

IP_AC/001/2565

February 24th, 2022

Subject Management' Discussion and Analysis for the Year Ended December 3st, 2021

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 3st, 2021 as per herebelow :

	For the year ended 31 December		Change	
	2021	2020		
	Million Baht	Million Baht	Million Baht	%
Sales revenue	908.63	442.10	466.53	105.53
Other income	12.35	4.84	7.51	155.31
Total income	920.98	446.94	474.05	106.07
Cost of sales	507.85	182.77	325.08	177.86
Selling expenses	165.20	127.05	38.15	30.03
Administrative expenses	102.16	60.17	41.99	69.79
Financial cost	8.01	1.14	6.87	603.78
Share of profit (loss) from investments in join venture	-0.08	-0.16	0.08	-51.59
Profit before income tax expenses	137.68	75.65	62.03	82.01
Income tax expenses	27.20	16.39	10.81	65.93
Net profit for the period	110.48	59.26	51.23	86.45
Gross margin	44.11%	58.66%		
Net profit margin	12.00%	13.26%		

	For the year ended 31 December					
	2021		2020		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Income						
Sales revenue	908.63	98.66	442.1	98.92	466.53	105.53
Other income	12.35	1.34	4.84	1.08	7.51	155.17
Total	920.98	100.00	446.94	100.00		

Sales revenue

Total revenue of the Company and its subsidiaries in 2021 amounted to 920.98 million Baht. Almost all of the revenues were sales revenue which amounted to 908.63 million Baht or 98.66% of total income, increasing from the same period of the previous year by 466.53 million Baht or 105.53%. This is due to an increase in revenue from sales of Human Wellness & Anti-Aging products from 245.50 million Baht in 2020 to 572.42 million Baht in 2021, increasing by 324.78 million Baht or 132.29% year-on-year. Increment of revenue was mainly derived from the sales of various products such as in Probiotic products which increased by 51.87 million Baht or 41.37% year-on-year, Fit Serie products increased by 53.22 million Baht year-on-year and income from sales of other products of the Company such as Probac Ultra Collagen, Multivitamins products, and other supplement products (Vitahealth), etc.

In addition, there has been an increase in revenue from sales of Animal Healthcare products in 2020 amounting of 196.60 million Baht to 336.21 million Baht or an increase of 139.61 million Baht or 71.01% in 2021. Main contribution to revenue increment was from the sale of animal snacks under Choo Choo Brand amounted of 12.72 million Baht, pet food products under Maria Brand which amounted to 15.06 million Baht, animal drugs amounted to 23.82 million Baht and Feed additive products amounted of 75.21 million Baht.

During 2021, the Company had successfully acquired Teva's pharmaceutical manufacturing factory in Ayutthaya on August 11th, 2021, which enable the Company to recognize additional revenue from sales of generic drug products of 67.78 million Baht (Teva's Contract Manufacturing products and our own products).

Other income

Other income such as interest income having profit from exchange rate, other income of the Company and its subsidiaries in 2021 amounted to 12.35 million Baht which increased by 7.51 million Baht or 155.17% year-on-year.

	For the year ended 31 December					
	2021		2020		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Cost of sales	507.85	55.14	182.77	40.89	325.08	177.86
Selling expenses	165.20	17.94	127.05	28.43	38.15	30.03
Administrative expenses	102.16	11.09	60.17	13.46	41.99	69.79
Financial cost	8.01	0.87	1.14	0.25	6.87	603.78
Total expenses	783.22	85.04	371.13	83.04	-	-
Total income	920.98	100.00	446.94	100.00	-	-

Cost of sales

Cost of sales of the Company and its subsidiaries in 2021 amounted to 507.85 million Baht, an increase of 325.08 million Baht year-on-year or 177.86% of total revenue. Cost of sales accounted for 55.14% in 2021 and 40.89% in 2020 of total income, which increased from the same period of the previous year at 14.25%. Cost of goods sold mainly consisted of direct material and packaging material cost for production, cost of goods for trading products, transportation of imported goods, and other importation costs.

Selling expenses

Selling expenses of the Company and its subsidiaries in 2021 amounted to 165.20 million Baht, an increase of 38.15 million Baht or 30.03% year-on-year which mainly derived from an increase of staff expenses (salary and bonus) due to expansion of sales territory nationwide 17.21 million Baht or 57% year-on-year, distribution fee increment 11.46 million Baht which vary from sales increase, increment of commission expenses 6.37 million Baht or 53% and promotion & advertising expenses 3.29 million Baht or 9% year-on-year.

Administrative expenses

Administrative expenses of the Company and its subsidiaries in 2021 amounted to 102.16 million Baht, an increase of 41.99 million Baht or 69.79% year-on-year which mainly derived from an increase of employee expenses of 16 million Baht or 65% year-on-year from the annual salary increment and there has also been an increase in the number of employees at Ayutthaya's Site Factory. The increase in depreciation of 5.58 million Baht, IT expenses 3.72 million Baht, Board of Director expenses 0.57 million Baht, unclaimable expenses such as accounting provision 6.27 million Baht, auditing fee & internal auditing fee 0.69 million Baht, legal fees 1.74 million Baht (to review purchase agreement), loss from write off unused assets 1.22, other fees 2.17 million Baht and other administrative expenses 3.25 million Baht.

Net profit

The net profit of the Company and its subsidiaries in 2021 amounted to 110.48 million Baht, an increase of 51.23 million Baht or 86.45% year-on-year. This is driven by the increased sales. The Company had a net profit margin of 12% of total revenue which slightly decreased from 13.26% in previous year.

Financial position

	For the year ended December 31		Change	
	2021	2020		
	Million Baht	Million Baht	Million Baht	%
Total assets	1,327.04	756.33	570.71	75.46
Total liabilities	543.54	269.89	273.65	101.39
Total shareholders' equity	783.50	486.44	297.06	61.07

Assets

Total assets of the Company and its subsidiaries as of December 31st, 2021 amounted to 1327.04 million Baht, an increase of 570.71 million Baht or 75.46% compared with December 31st, 2020. The main reason was an increase in property, plant and equipment of subsidiaries in the amount of 202.64 million Baht, trade & other receivables of 136.55 million Baht, prepayment for business acquisition feasibility studies of 96.57 million Baht, inventories of 83.65 million Baht, cash & cash equivalents of 21.54 million Baht, investment in joint venture of 10.12 million Baht, other current assets of 6.14 million Baht and intangible assets of 5.6 million Baht in 2021.

Liabilities

Total liabilities of the Company and its subsidiaries as of December 31st, 2021 were 543.54 million Baht, an increase of 273.65 million Baht or 101.39% compared with the amount of 269.89 million Baht as of December 31st, 2020. The main reason was an increase of short-term loans from bank of 120 million Baht, trade payables of 26.35 million Baht, loan from financial institutions of 139 million Baht and also an increase in accrued income tax and other current liabilities of 8.39 million Baht, a decrease in 4.09 million Baht in deferred tax liabilities.

Shareholders' Equity

The shareholders' equity of the Company and its subsidiaries as of December 31st, 2021 was 783.50 million Baht, an increase of 297.06 million Baht or an increase of 61.07% compared to the amount of 486.44 million Baht as of December 31st, 2020. The main reason was from capital increase of 41.2 million Baht to support the payemnt of dividend shares, ordinary share premium 187.10 million Baht, net profit in 2021 at the amount of 110.48 million Baht, legal reserve 6.27 million Baht. During the year, the Company has paid dividends in cash totaling 4.82 million Baht.

Yours sincerely,

(Supaporn Rerkpitakpanich)
CFO