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February 25th, 2021

Subject Management' Discussion and Analysis for the Year Ended December 31<sup>st</sup>, 2020

To Directors & Managers  
The Stock Exchange of Thailand

Inter Pharma Public Co., Ltd. ("the Company") hereby submitting management' discussion and analysis for the year ended December 31<sup>st</sup>, 2020 as per herebelow :

	For the year ended 31 December		Variance	
	2020	2019		
	Million Baht	Million Baht	Million Baht	%
Sales revenue	442.10	371.33	70.77	19.06
Other income	4.84	4.56	0.28	6.14
<b>Total income</b>	<b>446.94</b>	<b>375.89</b>	<b>71.06</b>	<b>18.90</b>
Cost of sales	181.22	157.39	23.83	15.15
Selling expenses	127.05	106.75	20.30	19.01
Administrative expenses	60.17	49.98	10.19	20.40
Financial cost	1.14	0.59	0.55	96.81
Share of profit (loss) from investments in join venture	(0.16)	(0.23)	0.07	(27.78)
<b>Profit before income tax expenses</b>	<b>77.20</b>	<b>60.95</b>	<b>16.25</b>	<b>26.65</b>
Income tax expenses	16.70	13.82	2.88	20.82
Net profit for the period	60.50	47.13	13.37	28.37
Gross margin	59.01%	57.61%		
Net profit margin	13.54%	12.54%		

	For the year ended 31 December					
	2020		2019		Variance	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Income</b>						
Sales revenue	442.10	98.92	371.33	98.79	70.77	19.06
Other income	4.84	1.08	4.56	1.21	0.28	6.14
<b>Total</b>	<b>446.94</b>	<b>100.00</b>	<b>375.89</b>	<b>100.00</b>		

## Sales revenue

Total revenue of the Company and its subsidiaries in 2020 amounted to 446.94 million Baht. Almost all of the revenues were sales revenue which amounted to 442.10 million Baht or 98.92% of total income, increasing from the same period of the previous year by 70.77 million Baht or 19.06%. This is due to an increase in revenue from sales of Human Wellness & Anti-Aging products from 162.70 million Baht in 2019 to 228.52 million Baht in 2020, increasing by 65.82 million Baht or 40% year-on-year. Increment of revenue was mainly from the sales of various products such as in Probiotic products which increased by 15.44 million Baht or 14.22% year-on-year, PreBo products (holistic nutrients for bone) increased by 38.90 million Baht or 251.78% year-on-year and income from sales of other products of the Company such as YUUU toothpaste, Multivitamins products (Multivitamin), etc.

In addition, there has been an increase of revenue from sales of Companion Animal Healthcare products in 2019 amounting of 141.46 million Baht to 189.06 million Baht or an increase of 47.60 million Baht or 33.65% in 2020. Main contribution to revenue increment was from the sale of pet food products under Maria Brand which amounted to 30 million Baht, companion animal drugs amounted to 10.40 million Baht, companion animal snacks under Choo Choo Brand amounted of 10.35 million Baht and pet vaccine products amounted of 6.67 million Baht. During the year 2020, there had been supply shortage of pet skin care shampoo due to COVID-19 situation, which impacted the importation and resulting in a loss of revenue in the 2nd & 3rd quarter of approximately 20 million Baht. However, the importation of the said product was back to normal in 4<sup>th</sup> quarter

During 2020, the Company had successfully acquired Modern Pharma Company Limited on November 27, 2020, which enable the Company to recognize additional revenue from sales of generic drug products of 12.89 million Baht in the consolidated financial statements.

## Other income

Other income such as interest income having profit from exchange rate, other income of the Company and its subsidiaries in 2020 amounted to 4.56 million Baht which increased by 0.28 million Baht or 6.14% year-on-year.

	For the year ended 31 December					
	2020		2019		Variance	
	Million Baht	%	Million Baht	%	Million Baht	%
Cost of sales	181.22	40.55	157.39	41.87	23.83	15.15
Selling expenses	127.05	28.43	106.75	28.40	20.30	19.01
Administrative expenses	60.17	13.46	49.98	13.30	10.19	20.40
Financial cost	1.14	0.26	0.59	0.15	0.55	96.81
<b>Total expenses</b>	<b>369.58</b>	<b>82.69</b>	<b>314.71</b>	<b>83.72</b>	-	-
<b>Total income</b>	<b>446.94</b>	<b>100.00</b>	<b>375.89</b>	<b>100.00</b>	-	-

## Cost of sales

Cost of sales of the Company and its subsidiaries in 2020 amounted to 181.22 million Baht, an increase of 23.83 million Baht year-on-year or 15.15% of total revenue. Cost of sales accounted for 40.55% in 2020 and 41.87% in 2019, which decreased from the same period of the previous year at 1.32% percent. Cost of goods sold mainly consisted of cost of goods, transportation of imported goods, packaging material cost and other importation costs.

## Selling expenses

Selling expenses of the Company and its subsidiaries in 2020 amounted to 127.05 million Baht, an increase of 20.30 million Baht or 19.01% year-on-year. The increase in the fourth quarter derived from advertising and promotion expenses of PreBO products, which resulted in a tripling of PreBO sales. (Sales

expenses in the first nine months of 2020 were 83.85 million Baht. Due to the COVID-19 situation, advertising and promotion expenses did not occur during 2<sup>nd</sup> and 3<sup>rd</sup> quarter of 2020.)

### Administrative expenses

Administrative expenses of the Company and its subsidiaries in 2020 amounted to 60.17 million Baht, an increase of 10.19 million Baht or 20.40% year-on-year which mainly derived from an increase of employee expenses of 4.21 million Baht from the annual salary increment. There has also been an increase in the number of employees following the expansion of the business. The increase in depreciation of 1.93 million Baht and the acquisition of Modern Pharma Co., Ltd. caused idle capacity costs during the transition of production plan between the existing shareholders and the Company amounting to 3.23 million Baht and other administrative expenses.

Statement of Comprehensive Income	Consolidated financial statements			
	For the year ended December 31			
	Year 2020		Year 2019	
	Million Baht	%	Million Baht	%
Total income	446.94	100.00	375.89	100.00
Cost of sales	(181.22)	(40.55)	(157.39)	(41.87)
Selling expenses	(127.05)	(28.43)	(106.75)	(28.40)
Administrative expenses	(60.17)	(13.46)	(49.98)	(13.30)
Financial cost	(1.14)	(0.26)	(0.59)	(0.15)
Share of profit (loss) from investments in joint venture business	(0.16)	(0.04)	(0.23)	(0.06)
<b>Profit before income tax expenses</b>	<b>77.20</b>	<b>17.27</b>	<b>60.95</b>	<b>16.21</b>
Income tax expenses	(16.70)	(3.74)	(13.82)	(3.68)
<b>Net profit for the year</b>	<b>60.50</b>	<b>13.54</b>	<b>47.13</b>	<b>12.54</b>
<b>Other comprehensive income</b>				
Items that will not be subsequently reclassified into profit or loss:				
Actuarial gains			(1.90)	
Income tax on unreclassified items			0.38	
<b>Total comprehensive income for the year</b>	<b>60.50</b>		<b>45.61</b>	

### Net profit

The net profit of the Company and its subsidiaries in 2020 amounted to 60.50 million Baht, an increase of 13.37 million Baht or 28.37% year-on-year. This is driven by the increased sales. The Company had a net profit margin of 13.54% of total revenue, an increase of 12.54% year-on-year.

### Financial position

	For the year ended December 31		Variance	
	2020	2019		
	Million Baht	Million Baht	Million Baht	%
Total assets	749.95	525.87	224.08	42.61
Total liabilities	262.27	60.13	202.14	336.17
Total shareholders' equity	487.68	465.74	21.94	4.71

## **Assets**

Total assets of the Company and its subsidiaries as of December 31<sup>st</sup>, 2020 amounted to 749.95 million Baht, an increase of 224.08 million Baht or 42.61% compared with December 31<sup>st</sup>, 2019. The main reason was an increase in property, plant and equipment of the subsidiary in the amount of 223.85 million Baht, trade and other receivables of 48.27 million Baht, inventories of 52.55 million Baht, a decrease in cash from acquisitions of subsidiaries of 190.32 million Baht in 2020. In addition, the Company has sold 4.61 million Baht of investments in joint venture business.

## **Liabilities**

Total liabilities of the Company and its subsidiaries as of December 31<sup>st</sup>, 2020 were 262.27 million Baht, an increase of 202.14 million Baht or 336.17% compared with the amount of 60.13 million Baht as of December 31<sup>st</sup>, 2019. The main reason was an increase of trade payables of 82.44 million Baht, loan from financial institutions of 108 million Baht and also an increase in accrued income tax and other current liabilities of 3.91 million Baht.

## **Shareholders' Equity**

The shareholders' equity of the Company and its subsidiaries as of December 31<sup>st</sup>, 2020 was 487.68 million Baht, an increase of 21.94 million Baht or an increase of 4.71% compared to the amount of 465.74 million Baht as December 31<sup>st</sup>, 2019. This derives from the Company's net profit in 2020 at the amount of 53.08 million Baht.

Yours sincerely,

Dr. Trinawat Thanitnithiphan  
CEO