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August 14, 2024

Subject Management Discussion and Analysis of the Quarter2 in year 2024

 To Directors & Managers  
 The Stock Exchange of Thailand

Inter Pharma Public Co., Ltd. (“the Company”) hereby submitting management discussion and analysis for the 3 month and 6 month periods ended June 30, 2024 as per here below:

	Q2'24		Q2'23		Change		1H2024		1H2023		Change	
	MB	MB	MB	%	MB	%	MB	MB	MB	%	MB	%
Revenue from Sales & Services	445.00	444.29	0.71	0.2	929.27	917.32	11.95	1.3				
Total Revenue	449.46	447.68	1.77	0.4	936.86	925.17	11.69	1.3				
Cost of goods sold	281.17	274.67	6.50	2.4	583.05	558.88	24.17	4.3				
Gross Profit	163.83	169.62	-5.79	-3.4	346.23	358.45	-12.22	-3.4				
%Gross Profit	36.8%	38.2%			37.3%	39.1%						
Selling & Distribution Expenses	108.21	92.51	15.70	17.0	217.04	166.95	50.09	30.0				
Administrative expenses	49.24	54.18	-4.94	-9.1	100.21	109.08	-8.87	-8.1				
Selling, Distribution & Administrative Exp.	157.45	146.69	10.76	7.3	317.26	276.03	41.22	14.9				
%Selling, Distribution & Administrative Exp.	35.4%	33.0%			34.1%	30.1%						
Net Profit	0.71	14.30	-13.59	-95.0	15.84	56.89	-41.05	-72.1				
%Net Profit	0.2%	3.2%			1.7%	6.1%						

### Overview

For the three-month period ending June 30, 2024, the company had total revenue 449 million baht, which represents a 0.4% increase compared to the same quarter last year. Gross Profit decreased by 3.4% compared to the same quarter last year. This decrease is attributed to the higher proportion of revenue from the lower-margin pharmaceutical products and Lab pharmacy businesses, compared to the higher-margin Wellness & Anti-Aging Nutraceuticals products. Selling and Distribution Expenses increased by 17% compared to the same quarter last year due to 7 million baht spent on brand advertising and 9 million baht on expanding lab pharmacy stores (with 7 new branches opened compared to the same period last year). Administrative Expenses Decreased by 9% compared to the same period last year, reflecting improved management of expenses.

For the six-month period ending June 30, 2024, the company had total revenue 937 million baht, representing a 1.3% increase compared to the same period last year. Gross Profit decreased by 3.4% compared to the same period last year. This decrease is attributed to the higher proportion of revenue from the lower-margin pharmaceutical products and Lab pharmacy businesses, compared to the higher-margin Wellness & Anti-Aging Nutraceuticals products. Selling and Distribution Expenses increased by 30%, primarily due to 25 million baht spent on brand advertising and marketing activities, and 21 million baht on expanding pharmacy branches (with 7 new branches opened compared to the same period last year). Administrative Expenses decreased by 8% compared to the same period last year, reflecting improved management of expenses.

## Revenue by Segment

	Q2'24		Q2'23		Change		6 Month'24		6 Month'23		Change	
	MB	%	MB	%	MB	%	MB	%	MB	%	MB	%
1. Hospital Market	52.1	11.7	46.7	10.5	5.4	11.5	112.2	12.1	100.1	10.9	12.1	12.1
2. Consumer Market	96.9	21.8	110.5	24.9	-13.5	-12.3	224.1	24.1	256.0	27.9	-31.9	-12.5
3. Animal Healthcare	85.2	19.1	84.6	19.0	0.6	0.7	166.5	17.9	168.0	18.3	-1.5	-0.9
4. Lab Pharmacy	164.7	37.0	146.0	32.9	18.7	12.8	331.8	35.7	283.5	30.9	48.3	17.0
5. Hospital business	46.1	10.4	56.5	12.7	-10.4	-18.4	94.6	10.2	109.6	12.0	-15.1	-13.8
<b>Revenue from sale&amp;service</b>	<b>445.0</b>	<b>100</b>	<b>444.3</b>	<b>100</b>	<b>0.7</b>	<b>0.1</b>	<b>929.2</b>	<b>100.0</b>	<b>917.3</b>	<b>100.0</b>	<b>11.9</b>	<b>1.3%</b>

Revenue from Hospital Market for the Six-Month Period Ending June 30, 2024, grew by 12% compared to the same period last year, reflecting the success in market expansion and the strength within this key customer segment. Revenue from the Consumer Market has decreased by 12%, due to reduced orders from the Modern Trade sector and pharmacies, attributable to consecutive holidays and the presence of counterfeit products in certain channels. However, this decline presents an opportunity to improve and strengthen customer confidence across various distribution channels. Revenue from Animal Healthcare products remained stable compared to the same period last year, indicating stability within this product segment and a steady market.

Growth in the hospital sector and stability in the Animal Healthcare product line demonstrate the company's ability to strengthen its position in key markets. This also presents an opportunity to develop and adjust strategies within the consumer segment to achieve better results in the future.

For the 6-month period, revenue from the pharmacy business increased by 48 million baht, representing a growth of 17%. This growth is attributed to the expansion of pharmacy branches to a total of 34 branches (an increase of 7 branches compared to the same period last year) and the growth of online sales channels, which collectively contributed to a rise in overall revenue.

Revenue from Hospital and Clinic Business for the Six-Month Period Ending June 30, 2024, decreased by 14% due to renovation of the certain areas to create a better image.

	Q2'24		Q2'23		Change		1H2024		1H2023		Change	
	MB	%	MB	%	MB	%	MB	%	MB	%	MB	%
Cost of goods sold	281.17	64.10	274.67	65.19	6.50	2.4	583.05	64.76	558.88	66.94	24.17	4.3
Selling & Distribution Expenses	108.21	24.67	92.51	21.96	15.70	17.0	217.04	24.11	166.95	20.00	50.09	30.0
Administrative expenses	49.24	11.23	54.18	12.86	-4.94	(9.1)	100.21	11.13	109.08	13.07	-8.87	(8.1)
Financial cost	6.69	-	6.21	-	0.48	7.7	13.47	-	9.66	-	3.81	39.4
<b>Total Expenses</b>	<b>438.62</b>	<b>100.00</b>	<b>421.37</b>	<b>100.00</b>	<b>17.26</b>	<b>4.1</b>	<b>900.30</b>	<b>100.00</b>	<b>834.91</b>	<b>100.00</b>	<b>65.39</b>	<b>7.8</b>

## Cost of goods sold and gross profit

Cost of goods sold for the three-month and six-month periods ended June 30, 2024, amounted to THB 281 million and THB 583 million respectively, reflecting increases of 2.4% and 4.3% compared to the same periods of the previous year. This increase is indicative of the company's ongoing business expansion and investment in sales growth. Despite a 3.4% decrease in gross profit margin compared to the previous year, primarily due to the higher proportion of revenue from pharmaceutical products and the pharmacy business segments with lower profit margins compared to the Wellness & Anti-Aging Nutraceuticals products, this change is part of a strategic market expansion aimed at addressing diverse customer needs. The company's increased revenue share from lower-margin product segments demonstrates its capability to broaden market reach and expand its customer base, which is beneficial for long-term growth. Additionally, this provides an opportunity to refine strategies to enhance efficiency and profitability in the future. The growth in cost of sales and strategic revenue adjustments are expected to bolster the customer base and support sustainable long-term growth.

## Selling and Distribution Expenses

Selling expenses for the 3-month and 6-month periods ending June 30, 2024, amounted to 108 million baht and 217 million baht, respectively, representing increases of 17% and 30% compared to the same periods of the previous year. Significant selling expenses include investments in advertising and marketing activities focused on pharmaceutical products, Wellness & Anti-Aging Nutraceuticals products, and Animal healthcare products. This reflects a commitment to product development and effective market responsiveness. Additionally, there has been an increase in investments in transportation and distribution expenses, as well as in strengthening the sales team and expanding pharmacy branches, with 7 additional branches opened compared to the same period last year. This expansion enhances customer reach and effectively broadens the customer base. These developments signal growth and increased investment in key activities to support the ongoing expansion of the business.

## Administrative Expenses

Administrative expenses for the 3-month and 6-month periods ending June 30, 2024, were 49 million baht and 100 million baht, respectively, reflecting decreases of 9% and 8% compared to the same periods of the previous year. This reduction indicates successful management of expenses with improved efficiency.

The decrease in expenses is the result of enhanced and more effective management strategies, allowing the company to better control costs without impacting core operations. This success in reducing expenses reflects the company's ability to adapt and manage resources effectively, which is a crucial foundation for financial stability and preparing for future growth.

## Net Profit

Net profit for the 3-month and 6-month periods ending June 30, 2024, was 0.71 million baht and 15.85 million baht, respectively, representing profit margins of 0.2% and 1.7% of revenue. The profit margins have decreased compared to the previous year due to increased investments aimed at expansion and brand strengthening. These investments include advertising through television, billboards, and online platforms, as well as marketing activities focused on building awareness and expanding the customer base. Additionally, there were increased expenses related to salaries and sales costs arising from branch expansions and rental costs for pharmacy locations.

These investments reflect a strategy for sustainable business development, which will help strengthen the brand and enhance future growth potential. The focus on business expansion and market awareness will be key factors in increasing revenue and profitability in the long term.

## Financial Position

	As at June 30, 2024	As at December 31, 2023	Change	
	MB	MB	MB	%
Total Asset	2,884.43	2,952.37	-67.93	-2.3
Total Liabilities	763.83	834.65	-70.81	-8.5
Total Shareholders' Equity	2,120.60	2,117.72	2.88	0.1

### **Total Assets**

Total assets of the Company and its subsidiaries as of June 30, 2024 reported THB 2,884 million, a decrease of THB 68 million or 2.3% compared to as at December 31, 2023 which was mainly from current assets decrease of THB 133 million. The majority consists of cash and cash equivalent and account receivable. And non-current assets increased by THB 65 million, mainly from property plant and equipment and right-of-use assets.

### **Total Liabilities**

Total liabilities of the Company and its subsidiaries as of June 30, 2024, amounted to THB 764 million, a decrease of THB 71 million or 9% compared to as at December 31, 2023. This was due to decrease in current liability THB 49 million from short-term loans and trade account payable. Non-current liability decreased by THB 22 million from long-term loans.

### **Shareholders' Equity**

The shareholders' equity of the Company and its subsidiaries as of June 30, 2024, amounted to THB 2,121 million, a increase of THB 3 million compared of as at December 31, 2023, which mainly contributed by net profit for the three-month period of 2024 of THB 20 million. and paid of dividend THB 129 million in ordinary shares of the Company of THB 116 million and paid in cash of THB 13million

**Yours sincerely,**

Chatkaew Krudkosol  
Chief Finance Officer