

IP_AC/004/2564

 November 10th, 2021

Subject Management' Discussion and Analysis for the 3rd 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 9-month period ended September 30th, 2021 as per herebelow:

Unit : Million Baht	Q3-2021 (Jul – Sep)	Q3-2020 (Jul – Sep)	Variance	9 months in 2021 (Jan – Sep)	9 months in 2020 (Jan – Sep)	Variance
Sales Revenue	240.38	108.97	120.60%	615.18	306.75	100.55%
Total Sales Revenue	244.39	110.58	121.01%	623.54	310.78	100.64%
Gross Profit	95.90	65.46	46.49%	279.10	187.36	48.96%
% Gross Profit	39.90%	60.07%		45.37%	61.08%	
Selling and Administrative Expenses	64.95	41.65	55.96%	188.81	122.98	53.53%
% of Selling and Administrative Expenses	26.58%	37.66%		30.28%	39.57%	
Earnings before interest, taxes and depreciation	32.56	25.21	29.13%	93.55	67.66	38.26%
% Earnings Before Interest, Tax and Depreciation	13.32%	22.80%		15.00%	21.77%	
Finance cost	2.32	0.16	1,379.68%	4.94	0.60	723.73%
%Finance cost	0.95%	0.14%		0.79%	0.19%	
Net Profit	26.41	20.41	29.38%	72.14	53.75	34.20%
% Net Profit	10.81%	18.46%		11.57%	17.30%	

Overview

Operating results for the three-month period ended September 30th, 2021, the Company had total sales revenue of 240.38 million Baht, an increase of 131.41 million Baht year-on-year or 120.60% gross profit of 95.90 million Baht, or 39.90% of sales revenue, or 46.49% year-on-year. Selling & Administrative expenses amounted to 64.95 million Baht, or 26.58% of total revenue. Finance cost amounted to 2.32 million Baht, or 0.95% of total revenue. Net profit for the three-month period was 26.41 million Baht, or 29.38% year-on-year.

For the nine-month operating results as of September 30th, 2021, the Company had total revenue of 615.18 million Baht, an increase of 308.43 million Baht year-on-year or accounted for 100.55% with gross profit of 279.10 million Baht, an increase of 91.74 million Baht or accounted for 48.96% year-on-year. Selling & Administrative expenses amounted to 188.81 million Baht, an increase of 65.83 million Baht or 53.53% year-on-year, and net profit for the nine-month period was 72.14 million Baht, an increase of 18.39 million Baht, or 34.20% year-on-year.

Segment	3-Month Period Ending					
	Jul - Sep 2021		Jul - Sep 2020		Variance (Million Baht)	Variance (%)
	Million Baht	%	Million Baht	%		
1. Humans Healthcare	147.59	61.40%	58.73	53.90%	88.86	151.30%
2. Animal Healthcare	92.79	38.60%	50.24	46.10%	42.55	84.69%
Total Sales Revenue	240.38	100.00%	108.97	100.00%	131.41	120.59%

9-Month Period Ending					
Jan - Sep 2021		Jan - Sep 2020		Variance (Million Baht)	Variance (%)
Million Baht	%	Million Baht	%		
377.56	61.37%	168.62	54.97%	208.94	123.91%
237.62	38.63%	138.13	45.03%	99.49	72.03%
615.18	100.00%	306.75	100.00%	308.43	100.55%

For the three-month period, the revenue for Humans Healthcare accounted for 147.59 million Baht, an increase of 88.86 million Baht, or 151.30% which derived from sales revenue of Pharmaceutical Products of Modern Pharma which was driven by diabetes medicine (Metforin), fungicide (Itrazole), antacid (Omezole), mucolytic (Supenac), and muscle relaxant and pain reliever (Ingescic). Also from Antiviral drug (Virogon), allergic rhinitis drug (Aller Tab, Zensil tab), blood lipid drug (Zimmex Tab), which are the key products of Ayutthaya Plant. Moreover, there was an increase in income from Wellness & Anti-aging Nutraceutical, mainly derived from an increase in revenue from sales of probiotic products i.e. Probac, Weight Management Products (Fit Series), PreBo Products (Holistic nutrients for bone), multi vitamin product (Multivitamin) and supplement products of Vita (Thailand) Co., Ltd., etc. and also revenue from Cosmeceutical & Aesthetic Innovative products, such as toothpaste, facial and skin care products group.

In addition, there was also income from Companion Animal Healthcare products at 92.79 million Baht, an increase of 42.55 million Baht, or 84.69%. 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). Moreover, sales from Livestock products also contributed to revenue increment.

	3-Month Period Ending				
	Jul – Sep 2021		July – Sep 2020		Variance (%)
	Million Baht	%	Million Baht	%	
Cost of Sales	144.48	59.12%	43.50	39.34%	232.10%
Selling Expenses	36.27	14.84%	28.22	25.52%	28.54%
Administrative Expenses	28.68	11.73%	13.43	12.14%	113.56%
Financial Costs	2.32	0.95%	0.16	0.14%	1379.68%
Total Expenses	211.75	86.64%	85.31	77.15%	

	9-Month Period Ending				Variance (%)
	Jan – Sep 2021		Jan – Sep 2020		
	Million Baht	%	Million Baht	%	
Cost of Sales	336.08	54.63%	119.39	38.92%	181.50%
Selling Expenses	120.18	19.27%	83.85	26.98%	43.33%
Administrative Expenses	68.63	11.01%	39.13	12.59%	75.40%
Financial Costs	4.94	0.79%	0.60	0.19%	723.73%
Total Expenses	529.82	85.70%	242.96	79.09%	

Cost of Sales

For the three-month period and the nine-month period as of September 30th, 2021, were 144.48 million Baht and 336.08 million Baht, respectively. Cost of sales was increased 100.98 million Baht and 216.69 million Baht, or 232.10% and 181.50% respectively. The increase in cost of sales is aligned with increased income. The Company started manufacturing medicinal from the Ayutthaya Plant in mid-August, which increased the cost of sales to revenue ratio. The major cost of goods sold consists of cost of production and cost of goods purchase, imported expenses and packing material costs.

Selling Expenses

Selling expenses for the three-month and nine-month periods ended September 30th, 2021 amounted to 36.27 million Baht and 120.18 million Baht, respectively. Increasing from the same period last year by 8.05 million Baht and 36.33 million Baht, which accounted for 14.84% and 19.27% of total revenue. 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 nine-month periods ended September 30th, 2021 amounted to 28.68 million Baht and 68.63 million Baht, respectively. Increasing from the same period of the previous year by 15.25 million Baht and 29.50 million Baht, representing 11.73% and 11.01% of total revenue, respectively. Most of the expenses were from the expenses related to the management's salaries and from the increase in the number of employees following the business expansion. Professional expenses such as audit fees, various consulting fees, depreciation expenses, Independent Director Remuneration, accounting estimation and other administrative expenses.

Financial Position

Financial Position Status	As of 30 Sep 2021	As of 31 Dec 2020	Variance	
	Million Baht	Million Baht	Million Baht	%
Total assets	1,281.22	749.95	531.27	70.84%
Total liabilities	534.82	262.27	272.55	103.92%
Total Shareholders' Equity	746.40	487.68	258.72	53.05%

Assets

Total assets of the Company and its subsidiaries as of September 30th, 2021 amounted to 1,281.22 million Baht, an increase of 531.27 million Baht or an increase of 70.84% compared to as of December 31st, 2020. Mainly due to an increase in current assets, an increase of 217.58 million Baht in trade, other receivables of 128.30 million Baht, inventories increased amounting to 96.22 million Baht and other current assets of 9.47 million Baht. On the other hand, cash and cash equivalents decreased by 17.03 million Baht. Increment in other non-current assets increased by 313.68 million Baht resulting from the Company's acquisition of pharmaceutical plant in Ayutthaya in 3rd Quarter which reflect the increase of land, building and equipment plant and equipment at 201.77 million Baht. In addition, there was an increase in investment in joint ventures of 10.02 million Baht, an increase in deferred tax assets of 4.17 million Baht and advance payments for business valuation of 85 million Baht.

Liabilities

The total liabilities of the Company and its subsidiaries as of September 30th, 2021 amounted to 534.82, an increase of 272.55 million Baht or 103.92% compared to as of December 31st, 2020, the main reason for the increase in current liabilities of 163.47 million Baht were from trade accounts payable of 77.27 million Baht, short-term loans from banks of 70 million Baht and long-term loans due within one year of 20.09 million Baht. Other current liabilities amounted to 0.84 million Baht. Income tax payable decreased by 4.64 million Baht. In terms of non-current liabilities, there was an increase of 109.08 million Baht due to an increase in long-term loans from banks of 103.06 million Baht, an increase in provision for long-term employee benefits of 5.91 million Baht and an increase of 0.53 million Baht.

Shareholders' Equity

Shareholders' equity of the Company and its subsidiaries as of September 30th, 2021 amounted to 746.40 million Baht, an increase of 258.72 million Baht or 53.05% compared to as of December 31st, 2020, which was 487.68 million Baht. Mainly due to the Company's capital increase of 75.03 million Baht and share premium of 187.10 million Baht and dividend payment of 46.02 million Baht. The payment is 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 41.2 million Baht or equivalent to a stock dividend payment rate of 0.20 Baht per share on the May 18th, 2021.

Yours sincerely,

Supaporn Rerkpitakpanich
Chief Finance Officer