



Interhides Public Company Limited

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



21 February 2024

Subject : Management Discussion and Analysis for ending on 31 December 2023

To : The President of 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 year 2023.

Overview of operations

Year 2023, the company generated sales and service revenues of 1,832.48 Million Baht, decreasing from 2,051.27 Million Baht in year 2022, or representing a decrease of 10.67%. The important factor was the contraction of industrial production especially in automotive business. This is a result of the slowdown in Thai economy. The situation of Thai Baht value in year 2023, The Thai Baht value was fluctuating, depreciating in the first 3 quarters of year 2023 and appreciating in the 4th quarter of year 2023, mainly due to the acceleration of raising interest rates from the various central banks around the world. Although overall inflation in year 2023 was slow down from last year, the price of energy especially fuel, electricity and cooking gas, including the price of goods and services remain high. This is another reason why the cost of business ventures has increased.

IHL's Consolidated Performance

	Year 2023) MB.(% Y-o-Y
Revenue from Sales and Services	1,832.48	(10.67)
Other Revenue	13.14	(33.27)
Total Revenue	1,845.62	(10.88)
Gross Profit	214.52	(32.52)
EBITDA	300.05	(28.12)
Net Profit	16.81)83.18(

In year 2023, Total Consolidated Revenue was 1,845.62 Million Baht, decreased from 2,070.96 Million Baht in year 2022 or decrease of 10.88%. Gross Profit was 214.52 Million Baht, decreased 32.52% from last year.

Consolidated EBITDA was 300.05 Million Baht, decreased 28.12% y-o-y. Net Profit for the year 2023 decreased to 16.81 Million Baht, or decreased 83.18% y-o-y.



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Profit and Loss Analysis

The Company and its subsidiaries recorded Revenues from Sales and Services of 1,832.48 Million Baht, decreased from 2,051.27 Million Baht or 10.67 % y-o-y. The main factor was in revenue from Cut Part and Services, representing decrease of 25% and 32% y-o-y respectively. It was a result of the contraction of the automotive industry and the slowdown of the Thai economy.

Revenue (Million Baht)	Operated by	% of Shareholder	2023		2022		% Change
			Revenue	%	Revenue	%	
Trim Cover and Fabric for Car Seat	IHL	100%	673	37%	608	30%	11%
Cut Part	IHL	100%	497	27%	667	33%	(25%)
Service	IHL	100%	283	15%	415	20%	(32%)
Finished Leather	IHL	100%	168	9%	142	7%	19%
Crust Leather	IHL	100%	129	7%	143	7%	(10%)
Other Product	IHL	100%	74	4%	73	4%	1%
Protein	IG	100%	2	0%	0	0%	946%
Other Product	IG	100%	5	0%	3	0%	79%
Total			1,832	100%	2,051	100%	(11%)

Other Revenue was recorded 13.14 Million Baht mainly from gain on fair value of derivatives on exchange rate.

Cost of Sales and Services was recorded at 1,617.96 Million Baht, or 88.29 of Revenue from Sales and Services. Gross Profit was 214.52 Million Baht, a decrease of 32.52% compared to the previous year. The Gross Profit Margin was 11.71% in year 2023, compared to Gross Profit Margin in 2022 was equal to 15.50%. Gross Profit Margin decreased mainly due to the production was not full capacity. The cost of raw material and manufacturing expense increased. Also the company was affected by the increasing of electricity charges and labor cost.

Earnings before interest, income tax, depreciation and amortization (EBITDA) was 300.05 Million Baht in 2023, decrease of 28.12% y-o-y. Selling and Administrative Expenses decreased 8.87 Million Baht, recorded at 148.39 Million Baht in year 2023.

Financial cost was 59.70 Million Baht, an increase of 7.34 Million Baht compared to the previous year mainly due to an increase in interest rates on loans from financial institutions.

Net profit was registered at 16.81 Million Baht an decrease of 83.18% compared to the previous year. Net profit was 0.92% of Revenue from Sales and Services.



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Operating risks

The Thai automotive business sector is likely to continue growing. The passenger car market has increased. Meanwhile, commercial vehicles tend to slow down. The electric car market has a very high growth rate coming from new manufacturers of electric vehicles. The main reason consumers are interested in electric cars is from higher energy prices. Realizing this reason, the company needs to find new products in order to reduce reliance on income from automotive business. By increasing the proportion of sales in other product such as footwear and nutritional supplements for animals. In addition, the company is expanding into the dietary supplement group with a high profit rate. Therefore, the 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

	Dec 2023)MB.(Dec. 2022)MB.(
Total Asset	3,471.30	3,694.42
Current Asset		
Cash and Cash Equivalents	13.13	4.84
Trade and Other Receivables	119.63	233.69
Inventories	1,146.35	1,204.42
Property, Plant and Equipment - Net	2,117.75	2,163.07
Total Liabilities	1,854.81	2,035.46
Short-term Loans from Financial Institutions	1,284.18	1,074.29
Trade and Other Payables	136.04	264.43
Long-term Loans	344.91	639.76
Total Shareholders' Equity	1,616.49	1,658.96

As of December 31, 2023, Total Asset was recorded at 3,471.30 Million Baht, with an decrease of 223.12 Million Baht from year 2022, Account Receivables was 119.63 Million Baht or 3.45% of Total Asset, decrease by 114.06 Million Baht as compared with the last year. Inventory was 1,146.35 Million Baht, or accounted 33.02% of Total Asset, decrease by 58.07 Million Baht.

Property, Plant and Equipment in this period was registered at 2,117.75 Million Baht, or 61.01% of Total Asset.



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Short-term loan from financial institution increased from 1,074.29 Million Baht, compare to the end of year 2022 to 1,284.18 Million Baht, Trust Receipt decreased by 78.84 Million Baht, as compared with the end of year 2022 and Promissory Note increased by Baht 288.73 Million Baht.

Long-term Loan decreased from 639.76 Million Baht to 344.91 Million Baht, in amount of 294.88 Million Baht mainly due to the scheduled repayment of Long-term Loan.

Financial Ratio

	2023	2022
Current Ratio (times)	0.79	0.89
Quick Ratio (times)	0.08	0.14
ISCR (times)	5.03	7.97
DSCR (times)	0.82	1.17
Net Debt to EBITDA (times)	6.18	4.88
Debt to Equity (times)	1.15	1.23
Gross Profit Margin (%)	11.71	15.50
EBITDA Margin (%)	16.37	20.35
Net Profit Margin (%)	0.92	4.87
ROE (%)	1.03	6.10

Overview of business in the year 2023

Overview of business results: 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. Financial cost 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