

IP_AC/002/2565

 May 12th, 2022

Subject **Managment Discussion and Analysis for the 1st Quarter in 2022**
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, 2022 as per herebelow :

Unit : Million Baht	3-Month Period Ended March 31 st		Variance %
	2022	2021	
Sales Revenue	270.5	176.5	53.2
Total Revenues	273.2	177.9	53.6
Gross Profit	116.8	86.5	35.1
% Gross Margin	43.2%	49.0%	
Selling & Administrative Expenses	75.5	58.8	28.3
% Selling & Administrative Expenses	27.9%	33.3%	
Net Profit for the Period	32.4	20.5	57.9
% Net Profit Margin for the Period	12.0%	11.6%	

Overview

Operating results for the three-month period ended March 31st, 2022, the Company reported revenue from sales of THB 270.5 million, increased by THB 94 million or +53.2% YoY with Gross Profit of THB 116.8 million, increased by THB 30.4 million, represented as 35.1% of revenue from sales. Selling & Administrative expenses amounted to THB 75.5 million, increased by THB 16.7 million or +28.3% YoY, % SG&A to revenue from sales declined YoY. Net Profit for the three-month period was THB 32.4 million, an increase of THB 11.9 million, Net profit margin improved to 12.0% from 11.6% last year.

Revenues	3-Month Period Ended March 31 st					
	2022		2021		Variance	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Sales	270.5	99.0	176.5	99.2	94.0	53.2
Other Revenue	2.8	1.0	1.4	0.8	1.4	100.8
TOTAL	273.2	100.0	177.9	100.0	95.4	53.6

Revenue from Sales

Total Revenue of the Company and its subsidiaries in the first quarter of 2022 accounted for THB 273.2 million, mainly contributed by revenue from sales THB 270.5 million, represented as 99.0% of total revenue, increased by THB 94.0 million or +53.2% YoY.

Segment	Q1 2022		Q1 2021		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Humans Healthcare	174.3	64.4	108.1	61.3	66.1	61.2
2. Animal Healthcare	96.2	35.6	68.4	38.7	27.8	40.7
Revenue from Sales	270.5	100.00	176.5	100.00	94.0	53.2

Revenue by Segment

Revenue for Humans Healthcare accounted for THB 174.3 million, +61.2% YoY, represented as 64.4% of revenue from sales, higher proportion compared to same period last year. This was due to the growth of Pharmaceutical Products of Modern Pharma and Ayutthaya Plant including continued growth from Wellness & Anti-aging Nutraceutical. Revenue from Animal Healthcare was THB 96.2 million, +40.7% YoY and accounted for 35.6% of revenue from sales.

Type of Revenue	Q1 2022		Q1 2021		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Pharmaceutical Products	85.0	31.4	34.5	19.5	50.5	146.5
2. Wellness & Anti-Aging Nutraceuticals	85.1	31.5	73.5	41.6	11.6	15.8
3. Cosmeceuticals & Aesthetic Innovation	4.2	1.6	0.2	0.1	4.0	1906.4
4. Companion Animal Healthcare	73.4	27.1	55.4	31.4	18.0	32.4
5. Livestock Animal Healthcare	22.9	8.5	13.0	7.3	9.9	76.4
Revenue from Sales	270.5	100.0	176.5	100.0	94.0	53.2

The revenue for Humans Healthcare composed of Pharmaceutical Products at THB 85.0 million, increased by THB 50.5 million from the products of Modern Pharma amounted THB 60.6 million, increased by THB 26.1 million. These was driven by diabetes medicine (Metforin), mucolytic (Supenac), Analgesic Antipyretics (Pyran) and the products of Ayutthaya Plant THB 20.8 million i.e. blood lipid drug (Zimmex), Antiviral drug (Virogan), allergic rhinitis (Aller Tab, Zensil). Moreover, there was an increase from Wellness & Anti-Aging Nutraceuticals THB 85.1 million, higher THB 11.6 million, +15.8% YoY mainly contributed by revenue from probiotic products (Probac7, Probac10, Probac mood, TS6).

The revenue of Animal Healthcare comprised of Companion Animal Healthcare THB 73.4 million, increased by THB 18.0 million, +32.4%. These was contributed by the growth of Pet Food at 84.4% i.e. Maria and Choo Choo. Nutraceuticals for Pets delivered +42.6% growth YoY i.e. Dr.Choice, Pet Select and Pharmaceutical for Pets posted +53.1% YoY. Also, sales from

Livestock products was THB 22.9 million, higher THB 9.9 million, +76.4% YoY, driven by new customers in feed mills industry.

Other Revenue

Other revenues of the company for the three-month period ended March 31st, 2022 amounted to THB 2.8 million, increased by THB 1.4 million or +100.8% YoY.

	3-Month Period Ended March 31 st					
	2022		2021		Variance	
	Million THB	%	Million THB	%	Million THB	%
Cost of Sales	153.6	56.8	90.0	51.0	63.6	70.6
Selling Expenses	40.6	15.0	38.9	22.0	1.8	4.6
Administrative Expenses	34.8	12.9	19.9	11.3	14.9	74.6
Financial Cost	3.5	1.3	1.2	0.7	2.2	182.0
Total Expenses	232.5	86.0	150.1	85.0	82.5	55.0
Revenue from Sales	270.5	100.0	176.5	100.0	94.0	53.2

Cost of Sales

For the three-month periods ended March 31st, 2022, there were cost of sales at THB 153.6 million, increased by THB 63.6 million. The cost of goods sold consists of production costs, cost of trading goods, imported freight, packaging cost and other import related cost. The cost of goods sold was 56.8% of revenue from sales and gross profit margin was 43.2%. The incremental cost of goods sold was in the sales direction with the revenue from Pharmaceutical Products.

Selling Expenses

Selling expense for the three-month period ended March 31st, 2022 amounted to THB 40.6 million, increased by THB 1.8 million or +4.6% YoY, representing 15% of revenue from sales, lower from 22.0% same quarter last year. These was due to efficiency in selling spending. Most selling expenses varied with revenue from sales. Major selling expenses included employee expense and related expense increased THB 2.4 million due to expansion of sales territory nationwide. commissions, sales staff's travel & vehicle expenses increased THB 1.5 million, distribution fee paid to Zuellig Pharma under distribution agreemnt increased by THB 3 million. However, marketing expense and sample product declined by THB 2.7 million.

Administrative Expense

Administrative expense for the three-month period ended March 31st, 2022 amounted to THB 34.8 million, increased by THB 14.9 million compared to same period of last year. Major spending was from employess expense and from the increase in the number of employees following the business expansion increased by THB 5.5 million, IT expense up THB 1.9 million, depreciation expense increased THB 1.6 million and other administrative expense increased THB 4.9 million.

Statement of Comprehensive Income	Consolidated Financial Statement			
	3-Month Period Ending March 31 st			
	2022		2021	
	Million Baht	%	Million Baht	%
Revenue from Sales	270.5	100.00	176.5	100.00
Cost of Sales	153.6	56.8	90.0	51.0
Selling Expenses	40.6	15.0	38.9	22.0
Administrative Expenses	34.8	12.9	19.9	11.3
Financial Costs	3.5	1.3	1.2	0.7
Share of profit (loss) of associates/joint venture	0.0	0.0	0.1	0.0
Profit Before Income Tax Expenses	40.8	15.1	27.8	15.7
Income Tax Expense	8.3	3.1	7.2	4.1
Net Profit for the Period	32.4	12.0	20.5	11.6

Net Profit

The Net Profit of the Company and its subsidiaries in the first quarter of 2022 amounted to THB 32.4 million, an increase of THB 11.9 million or +51.9% YoY. These was due to revenue growth and efficiency in SG&A spending, resulting in improved net profit margin to 12.0% to revenue from sales from 11.6% same period last year.

Financial Position

	As of March 31 st , 2022	As of December 31 st , 2021	Variance	
	Million Baht	Million Baht	Million Baht	%
Total Assets	1,377.0	1,327.0	50.0	3.8
Total Liability	561.1	543.5	17.5	3.2
Total Shareholders' Equity	815.9	783.5	32.4	4.1

Asset

The total assets of the Company and its subsidiaries as of March 31st, 2022 reported THB 1,377.0 million, an increase of THB 50.0 million or +3.8% compared to as at December 31st, 2021 which derived from an increase in cash and cash equivalent THB 50 million and trade receivables THB 4.0 million in line with higher revenue from sales. However, inventory and fixed assets declined by THB 3.7 million and THB 4.5 million respectively.

Liability

The total liability of the Company and its subsidiaries as of March 31st, 2022 amounted to THB 561.1 million, an increase of THB 17.5 million or + 3.2% compared to as at December 31st, 2021. This was due to increase in trade payable THB 17.3 million from purchase of raw material, income tax payable THB 8.1 million and other current liability THB 1.1 million.

Shareholders' Equity

The shareholders' equity of the Company and its subsidiaries as of March 31st, 2022 amounted to THB 815.9 million, an increase of THB 32.4 million or +4.1% compared of as at December 31st, 2021 which mainly contributed by the net profit for the first quarter of 2022 at THB 32.4 million.

Yours sincerely,

Supaporn Rerkpitakpanich
Chief Finance Officer