

IP\_AC/003/2563

August 14<sup>th</sup>, 2020

Subject Management' Discussion and Analysis for the 2<sup>nd</sup> Quarter 2020

To Directors & Managers  
The Stock Exchange of Thailand

Inter Pharma Public Co., Ltd. ("the Company") hereby submitting management' discussion and analysis for 3-month and 6-month periods ending June 30<sup>th</sup>, 2020 as per herebelow :

Unit : Million Baht	Q2-2020 (Apr – Jun)	Q2-2019 (Apr – Jun)	Variance	6 months in 2020 (Jan – Jun)	6 months in 2019 (Jan – Jun)	Variance
Sales revenue	100.65	97.65	3.07%	197.78	182.58	8.32%
Gross profit	60.53	56.37	7.37%	121.90	102.86	18.50%
% Gross profit	60.13%	57.72%	4.17%	61.63%	56.34%	9.40%
Selling and administrative expenses	37.47	37.74	-0.72%	81.33	82.66	-1.61%
% of selling and administrative expenses	37.23%	38.65%	-3.67%	41.12%	45.27%	-9.17%
Earnings before Interest, Tax, Depreciation and Amortization	24.58	21.82	12.65%	44.53	24.33	83.03%
% Earnings before Interest, Tax, Depreciation and Amortization	24.24%	21.75%	11.44%	22.24%	13.10%	69.79%
Net profit for the period of the parent company shareholders	16.93	15.55	8.83%	30.80	17.21	78.99%
% of net profit for the period of parent company shareholders	16.69%	15.50%	7.66%	15.38%	9.26%	66.04%
Net profit	18.61	16.83	10.62%	33.34	18.03	84.95%
% Net profit	18.35%	16.77%	9.43%	16.65%	9.71%	71.58%

### Sales Revenues

Revenue from sales of the Company and its subsidiaries in the second quarter of 2020 amounted to 100.65 million Baht, an increase of 3 million Baht or 3.07% year-on-year.

- 1) As in second quarter of 2019, recorded sales of Nabota products was 12.44 million Baht, but the Company discontinued distributorship in 2020, therefore, there was no sales from this product in second quarter of Q2 2020. Cancellation of distributorship is due to product has a relatively low gross profit.
- 2) Delayed shipment of Malaseb Shampoo from Australia (shipment delivered to Thailand in the third quarter) has impacted sales which resulted in a decrease from 13.5 million Baht to 8.45 million Baht with having 18 million Baht sales target.
- 3) Whist other products (excluding Nabota and Malaseb) continue to grow by an average of 28.6%. For the six-month period of 2020, sales revenue was 197.78 million Baht, an increase of 15.2 million Baht or 8.32% year-on-year.

Type of Revenue	Q2-2020 (Apr - Jun)		Q2-2019 (Apr - Jun)		Variance	
	MB	%	MB	%	MB	%
1. Wellness & Anti-Aging	55.37	55.01	42.05	43.06	13.32	31.67
2. Aesthetic Innovation	3.81	3.79	19.08	19.54	-15.27	-80.02
3. Companion Animal Healthcare	33.18	32.97	31.78	32.55	1.40	4.41
4. Livestock	8.29	8.23	4.74	4.85	3.55	74.85
<b>Total Sales Revenue</b>	<b>100.65</b>	<b>100.00</b>	<b>97.65</b>	<b>100.00</b>	<b>3.00</b>	<b>3.07</b>

The increase in revenue came from sales increment in Wellness & Anti-aging products amounting to 55.37 million Baht which grew by 13.32 million Baht or 31.67%. The increment mainly driven from an increase in income from sales of all products such as Probiotics products i.e. Probac, PreBo products (holistic nutrients for bone), multivitamin products (Multivitamin) and YUUU toothpaste, etc. as well as from the sale of Companion Animal Healthcare products that contributed 33.18 million Baht or an increase of 1.40 million Baht or at 4.41% year-on-year. Amidst COVID-19 situation, revenue from pet skincare shampoo products have been impacted, sales were slightly dropped due to delayed delivery by manufacturers. However, the Company was able to pick up sales from dogs & cats dietary supplement (Dr. Choices, Pet Select) and pet food (Maria).

For Aesthetic Innovation products, the Company still selling Perfectha from Korea with sales in Q2-2020 amounted to 3.81 million Baht compared to the same period of the previous year with revenues of 19.08 million Baht which divided into Perfectha at 6.64 million Baht and Nabota at 12.44 million Baht.

### Gross profit

The Company and its subsidiaries gross profit in the second quarter of 2020 amounted to 60.53 million Baht with an increase of 4.16 million Baht or 7.37% year-on-year. Gross profit margin for the second quarter of 2020 and 2019 was accounted for 60.13% and 57.72%, respectively.

For the six-month period of 2020, the Company and its subsidiaries have made gross profit of 121.90 million Baht, an increase of 19.03 million Baht or 18.50% year-on-year. The gross profit margin for the six-month period of 2020 and 2019 was accounted for 61.63% and 56.34%, respectively.

### Selling and administrative expenses

Selling and administrative expenses of the Company and its subsidiaries in the second quarter of 2020 amounted to 37.47 million Baht, which is close to the same period of the previous year which was 37.74 million Baht. This is due to planning and monitoring of selling and administrative expenses during the COVID-19 situation.

For the six-month period of 2020, the Company and its subsidiaries recorded selling and administrative expenses of 81.33 million Baht which decreased by 1.33 million Baht or 1.61% year-on-year. The company has reduced the cost of sample products and expenses related to Modern trade by 3.18 million Baht whereas advertising expenses increased approximately 1 million Baht compared to the same period last year. Meanwhile, administrative expenses such as internal audit fees and Directors' remuneration have decreased by 1 million Baht. For expenses of salary, bonus, employees' compensation, loss from impairment of investment and depreciation of right to use have increased by 2.76 million Baht. As a result, the percentage of overall selling and administrative expenses decreased from 45.27% year-on-year to 41.12%.

## Net profit

The net profit of the Company and its subsidiaries in the second quarter of 2020 amounted to 18.61 million Baht, an increase of 1.79 million Baht year-on-year or by 10.62% which is due to an increase in sales. The net profit margin for the second quarter of 2020 and 2019 is 18.35% and 16.77% of total revenue, respectively. The net profit of the parent company shareholders in the second quarter of 2020 and 2019 accounted for 16.93 million Baht and 15.55 million Baht of total income respectively.

The net profit of the Company and its subsidiaries for the six-month period of 2020 was 33.34 million Baht, an increase of 15.31 million Baht year-on-year or an increase of 84.95%, mainly due to higher gross profit. As a result, the net profit margins for the six-month period of 2020 and 2019 are 16.65% and 9.71%, respectively.

## Analysis of financial position

	As of June 30 <sup>th</sup> , 2020	As of June 30 <sup>th</sup> , 2019	Variance	
	MB	MB	MB	%
Cash and cash equivalents	319.61	342.65	-23.04	-6.72
Trade and other receivables	138.95	111.54	27.41	24.57
Inventory	55.06	50.26	4.80	9.55
Total current assets	514.28	505.05	9.23	1.83
Total assets	539.58	525.88	13.70	2.61
Trade payables and other payables	48.62	40.57	8.05	19.84
Total liabilities	79.05	60.13	18.92	31.47
Parent company	448.11	455.71	-7.60	-1.67
Non-controlling interests	12.42	10.03	2.39	23.83
Total shareholders' equity	460.53	465.74	-5.21	-1.12

## Assets

Total assets of the Company and its subsidiaries as of June 30<sup>th</sup>, 2020 amounted to 539.58 million Baht, an increase of 13.70 million Baht or 2.61% compared to as of December 31<sup>st</sup>, 2019. Driven factor is from an increase in trade accounts receivable other receivables of 27.41 million Baht (including deposit paid to Modern Pharma of 10 million Baht), inventory increased by 4.8 million Baht, while there was a decrease in cash and cash equivalents of 23.04 million Baht.

## Liabilities

Total liabilities of the Company and its subsidiaries as of June 30<sup>th</sup>, 2020 accounted for 79.05 which increased by 18.92 million Baht or 31.47%, compared to the amount of 60.13 million Baht as of December 31<sup>st</sup>, 2019. Mainly due to an increase of trade and other payables of 8.05 million Baht, corporate income tax accrued of 3.54 million Baht, lease liabilities 3.52 million Baht, and non-current provisions for employee benefits 0.93 million Baht.

### Shareholders' Equity

The shareholders' equity of the Company and its subsidiaries as of June 30<sup>th</sup>, 2020 was 460.53 million Baht which decreased by 5.21 million Baht or 1.12% compared to the amount of 465.74 million Baht as of December 31<sup>st</sup>, 2019. The main reason is that the company has a net profit for the six-month period of 2020 at 33.34 million Baht but made dividend payment in April at 38.10 million Baht.

### Liquidity

As of June 30<sup>th</sup>, 2020, the Company and its subsidiaries had cash and cash equivalents of 319.61 million Baht, an increase of 307.23 million Baht from June 30<sup>th</sup>, 2019 that resulting from:

- Cash flow received from operations activities increased by 54.01 million Baht, mainly due to trade & other current receivables of 8.59 million Baht and trade & other current payables 22.44 million Baht.
- Cash flow received from investing activities decreased by 10.39 million Baht. Mainly due to cash deposit payment for business venture acquisition of 11.10 million Baht.
- Cash flow received from financing activities decreased by 46.59 million Baht. Mainly derived from dividend payment of 38 million Baht, interest payment of 0.5 million Baht and payment of lease liability 0.41 million Baht.

Yours sincerely,

Dr. Songwut Sakchalathorn  
Chief Executive Officer