



Interhides Public Company Limited

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Website [http:// www.interhides.com](http://www.interhides.com)



14 November 2023

Subject : Management Discussion and Analysis Q3/2023

To : The President

The Stock Exchange Of Thailand

Interhides Public Company Limited submitted a description and analysis of the management's financial performance and key figures in the 3rd quarter of 2023.

Overview of operations

In the 3rd quarter, the company generated sales and service revenues of 481.90 million. The adjustment was down 14.69% compared to the same period of the previous year. The slowdown in the Thai economy was associated with the risks of a slower global economy, due to financial reasons. Although the aggregate forecast seemed to have reached a peak, prices for goods and services remained high as a result of energy costs, which resulted from the international war. This resulted in a rise in the interest rates of various central banks around the world, which kept such rates in place to control the rate. This is another reason why the cost of business ventures has increased, as well as the uncertainty of setting up a post-election Thai government.

IHL's Consolidated Performance

	(Q3/2023)MB	% Y-o-Y	% Q-o-Q
Revenue from Sales and Services	481.90	(14.69%)	(0.51%)
Other Revenue	1.29	(91.52%)	(87.00%)
Total Revenue	483.19	(16.70%)	)2.25%(
Gross Profit	57.92	)22.54(%	14.08%
EBITDA	79.47	(28.77%)	4.50%
Net Profit	9.03	)65.27%(	117.07%

Consolidated Revenue was 483.19 Million Baht, decreased 16.70% y-o-y and increased 2.24% q-o-q.

Gross Profit was 57.92 Million Baht, 22.54% decreased y-o-y but 14.08% decreased q-o-q. Gross Profit margin in Q3/2023 was 12.02%, compared to 13.24% in Q3/2023 respectively. The gross profit margin decreased mainly due to the cost of raw materials that have increased prices and the waste materials are used and the energy costs have been adapted higher.



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Earnings before interest, income tax, depreciation and amortization (EBITDA) was 79.47 Million Baht, decreased of 28.77% y-o-y and an increase of 4.50% q-o-q In this quarter, Selling and administrative expenses were 35.47 Million Baht, decrease of 2.84 Million Baht, compared to Q3/2022.

Financing cost in Q3/2023 was 15.22 Million Baht, an increase of 1.89 Million Baht compared to the same period of the previous year. If compared with the past quarter, financing cost is increased 0.46 Million Baht, mainly due to an increase in interest rates on short-term loans from financial institutions.

Net profit was registered at 9.03 Million Baht an decrease of 65.27% compared to the same period of the previous year, Net profit was 1.87% of Revenue from Sales and Services.

Operating risks

Currently, the introduction of electric cars has a direct and indirect impact on car business operators. The company is one of the companies with growing opportunities for electric cars, but it may still take time. Electric cars are still competing in terms of price and market share. This leaves the demand for self-assembly materials or equipment mainly focused on price. Recognizing this, the company will need to find new products in order to reduce its dependence on the car group business. With increased sales in other product groups that the company has, such as shoe groups, furniture groups, and animal food supplements, it is also expanding into high-profit supplements. Therefore, operating costs may be relatively high in the early stages, but the company is focusing on the stability and risk reduction of the business in the long term.

Financial Position

	(Sep. 2023)MB	(Dec. 2022)MB.
Total Asset	3,526.15	3,694.42
Current Asset		
Cash and Cash Equivalents	4.95	4.84
Trade and Other Receivables	212.91	233.69
Inventories	1,117.96	1,204.42
Property, Plant and Equipment - Net	2,112.25	2,163.07
Total Liabilities	1,899.60	2,035.46
Short-term Loans from Financial Institutions	1,202.99	1,074.29
Trade and Other Payables	222.39	264.43
Long-term Loans	408.70	639.76
Total Shareholders' Equity	1,626.55	1,658.96



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As of September 30, 2023, Total Asset was recorded at 3,526.15 Million Baht, with an decrease of 168.28 Million Baht from year 2022, Account Receivables was 212.91 Million Baht or 6.04% of Total Asset, decrease by 20.78 Million Baht as compared with the last year. Inventory was 1,117.96 Million Baht, or accounted 31.70% of Total Asset, decrease by 86.46 Million Baht.

Property, Plant and Equipment in this period was registered at 2,112.25 Million Baht, or 59.90% of Total Asset.

Short-term loan from financial institution increased from 1,074.29 Million Baht, compare to the end of year 2022 to 1,202.99 Million Baht, Trust Receipt decreased by 151.53 Million Baht, as compared with the end of year 2022 and Promissory Note decreased by Baht 42.04 Million Baht.

Long-term Loan decreased from 639.76 Million Baht to 408.70 Million Baht, mainly due to the scheduled repayment of Long-term Loan.

Financial Ratio

	Q3/2023	2022	Q3/2022
Current Ratio) times(	0.81	0.89	0.85
Quick Ratio) times(	0.13	0.14	0.14
ISCR) times(	5.52	7.97	8.37
DSCR) times(	1.01	1.17	1.54
Net Debt to EBITDA)times(	5.83	4.88	4.85
Debt to Equity) times(	1.01	1.23	1.29
Gross Profit Margin) %)	11.84	15.50	13.24
EBITDA Margin) %)	16.48	20.35	19.75
Net Profit Margin) %)	1.80	4.87	4.60
ROE) %)	2.21	6.10	6.35

Trends in Thailand's economic situation

The overall Thai economy continued to expand steadily during the first nine months of the year, despite a slowdown in growth due to weakened foreign demand. The economy is expected to recover in Q4/2023, driven by private-sector growth. The recovery of the tourism sector in the late year However, there are also negative risk factors associated with the above trends. Weakened domestic prospects. The financial situation of households, affected by rising adjusted interest rates, as well as the geographical and international political risks of major economic powers that have affected energy and food prices, are key costs in the economy.



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Overview of business in the nine months of the year 2023

Overview of business results over the nine-month period: the company continued to face operating cost pressures, both in terms of higher adjusted commodity prices. Energy prices remained high in terms of both electricity and fuel costs. Adjusted financial capital increased as financial institutional lending increased. This made the company struggle to control operating costs and optimize production efficiency. The company is also trying to find channels to sell products that are highly profitable and uncompetitive to compensate for various expenses that are constantly increasing.

Your sincerely,

(Ms. Kunvarin Veeraphuttivate)

Deputy Managing Director