

IP\_AC002/2023

May 12<sup>th</sup>, 2023

Subject Management Discussion and Analysis for the 1<sup>st</sup> Quarter in 2023

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 31<sup>th</sup>, 2023 as per here below :

	Q1'23		Q1'22		Change	Q4'22		Change
	mio THB		mio THB		%	mio THB		%
<b>Revenue from Sales &amp; Services</b>	<b>473.0</b>		<b>270.5</b>		<b>74.9</b>	<b>441.1</b>		<b>7.2</b>
Cost of goods sold	284.2	60.1%	153.6	56.8%	85.0	251.1	56.9%	13.2
<b>Gross Profit</b>	<b>188.8</b>	<b>39.9%</b>	<b>116.8</b>	<b>43.2%</b>	<b>61.6</b>	<b>190.0</b>	<b>43.1%</b>	<b>(0.6)</b>
Selling, Distribution & Administrative Exp.	129.3	27.3%	75.5	27.9%	71.4	145.5	33.0%	(11.1)
Selling & Distribution Expenses	74.4	15.7%	40.6	15.0%	83.1	81.8	18.6%	(9.0)
Administrative expenses	54.9	11.6%	34.8	12.9%	57.7	63.7	14.4%	(13.8)
<b>Operating Profit</b>	<b>63.9</b>	<b>13.5%</b>	<b>44.2</b>	<b>16.3%</b>	<b>44.8</b>	<b>49.9</b>	<b>11.3%</b>	<b>28.2</b>
Financial cost	6.8	1.4%	3.5	1.3%	96.4	49.9	11.3%	(86.4)
Income Tax Expense	14.1	3.0%	8.3	3.1%	70.2	8.6	1.9%	64.0
<b>Net profit</b>	<b>42.6</b>	<b>9.0%</b>	<b>32.4</b>	<b>12.0%</b>	<b>31.4</b>	<b>35.3</b>	<b>8.0%</b>	<b>20.8</b>

### Revenue from Sales and Services

Operating results for the three-month period ended March 31<sup>st</sup> 2023, revenue from sales and services THB 473.0 million, which was comprised of revenue from Human healthcare segment THB 336.1 million, represented as 71.1% of revenue, revenue from Animal healthcare segment THB 83.4 million, represented as 17.6% of revenue and revenue from Hospital THB 53.5 million, represented as 11.3% of revenue.

Q1'2023 compared to Q1'2022 (YoY), Revenue from Sales & Services increased by THB 202.6 million or 74.9% YoY mainly contributed by the performance consolidation of Drug Care and Nakhon Patana hospital and continuous growth of Pharmaceutical products and Wellness & Cosmeceuticals.

Q1'2023 compared to Q4'2022 (QoQ), Revenue from Sales & Services grew by THB 31.9 million or 7.2% QoQ, driven by Pharmaceutical products and Livestock animal healthcare.

## Revenue by Segment

Revenue by Segment	Q1'2023		Q1'2022		Change	Q4'2022		Change
	MB	%	MB	%	%	MB	%	%
1. Pharmaceutical Products	107.6	22.7	85.0	31.4	26.7	90.4	20.5	19.0
2. Wellness & Cosmeceuticals	91.1	19.2	89.3	33.0	2.0	92.7	21.0	-1.8
3. Companion Animal Healthcare	72.1	15.2	73.4	27.1	-1.8	74.9	17.0	-3.8
4. Livestock Animal Healthcare	11.4	2.4	22.9	8.5	-50.2	10.6	2.4	7.1
5. Pharmacy stores	137.5	29.1	0.0	0.0	0.0	143.7	32.6	-4.3
6. Hospital business	53.5	11.3	0.0	0.0	0.0	28.9	6.5	85.2
<b>Total Revenue from Sales</b>	<b>473.0</b>	<b>100.0</b>	<b>270.5</b>	<b>100.0</b>	<b>74.9</b>	<b>441.1</b>	<b>100.0</b>	<b>7.2</b>

Operating results for the three-month period ended March 31<sup>st</sup> 2023, Revenue from sales & services was THB 473 million, delivered 74.9% YoY and 7.2% QoQ as following;

- Revenue of Pharmaceutical Products THB 107.6 million, increased by 26.7%, accounted for 22.7% of revenue, driven by growth of Pharmaceutical Products from Ayutthaya Plant and Modern Pharma. The key products are diabetes medicine (Meforin) Dyslipidemia Agent (Zimmex) Anti-Viral (Virogon) Anti-Allergic (Zensil) Analgesic Antipyretics (Pyrana) mucolytic (Supenac), combined with price increase effective from July 1<sup>st</sup>, 2022 onwards.
- Revenue from Wellness & Cosmeceuticals THB 91.1 million, accounted for 19.2% of revenue, increased by 2.0% YoY, mainly driven by growth from Wellness & Anti-Aging Nutraceuticals +4.2% YoY; Probiotics products (Probac 7, Probac 10 Plus, PreBO) and new products (Probac Mood, IP Magnesium, Pro Hare). However, revenue from Cosmeceuticals & Aesthetic Innovation dropped by 41%, due to cancellation of distributor agreement of botulinum toxin and filler and discontinuation of hand sanitizer gel and Antigen test kit.
- Revenue from Companion Animal Healthcare was THB 72.1 million, accounted for 15.2% of revenue, slightly dropped by 1.8% YoY due to short supply from manufacturer of medicated Shampoo for pets (MALASEB). However Pet Food category under brand “MARIA”, “CHOO CHOO” continued growing YoY and QoQ.
- Revenue from Livestock Animal Healthcare was THB 11.4 million, dropped by 50.2% YoY, due to African swine fever (ASF) pandemic which impacted lower demand and purchasing power of customers. Furthermore, the price of broiler and eggs was in downward trend, resulted in higher cost compared to selling price and also price competition to drain stock of ingredient products which was carried forward from last year.
- Revenue from Pharmacy stores was THB 137.5 million, accounted for 29.1% of revenue. End of Q1'23, there are 23 branches and online platform, new opening branches in Q1'23 are the 2<sup>nd</sup> location of Siam Paragon and Future Park Rangsit.
- Revenue from Hospital was THB 53.5 million, accounted for 11.3% of revenue. The proportion of IPD revenue to OPD revenue was 62.38.

	Q1'2023		Q1'2022		Change	Q4'2022		Change
	mio THB	%	mio THB	%	%	mio THB	%	%
Cost of goods sold	284.2	60.1	153.6	56.8	85.0	251.1	56.9	13.2
Selling & Distribution Expenses	74.4	15.7	40.6	15.0	83.1	81.8	18.6	-9.0
Administrative expenses	54.9	11.6	34.8	12.9	57.7	63.7	14.4	-13.8
<b>Total Expense</b>	<b>413.5</b>	<b>87.4</b>	<b>229.1</b>	<b>84.7</b>	<b>80.5</b>	<b>396.6</b>	<b>89.9</b>	<b>4.3</b>
<b>Revenue from Sales</b>	<b>473.0</b>	<b>100.0</b>	<b>270.5</b>	<b>100.0</b>	<b>74.9</b>	<b>441.1</b>	<b>100.0</b>	<b>7.2</b>

#### **Cost of Goods sold and Gross Profit**

For the three-month period ended March 31<sup>st</sup> 2023, Cost of Goods sold was THB 284.2 million, up by 85.0%, which was equivalent to % cost of goods sold at 60.1%, impacted lower gross profit margin. This is because higher proportion of revenue from Pharmaceutical Products, Pharmacy stores and Hospital which contributed lower gross profit margin compared to Wellness & Anti-aging Nutraceutical.

#### **Selling & Distribution Expenses**

Selling expenses & Distribution expenses for the three-month period ended March 31<sup>st</sup> 2023 was THB 74.4 million, increased by 83.1% YoY. Most selling expenses varied with revenue from sales i.e. commission for sales team, distribution fee paid to Zuellig Pharma under distribution agreement and also employee expenses from sales team due to expansion of sales territory nationwide, pharmacist, store rental expense and marketing expense. %Selling & Distribution expenses to revenue from sales & services was 15.7%, increased from 15.0% in Q1'2022. However, it was lower compared to Q4'2022 due to a decrease of marketing expense.

#### **Administrative Expenses**

Administrative Expenses for the three-month period ended March 31<sup>st</sup> 2023 was THB 54.9 million, increased by 57.7% YoY mainly from consolidation of Drug Care and Hospital. However, compared to last quarter, it decreased by 13.8% due to lower spending of IT expense, consultant fee of legal & accounting including effective control of administrative expense.

#### **Net Profit**

Net Profit for the 1<sup>st</sup> quarter of 2023, posted THB 42.6 million, increased by 31.4% YoY. Net Profit Margin was 9.0%, lower than same period of last year, the major reason is higher revenue contribution of Pharmaceutical Products, Pharmacy store and hospital which is low profit margin. However, there was an improvement net profit margin compared to last quarter.

## Financial Position

	As of Mar 31st, 2023 mio THB	As of Dec 31st, 2022 mio THB	Change	
			mio THB	%
Total Asset	3,051.9	3,025.8	26.1	0.9
Total Liabilities	935.7	952.2	(16.5)	(1.7)
Shareholders' Equity	2,116.2	2,073.6	42.6	2.1

### Total Assets

The total assets of the Company and its subsidiaries as of March 31<sup>st</sup>, 2023 reported THB 3,051.9 million, an increase of THB 26.1 million or +0.9% compared to as at December 31<sup>st</sup>, 2022, which was mainly from higher current asset THB 22.6 million. The majority consists of cash and cash equivalent THB +16.7 million from higher operating revenue, inventory THB +5.8 million mainly due to Drug Store branches' expansion. And non-current asset increased by THB 3.5 million, mainly from property plant and equipment.

### Total Liabilities

The total liabilities of the Company and its subsidiaries as of March 31<sup>st</sup>, 2023 amounted to THB 935.7 million, a decrease of THB 16.5 million or -1.7% compared to as at December 31<sup>st</sup>, 2022. This was mainly due to the repayment of loans from financial institution.

### Shareholders' Equity

The shareholders' equity of the Company and its subsidiaries as of March 31<sup>st</sup>, 2023 amounted to THB 2,116.2 million, an increase of THB 42.6 million or +2.1% compared of as at December 31<sup>st</sup>, 2022 from the net profit of 1<sup>st</sup> Quarter of 2023 at THB 42.6 million.

**Yours sincerely,**

Nattarin Polpuech  
Chief Finance Officer