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November 10th, 2020

Subject Management' Discussion and Analysis for the 3rd 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 9-month periods ending September 30th, 2020 as per herebelow :

Unit : Million Baht	Q3-2020 (Jul-Sep)	Q3-2019 (Jul-Sep)	Variance	9 months in 2020 (Jan – Sep)	9 months in 2019 (Jan – Sep)	Variance
Sales revenue	108.97	91.94	18.52%	306.75	274.53	11.74%
Gross profit	65.46	54.06	21.10%	187.36	156.92	19.40%
% Gross profit	60.08%	58.80%	1.28%	61.08%	57.16%	3.92%
Selling and administrative expenses	41.65	35.26	18.10%	122.98	117.92	4.29%
% of selling and administrative expenses	38.22%	38.35%	-0.13%	40.09%	42.95%	-2.86%
Earnings before interest, taxes and depreciation	26.10	19.91	31.11%	70.53	44.12	59.86%
% Earnings Before Interest, Tax and Depreciation	23.60%	21.50%	2.10%	22.70%	15.85%	6.84%
Net profit for the period of the parent company shareholders	18.46	13.57	36.05%	49.25	30.77	60.06%
% of net profit for the period of parent company shareholders	16.69%	14.65%	2.04%	15.85%	11.06%	4.79%
Net profit	20.41	14.95	36.50%	53.75	32.98	62.99%
% Net profit	18.46%	16.15%	2.31%	17.30%	11.85%	5.45%

Sales Revenues

Revenue from sales of the Company and its subsidiaries in the third quarter of 2020 amounted to 108.97 million Baht, an increase of 17.03 million Baht or 18.52% year-on-year.

- 1) In the 3rd Quarter of 2019, there was recorded sales of Nabota products amounted to 5.79 million Baht. However, the Company discontinued distributorship in 2020, resulting in no sales of this product in Q3 / 2020. Cancellation of distributorship is due to product has a relatively low gross profit.
- 2) Delayed shipment of Malaseb shampoo products from Australia resulting to sales decreased from 12.85 million Baht, down to 8.83 million Baht vs sales target of 18 million Baht.
- 3) Other products (excluding Nabota and Malaseb), as a whole, are growing steadily on average of 36.61%.

For the 9-month period of 2020, the revenue from sales was 306.75 million Baht, an increase of 32.22 million Baht or 11.74% year-on-year.

Type of Revenue	Q3-2020 (Jul - Sep)		Q3-2019 (Jul - Sep)		Variance	
	MB	%	MB	%	MB	%
1. Wellness & Anti-Aging	54.36	49.89	44.16	48.03	10.20	23.10%
2. Aesthetic Innovation	4.37	4.01	10.86	11.80	-6.49	-59.76%
3. Companion Animal Healthcare	39.71	36.44	31.30	34.04	8.41	26.87%
4. Livestock	10.53	9.66	5.62	6.12	4.91	87.37%
Total Sales Revenue	108.97	100.00	91.94	100.00	17.03	18.52%

The increase of income came from an increase in the sales of Wellness & Anti-Aging products amounting to 54.36 million Baht or an increase of 10.20 million Baht which equivalent to an increase of 23.10%. The increment mainly driven from the sale of almost all products, such as Probiotics products i.e. Probac, PreBo products (holistic nutrients for bone) and Multivitamin products (Multivitamin) etc. and also from sales of Companion Animal Healthcare products which amounting to 39.71 million Baht or an increase of 8.41 million Baht or an increase of 26.87% year-on-year. Due to the COVID-19 situation, revenue from pet skincare shampoo products sales in this quarter have decreased resulting from delayed delivery by manufacturers. However, the Company has managed to increase sales of dogs & cats dietary supplement (Dr. Choice, Pet Select) and pet food (Maria).

For Aesthetic Innovation products, the Company still selling Perfectha products from Korea, with sales in Q3-2020 were 4.37 million Baht, compared to the same period of the previous year with revenue of 12.20 million Baht which divided into Perfectha products of 6.41 million Baht and Nabota at 5.79 million Baht.

Gross profit

The Company and its subsidiaries gross profit in the 3rd Quarter of 2020 amounting to 65.46 million Baht, an increase of 11.40 million Baht or 21.10% year-on-year. The gross profit margin for the 3rd Quarter of 2020 and 2019 was accounted for 60.08% and 58.80%, respectively.

For the nine-month period of 2020, the Company and its subsidiaries have made gross profit of 187.36 million Baht, an increase of 30.44 million Baht or 19.40% year-on-year. The gross profit margin for the nine-month period of 2020 and 2019 was accounted for 61.08% and 57.16 %, respectively.

Selling and administrative expenses

Selling and administrative expenses of the Company and its subsidiaries in the 3rd Quarter of 2020 amounted to 41.65 million Baht, which is close to the same period of the previous year which was 35.26 million Baht.

For the nine-month period of 2020, the Company and its subsidiaries had selling and administrative expenses of 122.98 million Baht, an increase of 5.06 million Baht or 4.29% year-on-year. Sales promotion expenses, advertising & media expenses increased by 6.89 million Baht, sales commission increased by 1.36 million Baht. However, hyper chain expenses decreased by 1.00 million Baht, sample products decreased by 2.35 million Baht, and sales personnel expenses decreased 2.52 million Baht. For administrative expenses such as employee related expenses increased by 3.36 million Baht, investor relations expenses increased by 1.26 million Baht, manpower and salary system services increased by 0.80 million Baht. On the other hand, the audit fee decreased by 0.81 million Baht and the director's remuneration decreased by 0.58 million Baht, resulting in the overall proportion of selling and administrative expenses decreased from 42.95% year-on-year to 40.09%.

Net profit

The net profit of the Company and its subsidiaries in the 3rd Quarter of 2020 amounted to 20.41 million Baht, an increase of 5.46 million Baht year-on-year or equivalent to 36.50% increase due to an increase in sales. The net profit margin for Q3-2020 and 2019 was 18.46% and 16.15% of total revenue, respectively. The net profit of the parent company shareholders in Q3-2020 and 2019 amounted to 18.46 million Baht and 13.57 million Baht of total income, respectively.

The net profit of the Company and its subsidiaries for the nine-month period of 2020 was 53.75 million Baht, an increase of 20.77 million Baht year-on-year or equivalent to 62.99% mainly due to higher gross profit. As a result, the net profit margins for the nine-month of 2020 and 2019 are equal to 17.30% and 11.85%, respectively.

Analysis of Financial Position

	As of September 30 th , 2020	As of September 30 th , 2019	Variance	
	MB	MB	MB	MB
Cash and cash equivalents	319.42	342.65	-23.23	-6.78
Trade and other receivables	163.12	111.53	51.59	46.25
Inventory	53.52	50.26	3.26	6.49
Total current assets	536.82	505.05	31.77	6.29
Total assets	563.39	525.88	37.51	7.13
Trade payables and other payables	56.18	40.57	15.61	38.47
Total liabilities	82.45	60.13	22.32	37.12
Parent company	466.56	455.71	10.86	2.38
Non-controlling interests	14.37	10.03	4.34	43.25
Total shareholders' equity	480.94	465.74	15.20	3.26

Assets

The total assets of the Company and its subsidiaries as of September 30th, 2020 amounted to 563.39 million Baht, an increase of 37.51 million Baht or equivalent to 7.13% compared to 31 December 2019, mainly due to an increase in trade accounts receivable and other receivables of 51.59 million Baht (including deposit paid to Modern Pharma of 10 million baht), inventories increased by 3.26 million Baht, while there was a decrease in cash and cash equivalents of 23.23 million Baht.

Liabilities

The total liabilities of the Company and its subsidiaries as of September 30th, 2020 amounted to 82.45 million Baht, an increase of 22.32 million Baht or 37.12% compared to the amount of 60.13 million Baht as of December 31st, 2019. This is driven by an increase in trade and other payables of 15.61 million Baht, lease liabilities of 3.28 million Baht and provisions for non-current liabilities for employee benefits at 1.40 million Baht.

Shareholders' Equity

The shareholders' equity of the Company and its subsidiaries as of September 30th, 2020 was 480.94 million Baht, an increase of 15.20 million Baht or 3.26% compared to the amount of 465.74 million Baht as of December 31st, 2019. This derives from the company with net profit for 9 months of 2020 amounting to 53.75 million Baht and dividend payment in April of 38.10 million Baht.

Liquidity

As at September 30th, 2020, the Company and its subsidiaries had cash and cash equivalents of 319.42 million Baht which were from:

- Cash flow received from operating activities of 28.95 million Baht, mainly due to an increase in trade and other current receivables of 39.40 million Baht, an increase of 15.49 million Baht in trade and other current payables and an increase in purchases of goods at 4.23 million Baht,
- Cash flow used from investing activities of 14.67 million Baht, mainly due to cash payments for deposits, purchases of businesses and audit expenses of 12.84 million Baht, the purchase of buildings 6.87 million Baht, and sale of investments in associates of 6.25 million Baht,
- Cash flow used in financing activities 37.51 million baht, mainly due to dividend payment of 38.02 million Baht, interest payment of 0.60 million Baht and payment of lease liability 0.50 million Baht.

Yours sincerely,

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Chief Executive Officer