



Interhides Public Company Limited

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



Management Discussion and Analysis Q2/2023

IHL's Consolidated Performance

	Q2/2023 (MB.)	% Y-o-Y	% Q-o-Q
Revenue from Sales and Services	484.38	13.62%	(4.82%)
Other Revenue	9.91	10.36%	174.52%
Total Revenue	494.30	13.56%	(3.55%)
Gross Profit	50.76	(35.89%)	(23.14%)
EBITDA	76.05	(28.94%)	(13.19%)
Net Profit	4.16	(83.48%)	(69.57%)

In Q2/2023, Revenue from Sales and Services was 484.38 million Baht, 13.62% increased y-o-y from Finished Leather for Shoes, Finished Leather for Furniture and Products in automotive, but 4.82% decreased q-o-q, Other Revenue was 9.91 Million Baht, increased y-o-y in amount of 6.31 Million Baht, In Q1/2023

Consolidated Revenue was 494.30 million Baht, increased 13.56% y-o-y and decreased 3.55% q-o-q.

Gross Profit was 50.76 million Baht, 35.89% decreased y-o-y and 23.14% decreased q-o-q. Gross Profit margin in Q2/2023 was 10.48%, compared to 18.57% and 12.98% in Q2/2022 and Q1/2023 respectively. The gross profit margin decreased mainly due to the cost of raw materials that have increased prices. Utilities costs that have increased fuel cost, Cost of repairing and improving machinery and increased wages.

Earnings before interest, income tax, depreciation and amortization (EBITDA) was 76.05 million Baht, decreased of 28.94% y-o-y and an decreased of 13.19% q-o-q In this quarter, Selling and administrative expenses were 41.04 Million Baht, increase of 1.08 Million Baht, compared to Q2/2022.

Financing cost in Q2/2023 was 14.76 million Baht, an increase of 2.04 million Baht compared to the same period of the previous year. If compared with the past quarter, financing cost is increased 0.67 million Baht, mainly due to an increase in interest rates on short-term loans from financial institutions.



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Net profit was registered at 4.16 million Baht a decrease of 83.48% compared to the same period of the previous year, Net profit was 0.86% of Revenue from Sales and Services.

Financial Position

	Jun. 2023 (MB.)	Dec. 2022 (MB.)
Total Asset	3,606.76	3,694.42
Current Asset		
Cash and Cash Equivalents	10.65	4.84
Trade and Other Receivables	222.10	233.69
Inventories	1,176.00	1,204.42
Property, Plant and Equipment - Net	2,120.01	2,163.07
Total Liabilities	1,989.23	2,035.46
Short-term Loans from Financial Institutions	1,204.17	1,074.29
Trade and Other Payables	238.73	264.43
Long-term Loans	465.61	639.76
Total Shareholders' Equity	1,617.25	1,658.96

As of June 30, 2023, Total Asset was recorded at 3,606.76 million Baht, with a decrease of 87.67 million Baht from year 2022, Account Receivables was 222.10 million Baht or 6.16% of Total Asset, decrease by 11.59 million Baht as compared with the last year. Inventory was 1,176 million Baht, or accounted 32.61% of Total Asset, decrease by 28.41 million Baht.

Property, Plant and Equipment in this period was registered at 2,120.01 million Baht, or 58.78% of Total Asset.

Short-term loan from financial institution increased from 1,074.28 million Baht, compare to the end of year 2022 to 1,204.17 million Baht, Trust Receipt decreased by 79.11 million Baht, as compared with the end of year 2022 and Promissory Note decreased by Baht 25.70 million Baht.

Long-term Loan decreased from 639.76 million Baht to 465.61 million Baht, mainly due to the scheduled repayment of Long-term Loan.



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Financial Ratio

	Q2/2023	2022	Q2/2022
Current Ratio (times)	0.88	0.89	0.81
Quick Ratio (times)	0.15	0.14	0.11
ISCR (times)	6.22	7.97	8.41
DSCR (times)	1.04	1.17	1.37
Net Debt to EBITDA (times)	5.83	4.88	4.85
Debt to Equity (times)	1.22	1.23	1.27
Gross Profit Margin (%)	10.48	15.50	18.57
EBITDA Margin (%)	15.70	20.35	25.10
Net Profit Margin (%)	0.86	4.87	5.91
ROE (%)	1.03	6.10	6.20

Business overview in the first half of 2023

Overall performance in the first half of the year, the Company was able to generate sales and services increased from the previous year, but operating costs increased as well. Due to utility expenses, especially the electricity cost. There were also expenses related to repairs and maintenance of machinery and an ongoing increase in interest on loans from financial institutions. Directly and indirectly, affecting the Company's performance.

However, the Company's management is confident that they will be able to adapt while maintaining competitiveness. The Company will control expenses tightly and manage costs efficiently to generate returns for shareholders, although the Company will face pressure from rising costs in many areas.

Please be informed accordingly,

Your sincerely,

(Ms. Kunvarin Veeraphuttivate)

Deputy Managing Director