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May 12th, 2021

Subject Management Discussion and Analysis for the 1st Quarter in 2021

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 ended March 31st, 2021 as per herebelow :

	3-Month Period Ended March 31 st		Variance
	2021	2020	
	Million Baht	Million Baht	%
Sales Revenue	176.50	97.13	81.72
Total Income	177.88	98.79	80.06
% Net Profit Margin	48.99%	63.18%	
Selling Administrative Expenses	58.79	43.86	34.04
%Selling Administrative Expenses Margin	33.05%	44.40%	
Net Profit for the Period	20.53	14.73	34.68
% Net Profit Margin for the Period	11.54%	14.91%	

	3-Month Period Ended March 31 st					
	2021		2020		Variance	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues						
Sales Revenue	176.50	99.22	97.13	98.32	79.37	81.72
Other Revenues	1.38	0.78	1.66	1.68	-0.28	-16.87
TOTAL	177.88	100.00	98.79	100.00	79.09	80.06

Sales Revenues

Total revenues of the Company and its subsidiaries in the first quarter of 2021 accounted for 177.88 million Baht, of which almost all revenues were from sales, which amounted to 176.50 million Baht or 99.22% of the total revenue, increasing from the same period of previous year which was 79.37 million Baht or equivalent to an increase of 81.72%.

Type of Revenue	1 st Quarter 2021		1 st Quarter 2020		Variance	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Pharmaceutical Innovation	34.47	19.53	-	-	34.47	100.00
2. Wellness & Anti-Aging Nutraceuticals	73.45	41.61	47.77	49.18	25.68	53.76
3. Cosmeceuticals & Aesthetic Innovation	0.21	0.12	2.94	3.03	(2.73)	(92.86)
4. Companion Animal Healthcare	55.41	31.39	43.06	44.33	12.35	28.68
5. Livestock Animal Healthcare	12.96	7.34	3.36	3.45	9.60	285.71
Total Sales Revenue	176.50	100.00	97.13	100.00	79.37	81.72

The increase in revenue of 34.47 million Baht came from sale of key pharmaceutical products of Modern Pharma Co., Ltd., our subsidiaries, which are diabetes drug (Metforin), lozenges vitamin C (Indovit), mucolytic (Supenac) and disinfectants. Moreover, revenue increment also came from Wellness & Anti-aging products at 73.45 million Baht which increased by 25.68 million Baht or 53.76% from probiotics products i.e. Probac, weight management products (Fit Series), PreBo product (holistic nutrients for bone), multivitamin product (Multivitamin) and supplement products from Vita (Thailand) Co., Ltd., etc. In addition, there was also an increase in sales of Companion Animal Healthcare products at the amount of 55.41 million Baht or increased by 12.35 million Baht which equivalent to 28.68% year-on-year. Sales revenue increment mostly came from pet skincare shampoo products, combined core vaccine (Biocan), immunoglobulin for dogs (Polyglob), immunology products for cat (Katimum), dogs & cats dietary supplement (Dr. Choice, Pet Select) and pet food (Maria). Sales contribution from livestock products of 12.96 million Baht also added up revenue increment of which increased by 9.60 million Baht or 285.71%.

For Cosmeceuticals & Aesthetic Innovation products, the Company is in the process of registering thread lifting product, therefore, sales contribution for this quarter was only at 0.21 million Baht.

Other Revenues

Other revenue is the reversal of estimated expenses but not incurred and revenue from other service fees from trading partners. Other income in the first quarter of 2021 accounted for 1.38 million Baht which decreased by 0.28 million Baht or 16.87% year-on-year.

	3-Month Period Ending March 31 st					
	2021		2020		Variance	
	Million Baht	%	Million Baht	%	Million Baht	%
Cost of Sales	90.04	50.62	35.76	36.20	54.28	151.79
Selling Expenses	38.86	21.85	29.99	30.36	8.87	29.58
Administrative Expenses	19.93	11.20	13.87	14.04	6.06	43.69
Financial Costs	1.22	0.69	0.22	0.22	1.00	454.55
Total Expenses	150.05	84.35	79.84	80.82	70.21	87.94
Total Revenues	177.88	100.00	98.79	100.00	79.09	80.06

Cost of Sales

Cost of sales of the Company and its subsidiaries amounted to 90.04 million Baht, an increase of 54.28 million Baht year-on-year. Significant cost of sales consisted of production cost, cost of goods, imported freight, packaging cost and other import related expenses. Cost of sales is accounted for approximately 51.01% of sales revenue with a gross profit margin of 48.99%.

Selling Expenses

Selling expenses of the Company and its subsidiaries in the first quarter of 2021 amounted to 38.86 million Baht, an increase of 8.87 million Baht or 29.58% year-on-year. Most selling expenses vary according to sales. The major selling expenses are salary, bonus, sales staff's commissions, sales staff's travel & vehicle expenses which increased by 5.11 million Baht. The cost of advertising media for products promotion increased by 0.27 million Baht. Increment of distribution fee paid to Zuellig Pharma under Distribution Agreement amounted to 2.49 million Baht and sampling fee at the amount of 2.05 million Baht year-on-year.

Administrative Expenses

Administrative expenses of the Company and its subsidiaries in the first quarter of 2021 amounted to 19.93 million Baht, an increase of 6.06 million Baht year-on-year. Increment were mostly incurred from salary expenses for the subsidiary's management and the salary base adjustment. In addition, there was an increase in the number of employees following the expansion of the business totaling 1.71 million Baht. Professional fee expenses such as audit fees, consultancy fee in various fields, etc. at amount of 1.1 million Baht. Depreciation, Independent Director's remuneration, accounting estimations were at 1.70 million Baht and other administrative expenses at 1.64 million Baht.

Statement of Comprehensive Income	Consolidated Financial Statement			
	3-Month Period Ending March 31st			
	2021		2020	
	Million Baht	%	Million Baht	%
Total Revenues	177.88	100.00	98.79	100.00
Cost of Sales	90.04	50.62	35.76	36.20
Selling Expenses	38.86	21.85	29.99	30.36
Administrative Expenses	19.93	11.20	13.87	14.04
Financial Costs	1.22	0.69	0.22	0.22
Share of profit (loss) of associates/joint venture	0.05	0.03	0.05	0.05
Profit Before Income Tax Expenses	27.78	15.61	18.90	19.13
Income Tax Expense	7.24	4.07	4.17	4.22
Net Profit for the Period	20.54	11.54	14.73	14.91

Net Profit

The net profit of the Company and its subsidiaries in the first quarter of 2021 amounted to 20.54 million Baht, an increase of 5.81 million Baht year-on-year or 39.44%, mainly due to the increase in sales. The net profit margin was 11.54% of total revenue, a decrease of 14.91% from the same period last year due to the gross profit margin of pharmaceutical products is lower than nutraceutical products. However, the Company expects the profit margins of the pharmaceutical products to rise in the future when the Company continues to improve the quality in various aspects, including pushing through market more and more of our manufactured innovative products.

In this regard, the net profit of the parent company in the first quarter of 2021 amounted to 18.68 million Baht, an increase of 4.81 million Baht from the same period of the previous year or an increase of 34.68%.

Financial Position

	As of 31st March 2021	As of 31st December 2010	Change	
	Million Baht	Million Baht	Million Baht	%
Total Assets	819.99	749.95	70.04	9.34
Total Liabilities	311.77	262.27	49.50	18.87
Total Shareholders' Equity	508.22	487.68	20.54	4.21

Assets

The total assets of the Company and its subsidiaries as of March 31st, 2021 amounted to 819.99 million Baht, an increase of 70.04 million Baht or an increase of 9.34% compared to as at December 31st, 2020 which derived from an increase in trade and other receivables of 58.66 million Baht, inventories of 7.73 million Baht, land building and equipment of 14.84 million Baht. Investments in joint ventures increased by 10.15 million Baht, deferred tax assets increased by 1.77 million Baht, and other non-current assets increased by 16 million Baht whereas cash and cash equivalents decreased by 39.31 million Baht.

Liabilities

The total liabilities of the Company and its subsidiaries as of March 31st, 2021 amounted to 311.77, an increase of 49.50 million Baht or 18.87% compared to December 31st, 2020 which was at 262.27 million Baht. This was mainly due to an increase in trade payables of 27.53 million Baht, short-term loans from banks of 15 million Baht, income tax payable of 8.93 million Baht, and other current liabilities of 1.07 million Baht. On the other hand, long-term loans from banks due within one year decreased by 3.88 million Baht.

Shareholders' Equity

The shareholders' equity of the Company and its subsidiaries as of March 31st, 2021 amounted to 508.22 million Baht, an increase of 20.54 million Baht or an increase of 4.21% compared to the amount of 487.68 million Baht as of December 31st, 2020 which mainly derived from the Company having a net profit for the first quarter of 2021 at 20.54 million Baht.

Yours sincerely,

Dr. Trinnawat Thanitnithiphan
Chief Executive Officer