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August 12<sup>th</sup>, 2021

Subject Management' Discussion and Analysis for the 2nd Quarter in 2021

To Directors & Managers  
The Stock Exchange of Thailand

Inter Pharma Public Co., Ltd. ("the Company") hereby submitting management' discussion and analysis for 3-month period and 6-month period ended June 30<sup>th</sup>, 2021 as per herebelow:

Unit : Million Baht	Q2-2021 (Apr – Jun)	Q2-2020 (Apr – Jun)	Variance	6 months in 2021 (Jan – Jun)	6 months in 2020 (Jan – Jun)	Variance
Sales Revenue	198.30	100.65	97.01%	374.80	197.78	89.50%
Gross Profit	96.74	60.53	59.84%	183.20	121.90	50.29%
% Gross Profit	48.79%	60.13%		48.88%	61.63%	
Selling and Administrative Expenses	65.07	37.47	73.64%	123.86	81.33	52.29%
% of Selling and Administrative Expenses	32.33%	36.95%		32.67%	40.62%	
Earnings before interest, taxes and depreciation	1.39	0.22	525.62%	2.62	0.44	491.23%
% Earnings Before Interest, Tax and Depreciation	0.69%	0.22%		0.69%	0.22%	
Net Profit for the Period of the Parent Company Shareholders	24.76	16.93	46.28%	43.44	30.80	41.07%
% of Net Profit for the Period of Parent Company Shareholders	12.30%	16.69%		11.46%	15.38%	
Net Profit	25.19	18.61	35.35%	45.73	33.34	37.15%
% Net Profit	12.52%	18.35%		12.06%	16.65%	

## Overview

Operating results for the three-month period ended June 30<sup>th</sup>, 2021, the Company had sales revenue of 198.30 million Baht, an increase of 97.64 million Baht year-on-year or accounted for 97.01% with gross profit of 96.74 million Baht or 48.79% of sales revenue. Selling and administrative expenses amounted to 65.07 million Baht, an increase of 73.64% year-on-year. Financial cost was 1.39 million Baht, an increase of 525.62% year-one-year. Net profit for the three-month period was 25.19 million Baht, or 12.52% which decreased from 18.35% year-on-year.



As for the operating results for the six-month period ended June 30<sup>th</sup>, 2021, the Company had revenue from sales of 374.80 million Baht, an increase of 177.02 million Baht year-on-year or equivalent to 89.50% with gross profit of 183.20 million Baht or equivalent to 48.88% of sales revenue. Selling and administrative expenses amounted to 123.86 million Baht, an increase of 52.29% and net profit for the six-month period was 45.73 million Baht or 12.06% or an increase of 37.15%.

Revenue	3-Month Period Ending				
	30 June 2021		30 June 2020		Variance (%)
	Million Baht	%	Million Baht	%	
Sales Revenue	198.30	98.52%	100.65	99.25%	97.01%
Other Revenues	2.97	1.48%	0.76	0.75%	291.07%
<b>TOTAL</b>	<b>201.27</b>	<b>100.00%</b>	<b>101.41</b>	<b>100.00%</b>	<b>98.46%</b>

6-Month Period Ending					
30 June 2021		30 June 2020		Variance (%)	
Million Baht	%	Million Baht	%		
374.80	98.85%	197.78	98.79%	89.50%	
4.35	1.15%	2.43	1.21%	79.35%	
<b>379.15</b>	<b>100.00%</b>	<b>200.21</b>	<b>100.00%</b>	<b>89.38%</b>	

### Sales Revenues

For the three-month period ended June 30<sup>th</sup>, 2021, the Company had total revenue of 201.27 million Baht, an increase of 99.86 million Baht or 98.46% year-on-year. As a result, for the six-month period ended June 30<sup>th</sup>, 2021, the Company had total revenue of 379.15 million Baht, an increase of 178.94 million Baht or 89.38% year-on-year. The product group that increased the most was Livestock products which increased by 194.08%, followed by Wellness & Anti-aging products increased by 72.61%, Companion Animal Healthcare products increased by 46.43% and Pharmaceutical products increased by 100%. Whilst Cosmeceuticals & Aesthetic Innovation products decreased 71.83% from previous year as the Company is still in the process of registering new product.

Type of Revenue	3-Month Period Ending				
	30 June 2021		30 June 2020		Variance (%)
	Million Baht	%	Million Baht	%	
1. Pharmaceutical Products	30.03	15.14%	-	0.00%	100.00%
2. Wellness & Anti-Aging Nutraceuticals	86.02	43.38%	54.25	53.90%	58.56%
3. Cosmeceuticals & Aesthetic Innovation	4.72	2.38%	4.93	4.90%	-4.26%
4. Companion Animal Healthcare	56.23	28.36%	33.18	32.97%	69.47%
5. Livestock Animal Healthcare	21.30	10.74%	8.29	8.24%	156.94%
<b>Total Sales Revenue</b>	<b>198.30</b>	<b>100%</b>	<b>100.65</b>	<b>100%</b>	<b>97.02%</b>

6-Month Period Ending					
30 June 2021		30 June 2020		Variance (%)	
Million Baht	%	Million Baht	%		
64.51	17.21%	-	0.00%	100.00%	
159.47	42.55%	92.39	46.71%	72.61%	
4.93	1.32%	17.50	8.85%	-71.83%	
111.64	29.79%	76.24	38.55%	46.43%	
34.26	9.14%	11.65	5.89%	194.08%	
<b>374.80</b>	<b>100%</b>	<b>197.78</b>	<b>100%</b>	<b>89.50%</b>	



For the six-month period, the increase in revenue came from an increase in sales revenue of pharmaceutical products of Modern Pharma in the amount of 64.51 million Baht, which was driven by diabetes medicine (Metforin), disinfectant for animal use (Vichlotep), fungicide (Itrazole), antacid (Omezole), mucolytic (Supenac), analgesics & antipyretics (Pyrana), and muscle relaxant and pain reliever (Ingescic) which are the key products of the Company's subsidiary. Moreover, there was an increase in income from wellness & Anti-aging Nutraceutical products in the amount of 159.47 million Baht or an increase of 67.08 million Baht or 72.61%. Mainly due to an increase in revenue from sales of probiotic products i.e. Probac, Weight Management Products (Fit Series), PreBo Products (holistic nutrients for bone) and multi vitamin product (Multivitamin) and supplement products of Vita (Thailand) Co., Ltd., etc. And also income from sales of Companion Animal Healthcare products amounted to 111.64 million Baht, an increase of 35.40 million Baht or 46.43% year-on-year. This was mainly an increase in revenue from sales of pet skincare shampoo products, combined core vaccine (Biocan), immunoglobulin for dogs (Polyglob), immunology products for cat (Katimun), dogs & cats dietary supplement (Dr.Choice, Pet Select), and pet food (Maria). In addition, increased revenue contribution from sales of Livestock products in the amount of 34.26 million Baht, an increase of 22.61 million Baht or 194.08%.

For Cosmeceuticals & Aesthetic Innovation products, the Company is still in the process of registering new product, therefore, sales in this quarter decreased by 71.83% year-on-year.

### Other Revenues

Other revenues of the Company for the three-month period ended June 30<sup>th</sup>, 2021 amounted to 2.97 million Baht, an increase of 291.07%, and for the six-month period ended June 30<sup>th</sup>, 2021, amounted to 4.35 million Baht, an increase of 79.35% derived from duty refund from the Customs Department.

	3-Month Period Ending				
	30 June 2021		30 June 2020		Variance (%)
	Million Baht	%	Million Baht	%	
Cost of Sales	101.56	50.46%	40.13	39.57%	153.08%
Selling Expenses	45.05	22.38%	25.64	25.28%	75.69%
Administrative Expenses	20.02	9.95%	11.83	11.66%	69.22%
Financial Costs	1.39	0.69%	0.22	0.22%	525.62%
<b>Total Expenses</b>	<b>168.02</b>	<b>83.48%</b>	<b>77.82</b>	<b>76.74%</b>	<b>115.90%</b>

	6-Month Period Ending				
	30 June 2021		30 June 2020		Variance (%)
	Million Baht	%	Million Baht	%	
Cost of Sales	191.60	50.53%	75.88	37.90%	152.49%
Selling Expenses	83.91	22.13%	55.63	27.79%	50.83%
Administrative Expenses	39.95	10.54%	25.70	12.84%	55.46%
Financial Costs	2.62	0.69%	0.44	0.22%	491.23%
<b>Total Expenses</b>	<b>318.07</b>	<b>83.89%</b>	<b>157.66</b>	<b>78.75%</b>	<b>101.75%</b>



**Cost of Sales**

For the three-month and six-month periods ended June 30<sup>th</sup>, 2021, there were cost of sales at 101.56 million Baht and 191.60 million Baht, respectively. An increase from the same period of the previous year by 61.43 million Baht and 115.72 million Baht, respectively, representing 153.08% and 152.49% respectively. Compared to the first quarter of 2021, the rate of increase was similar. This was due to a 97.01% increment in sales revenue in the quarter causing the cost of sales to increase which align towards the same direction. The main cost of goods sold consists of production costs, cost of goods purchased and sold, imported freight, packaging cost and other import related costs. For the six-month period, cost of sales accounted for approximately 50.46% and 50.53% of sales revenue, respectively, with gross profit margins of 48.79% and 48.88%, respectively.

**Selling Expenses**

Selling expenses for the three-month and six-month periods ended June 30, 2021 amounted to 45.05 million Baht and 83.91 million Baht, respectively, increasing from the same period of the previous year by 19.41 million Baht and 28.28 million baht, respectively. They accounted for 22.38% and 22.13% of total revenue, a decrease of 2.90% and 5.66%, respectively. Most sales expenses vary with sales. Major selling expenses include salary, bonuses, sales staff's commissions, sales staff's travel & vehicle expenses, advertising & media expenses for products promotion, distribution fee paid to Zuellig Pharma under Distribution Agreement, sampling fee, etc.

**Administrative Expenses**

Administrative expenses for the three-month and six-month periods ended June 30<sup>th</sup>, 2021 amounted to 20.02 million Baht and 39.95 million Baht, respectively. Increasing from the same period of the previous year by 8.19 million Baht and 14.25 million Baht, respectively, representing 9.95% and 10.54% of total income, respectively. Most of the expenses arise from the expenses related to the management's salary of the Company's subsidiary and from the salary adjustment. In addition, there has been an increase in the number of employees following the expansion of the businesses. Professional expenses such as audit fees, various consulting fees, depreciation expenses, Independent Director Remuneration, accounting estimation and other administrative expenses.

**Net Profit**

For the three-month period ended June 30<sup>th</sup>, 2021, the Company had a net profit of 25.19 million Baht, an increase of 6.58 million Baht from the same period last year or 35.35% with a net profit margin of 12.52% of total revenue, resulting in the six-month period ended June 30<sup>th</sup>, 2021 with a net profit of 45.73 million Baht, an increase of 12.39 million Baht year-on-year or 37.15%. This is mainly due to the result of increased sales. The net profit margin was 12.06% of total revenue, which was reduced compared to the same period last year's net profit margin of 16.65% due to expenses occurred from on-going products quality improvement in various aspects including development of more and more innovative products to market.

However, net profit of only the portion belonging to the parent company's shareholders for the three-month period and the six-month period ended June 30<sup>th</sup>, 2021 were 24.76 million Baht and 43.44 million Baht, respectively. An increase from the same period of the previous year by 7.83 million Baht and 12.64 million Baht, respectively, or an increase of 46.28% and 41.07%, respectively.



## Financial Position

Financial Position Status	As of 30 June 2021	As of 31 December 2020	Variance	
	Million Baht	Million Baht	Million Baht	%
Total assets	879.71	749.95	129.76	17.30%
Total liabilities	351.12	262.27	88.85	33.88%
Total Shareholders' Equity	528.59	487.68	40.91	8.39%

### Assets

Total assets of the Company and its subsidiaries as of June 30<sup>th</sup>, 2021 amounted to 879.71 million Baht, an increase of 129.76 million Baht or an increase of 17.30% compared to as of December 31<sup>st</sup>, 2020, mainly due to an increase in current assets. An increase of 71.81 million Baht due to an increase in trade and other receivables of 103.01 million Baht. An increase in inventories of 38.43 million Baht. On the other hand, cash and cash equivalents decreased by 70.47 million Baht, while other non-current assets increased with an increase of 57.95 million Baht which caused by land, buildings and equipment at an increase of 29.84 million Baht. An increase in investments in joint ventures of 10.11 million Baht, an increase in deferred tax assets of 2.76 million Baht and an increase in other non-current assets of 16.22 million Baht.

### Liabilities

The total liabilities of the Company and its subsidiaries as of June 30<sup>th</sup>, 2021 amounted to 351.12, an increase of 88.85 million Baht or 33.88% compared to as of December 31<sup>st</sup>, 2020, the main reasons for the increase in current liabilities of 94.92 million Baht were from trade accounts payable of 58.98 million Baht, short-term loans from banks of 25 million Baht, income tax payable of 9.42 million Baht, and other current liabilities of 1.59 million Baht. Non-current liabilities decreased by 6.06 million Baht due to long-term loans from banks due within one year decreased by 7.76 million Baht. Provision for long-term employee benefits increased by 1.5 million Baht and other non-current liabilities increased by 0.48 million Baht.

### Shareholders' Equity

The shareholders' equity of the Company and its subsidiaries as of June 30<sup>th</sup>, 2021 amounted to 528.59 million Baht, an increase of 40.91 million Baht or 8.39% compared to as of December 31<sup>st</sup>, 2020, which was 487.68 million Baht. The main reason was from the second quarter, the Company had a net profit for the six-month period of 45.73 million Baht and a dividend of 46.02 million Baht was paid and the payment was scheduled in cash at the rate of 0.0234 Baht per share, totaling 4.82 million Baht and 2.5 existing shares per 1 stock dividend, totaling 41.20 million Baht or equivalent to a stock dividend payment rate of 0.20 Baht per share on the May 18<sup>th</sup>, 2021.

Yours sincerely,



Dr. Trinnawat Thanitnithiphan  
Chief Executive Officer