



Interhides Public Company Limited

678 Moo 2 Soi T.J.C., Sukhumvit Road, Bangpoomai,
Muang, Samutprakarn, 10280 Thailand
Tel : 662-028-9728-37 Fax : 662-028-9738-39
Website [http:// www.interhides.com](http://www.interhides.com)



Management Discussion and Analysis Q1/2023

IHL's Consolidated Performance

	Q1/2023 (MB.)	% Y-o-Y	% Q-o-Q
Revenue from Sales and Services	508.91	8.29%	(13.77%)
Other Revenue	3.61	(41.58%)	134.54%
Total Revenue	512.52	7.64%	(11.59%)
Gross Profit	66.04	(25.06%)	(12.90%)
EBITDA	87.61	(25.65%)	8.17%
Net Profit	13.67	(70.52%)	481.03%

In Q1/2023, Revenue from Sales and Services was 508.91 Million Baht, 8.29% increased y-o-y from Finished Leather for Shoes, Finished Leather for Furniture and Dog Chew Product, but 13.37% decreased q-o-q mainly from Automotive and Services. Other Revenue was 3.61 Million Baht, decreased y-o-y in amount of 2.57 Million Baht. In Q1/2023, the Company recognized a gain on fair value adjustments of derivatives amount of 2.39 Million Baht.

Consolidated Revenue was 512.52 Million Baht, increased 7.64% y-o-y and decreased 11.59% q-o-q.

Gross Profit was 66.04 Million Baht, 25.06% decreased y-o-y and 12.90% decreased q-o-q. Gross Profit margin in Q1/2023 was 12.98%, compared to 18.75% and 12.85% in Q1/2022 and Q4/2022 respectively. The gross profit margin decreased mainly due to the increase in material costs and manufacturing expenses affected by the increasing of electricity charge and wages.

Earnings before interest, income tax, depreciation and amortization (EBITDA) was 87.61 Million Baht, decreased of 25.65% y-o-y and an increase of 8.17% q-o-q. EBITDA margin was 17.22% of Revenue from Sales and Services. In this quarter, Selling and administrative expenses were 38.65 Million Baht, increase of 3.18 Million Baht, compared to Q1/2022. The main reason was expense of sales advertising and promotion.

Financing cost in Q1/2023 was 14.09 Million Baht, an increase of 1.56 Million Baht compared to the same period of the previous year. If compared with the past quarter, financing cost is increased 0.29 Million Baht, mainly due to an increase in interest rates on short-term loans from financial institutions.

Net profit was registered at 13.67 Million Baht, was 2.69% of Revenue from Sales and Services.



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Financial Position

	Mar. 2023 (MB.)	Dec. 2022 (MB.)
Total Asset	3,717.44	3,694.42
Current Asset		
Cash and Cash Equivalents	6.37	4.84
Trade and Other Receivables	259.28	233.69
Inventories	1,233.38	1,204.42
Property, Plant and Equipment - Net	2,139.62	2,163.07
Total Liabilities	2,044.80	2,035.46
Short-term Loans from Financial Institutions	1,155.34	1,074.29
Trade and Other Payables	290.22	264.43
Long-term Loans	545.27	639.76
Total Shareholders' Equity	1,672.64	1,658.96

As of March 31, 2023, Total Asset was recorded at 3,717.44 Million Baht, with an increase of 23.02 Million Baht compared to the past quarter. Account Receivables was 259.28 Million Baht or 6.97% of Total Asset, rose by 25.59 Million Baht as compared with the last quarter. Inventory was 1,233.38 Million Baht, or accounted 33.17% of Total Asset, rose by 28.96 Million Baht.

Property, Plant and Equipment in this period was registered at 2,139.62 Million Baht, or 57.56% of Total Asset.

Short-term loan from financial institution increased from 1,074.29 Million Baht in Q4/2022 to 1,155.34 Million Baht. Trust Receipt decreased by 90.95 Million Baht as compared with the last quarter and Promissory Note increased by Baht 172.00 Million Baht. Long-term Loan fell from 639.76 Million Baht to 545.27 Million Baht, mainly due to the scheduled repayment of Long-term Loan.



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Financial Ratio

	Q1/2023	Year 2022	Q1/2022
Current Ratio (times)	0.88	0.89	0.83
Quick Ratio (times)	0.15	0.14	0.14
ISCR (times)	6.22	7.97	9.42
DSCR (times)	1.04	1.17	1.39
Net Debt to EBITDA (times)	5.83	4.88	4.20
Debt to Equity (times)	1.22	1.23	1.19
Gross Profit Margin (%)	12.98%	15.50%	18.75%
EBITDA Margin (%)	17.22%	20.35%	25.08%
Net Profit Margin (%)	2.69%	4.87%	9.87%
ROE (%)	3.28%	6.10%	11.30%

Business overview in 2023

In 2023, the overall Thai economy is in a recovery period from the COVID situation. But the global economy is slowdown. Product prices and raw material costs are still at a high level. The Thai Baht currency tends to be more volatile. Geopolitical tensions and divisions of large economies may affect the Thai economy as a whole.

For that reason, the overview of the tanning industry and leather products may need to be adjusted to keep up with such changes such as trying to reduce production costs, develop products to meet customer requirements and their goals, as well as trying to increase the value of products. The Company focuses on selling high-margin products to compensate for the rising cost. In this regard, Interhides Public Company Limited has a policy to diversify business risks to provide variety of products. Business Expertise and various technologies are used to control production costs to be competitive and generate returns for shareholders.

Please be informed accordingly,

Your sincerely,

(Ms. Kunvarin Veeraphuttivate)

Deputy Managing Director