

IP\_AC003/2565

August 9<sup>th</sup>, 2022

Subject Management Discussion and Analysis of the 2<sup>nd</sup> Quarter in 2022

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>, 2022 as per here below:

	Q2'22	Q2'21	Change		1H'22	1H'21	Change	
	mio THB	mio THB	mio THB	%	mio THB	mio THB	mio THB	%
<b>Revenue from Sales</b>	409.4	198.3	211.1	106.5	679.9	374.8	305.1	81.4
<b>Gross Profit</b>	153.2	95.1	58.1	61.1	270.0	179.9	90.1	50.1
<i>Gross Profit Margin</i>	37.4%	47.9%		-10.5%	39.7%	48.0%		-8.3%
Selling Expenses	80.3	45.1	35.2	78.2	120.9	83.9	37.0	44.1
Administrative expenses	40.1	20.0	20.1	100.5	74.9	40.0	35.0	87.6
<b>Total SG&amp;A</b>	120.4	65.1	55.4	85.1	195.9	123.9	72.0	58.2
<i>%SG&amp;A</i>	29.4%	32.8%		-3.4%	28.8%	33.0%		-4.2%
<b>Net profit</b>	31.9	23.9	8.1	33.9	64.3	43.1	21.3	49.4
<i>Net Profit Margin</i>	7.8%	12.0%		-4.2%	9.5%	11.5%		-2.0%

### Overview

In April 2022, Inter Pharmacy Co., LTD (“the subsidiary”) purchased ordinary shares of Drug Care Co., Ltd., which is principally engaged in retail of medical products and cosmetics under trademark LAB Pharmacy. Acquisition of business resulted in the Group controlling Drug Care Co., Ltd., therefore, the status of Drug Care Co., Ltd is subsidiary and it included in the preparation of the consolidated financial statements of the company’s group from April 2022 onwards.

Operating results for the three-month period ended June 30<sup>th</sup>, 2022, the Company had revenue from sales of THB 409.4 million, increased by THB 211.1 million or 106.6% compared to same period last year. The growth was from human healthcare segment 162.7% due to the acquisition of Pharmacy store and continued growing from Pharmaceutical Products with growth at 212.6% and also animal healthcare segment increased by 17.7% compared to same period last year.

Operating results for the six-month period ended June 30<sup>th</sup>, 2022, the Company had revenue from sales of THB 679.9 million, increased by THB 305.1 million or 81.4% compared to same period last year. This was contributed by human healthcare segment THB 493.4 million, 114.9% growth compared to same period last year and revenue from animal healthcare segment was THB 186.5 million, increased by 28.5%. The proportion of revenue between Human healthcare and Animal healthcare was 73: 27 compared to 61: 39 for first half of 2021.

Revenue by Segment	Q2'2022		Q2'2021		Change		1H'2022		1H'2021		Change	
	MB	%	MB	%	MB	%	MB	%	MB	%	MB	%
1. Pharmaceutical Products	106.9	26.1	34.2	17.2	72.7	212.6	191.8	28.2	68.7	18.3	123.2	179.4
2. Wellness & Anti-Aging Nutraceuticals	84.9	20.7	82.4	41.6	2.4	3.0	172.3	25.3	153.7	41.0	18.6	12.1
3. Cosmeceuticals & Aesthetic Innovation	2.3	0.6	4.9	2.5	(2.6)	-52.5	4.2	0.6	7.3	1.9	(3.1)	-42.6
4. Companion Animal Healthcare	69.7	17.0	52.5	26.5	17.2	32.8	143.1	21.0	108.6	29.0	34.5	31.8
5. Livestock Animal Healthcare	20.6	5.0	24.2	12.2	(3.7)	-15.1	43.4	6.4	36.5	9.7	6.9	18.9
6. Pharmacy store and clinic	125.1	30.6	0.0	0.0	125.1	0.0	125.1	18.4	0.0	0.0	125.1	0.0
<b>Total Revenue from Sales</b>	<b>409.4</b>	<b>100.0</b>	<b>198.2</b>	<b>100.0</b>	<b>211.2</b>	<b>106.6</b>	<b>679.9</b>	<b>100.0</b>	<b>374.7</b>	<b>100.0</b>	<b>305.2</b>	<b>81.4</b>

\* Revised grouping

## Revenue by Segment

Operating results for the three-month period ended June 30<sup>th</sup> 2022, revenue of Pharmaceutical Products accounted for THB 106.9 million, increased by 212.6%, represented as 26.1% of revenue from sales. Animal Healthcare segment was mainly driven by Companion Animal Healthcare, the highest contribution was Pet food under brand MARIA and CHOO CHOO. Revenue from pharmacy stores was THB 125.1 million, represented as 30.6% of revenue from sales. Currently, there are 20 stores and 1 online platform. We expect to open 3-5 new stores in the second half for 2022.

Operating result for the six-month period ended June 30<sup>th</sup> 2022, revenue from Pharmaceutical Products posted THB 191.8 million, or 179.4% growth YoY, higher proportion of revenue from sales to 28.2% from 18.3% compared to same period last year, the growth was driven by both contract manufacturing products and owned products & marketed by IP. Revenue from Wellness and Anti-Aging nutraceuticals was THB 172.3 million, delivered 12.1% growth driven by Probiotics (Probac 7, Probac 10 Plus, Probiota BL, Probac FIT, Probac Ultra Collagen, TS6) with 24.7% growth YoY. Companion Animal Healthcare delivered 31.8% growth contributed by Pet Food and Nutraceuticals from Pet. And also, from pharmacy store as mentioned above.

	Q2'22		Q2'21		Change		1H'22		1H'21		Change	
	mio THB	%	mio THB	%	mio THB	%	mio THB	%	mio THB	%	mio THB	%
Cost of goods sold	256.3	62.6	103.2	52.1	153.0	148.2	409.9	60.3	194.9	52.01	215.0	110.3
Selling Expenses	80.3	19.6	45.1	22.7	35.2	78.2	120.9	17.8	83.9	22.39	37.0	44.1
Administrative expenses	40.1	9.8	20.0	10.1	20.1	100.5	74.9	11.0	40.0	10.66	35.0	87.6
Financial Cost	5.4	1.3	1.4	0.7	4.0	286.4	8.8	1.3	2.6	0.70	6.2	237.6
<b>Total Expense</b>	<b>382.1</b>	<b>93.3</b>	<b>169.7</b>	<b>85.6</b>	<b>212.4</b>	<b>125.2</b>	<b>614.6</b>	<b>90.4</b>	<b>321.4</b>	<b>85.75</b>	<b>293.2</b>	<b>91.2</b>
Revenue from Sales	<b>409.4</b>	<b>100.0</b>	<b>198.3</b>	<b>100.0</b>	<b>211.1</b>	<b>106.5</b>	<b>679.9</b>	<b>100.0</b>	<b>374.8</b>	<b>100.00</b>	<b>305.1</b>	<b>81.4</b>

## Cost of Goods sold and Gross Profit

For the three-month and six-month period ended June 30<sup>th</sup> 2022, Cost of goods sold stood at THB 256.3 million and THB 409.9 million respectively, increased from same period last year. The cost of goods sold was 62.6% and 60.3% respectively and resulted in lower gross profit margin compared to same period last year. This was due to the change in product sales mix, increasing in cost of raw material and packaging for Pharmaceutical Products.

### **Selling Expenses**

Selling expenses for the three-month and six-month period ended June 30<sup>th</sup> 2022 was THB 80.3 million and THB 120.9 million, respectively, increased from same period last year. Most selling expenses varied with revenue from sales i.e. commission for sales team, distribution fee paid to Zuellig Pharma under distribution agreement. Major selling expenses included employee expenses, pharmacist, store rental expense, and related expense mainly from consolidation of Drug Care. However, selling expenses to revenue from sales ratio was lower than same period last year, reflecting effective expense management.

### **Administrative Expenses**

Administrative Expenses for the three-month and six-month period ended June 30<sup>th</sup> 2022 was THB 40.1 million and THB 74.9 million, respectively, increased compare to same period last year, mainly from employee expense, including the consolidation of Drug Care's administrative expenses.

### **Net Profit**

Net Profit for the three-month and six-month period ended June 30<sup>th</sup> 2022 posted THB 31.9 million and THB 64.3 million, equivalent to an increased of 33.9% and 49.4% respectively. The net profit margin decreased compared to same period last year due mainly to increasing in cost of raw material and packaging for Pharmaceutical Product. However, the company took price increase effective from July 1, 2022 onwards, expected improvement in the next quarter, also we invested higher marketing expense both billboard and online channel, expected to impact higher revenue especially for Probac and YUUU toothpaste in next quarter. In term of pharmacy business, we realized better performance during May-Jun '22 due to Test and Go cancellation and full re-opening for tourist, we forecasted positive impact on revenue in next quarter as well.

## Financial Position

	As of	As of	Change	
	June 30th, 2022	June 30th, 2021	mio THB	%
	mio THB	mio THB		
Total Asset	1,855.3	1,327.0	528.3	39.8
Total Liabilities	1,002.6	543.5	459.1	84.5
Shareholders' Equity	852.7	783.5	69.2	8.8

### Total Assets

The total assets of the Company and its subsidiaries as of June 30<sup>th</sup>, 2022 reported THB 1,855.3 million, an increase of THB 528.3 million or +39.8% compared to as at December 31<sup>st</sup>, 2021 which was mainly from higher current asset THB 257.3 million. The majority consists of cash and cash equivalent, trade account receivables, inventory. And non-current asset increased by THB 291 million, mainly from property, goodwill, right-of-use assets and deferred tax assets.

### Total Liabilities

The total liabilities of the Company and its subsidiaries as of June 30<sup>th</sup>, 2022 amounted to THB 1,002.6 million, an increase of THB 459.1million or +84.5% compared to as at December 31<sup>st</sup>, 2021. This was due to increase in current liability THB 254.5 million from trade account payable, short-term loan from bank. Non-current liability increased by THB 204.6 million from long-term loan and lease liability.

### Shareholders' Equity

The shareholders' equity of the Company and its subsidiaries as of June 30<sup>th</sup>, 2022 amounted to THB 852.7 million, an increase of THB 69.2 million or +8.8% compared of as at December 31<sup>st</sup>, 2021 which mainly contributed by the net profit for six-month of 2022 at THB 64.3 million.

**Yours sincerely,**

Nattarin Polpuech  
Chief Finance Officer