period Ending March 31 st					
	2020		2019		Change	
	MB	%	MB	%	MB	%
Cost of Sales	35.76	36.20	38.44	45.01	(2.68)	(6.97)
Selling Expenses	29.99	30.36	32.12	37.61	(2.13)	(6.63)
Administrative Expenses	13.87	14.04	12.80	14.99	1.07	8.36
Financial Costs	0.22	0.22	0.10	0.12	0.12	120.00
Total Expenses	79.84	80.82	83.46	97.73		
Total Revenues	98.79	100.00	85.40	100.00		

Cost of Sales

Cost of sales of the Company and its subsidiaries was 35.76 million baht which decreased by 2.68 million baht year-on-year. Significant cost of sales consisted of cost of goods, imported freight, packaging cost and other import related expenses. Cost of sales is accounted for approximately 36.82 % of sales revenue with a gross profit margin equal to 63.18 %.

Selling Expenses

Selling expenses of the Company and its subsidiaries in the 1st quarter 2020 were 29.99 million baht but when compared to total revenue, selling expenses have decreased by 6.63% year-on-year. Most selling expenses vary according to sales. Core selling expenses are salaries, bonuses, sales staff commissions, travel and vehicle expenses of the sales staffs, advertising media fee for product promotion, distribution fee paid to Zuellig Pharma Ltd. under the Distribution Agreement and compensation for distribution of company's products in the independent pharmacy channel, totaling approximately 4.99 million baht which increased by 2.24 million baht year-on-year due to increased sales. Some expenses have dropped i.e. sales promotion expenses, booth exhibition expenses, sampling fee and various advertising media expenses i.e. TV ads and online media, etc. The total expenses decreased by approximately 2.27 million baht.

Administrative Expenses

Administrative expenses of the Company and its subsidiaries in the 1st quarter 2020 were 13.87 million baht with an increase of 1.07 million baht year-on-year resulting from annual base salary adjustment that was implemented beginning of 2020. In addition, there was an increase in the number of employees aligning with business expansion which accounted for total amount of 0.97 million baht, increase in doubtful expenses (align with TFRS#9 implemented early 2020), training fee, severance pay and loss from impairment of investment at the amount of 1.40 million baht. However, rental expenses have decreased by 0.32 million baht (align with TFRS#16 implemented

early 2020). In this quarter, no bonus was paid to independent directors (non-executive) whereas 0.58 million baht was paid in year-on-year.

Statement of Comprehensive Income	Consolidated Financial Statement			
	3-Month Period Ending March 31 st			
	2020		2019	
	MB	%	MB	%
Total Revenues	98.79	100.00	85.40	100.00
Cost of Sales	35.76	36.20	38.44	45.01
Selling Expenses	29.99	30.36	32.12	37.61
Administrative Expenses	13.87	14.04	12.80	14.99
Financial Costs	0.22	0.22	0.10	0.12
Share of profit (loss) of associates	0.05	0.05	(0.06)	(0.07)
Profit Before Income Tax Expenses	18.90	19.19	1.88	2.20
Income Tax Expense	4.17	4.22	0.68	0.80
Net Profit for the Period	14.73	14.91	1.20	1.41

Net Profit

Net profit of the company and its subsidiaries in the 1st quarter 2020 were 14.73 million baht which grew by 13.53 million year-on-year derived mainly from an increase in sales, reduced cost of sales and expenses which contribute to net profit margin of 14.91% of total revenue, moving up to 13.50% year-on-year.

In this regard, the net profit attributable to owners of the parent the 1st quarter 2020 accounted for 13.87 million baht which increased by 12.22 million baht or 12.11% year-on-year.

Financial Position

	As of 31 st March 2020	As of 31 st December 2019	Change	
	MB	MB	MB	%
Total Assets	549.35	525.87	23.48	4.47
Total Liabilities	69.33	60.13	9.19	15.29
Total Shareholders' Equity	480.02	465.74	14.28	3.07

Assets

Total assets of the Company and its subsidiaries as of March 31, 2020 were 549.35 million baht, an increase of 23.48 million baht or 4.47 % compared to as at December 31, 2019 which derived from cash and cash equivalents of 14.45 million baht, an increase in trade and other receivables of 8.55 million baht, assets usage rights of 4.55 million baht while inventories decreased by 4.42 million baht and other non-current assets by 0.40 million baht.

Liabilities

Total liabilities of the Company and its subsidiaries as of March 31st, 2020 were 69.33, plunging by 9.19 million baht or 15.29% compared to as at 31 December 2019 of 60.13 million baht. This resulting from short-term loans from related companies in the amount of 1.6 million baht, accrued income tax of 4.04 million baht, liabilities under lease agreements 3.74 million baht and non-revolving provision for employee benefits at 0.47 million baht incorporate with a decrease in trade and other accounts payable of 1.61 million baht.

Shareholders' Equity

Shareholders' equity of the Company and its subsidiaries as of March 31st, 2020 amounted at 480.02 million baht which grew by 14.28 million baht or 3.07% compared to 465.74 million baht as of December 31, 2019 which derives from the company's net profit in 1st quarter 2020 at 14.73 million baht.

Yours sincerely,

Dr. Songwut Sakchalathorn
Chief Executive Officer

