



56-1 ONE Report
Interhides Public Company Limited

2023



**LEATHER
WORKING
GROUP**

**GOLD
URN 123**

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1. Financial Highlight

		2023	2022	2021
Result of Operation				
Sales and Service Revenue	Million Baht	1,832	2,051	1,698
Gross Profit	Million Baht	215	318	329
Selling and Administrative Expense	Million Baht	148	157	156
Earnings from operations before interest payments, financial expenses.				
EBITDA	Million Baht	300	417	441
Profit for the year	Million Baht	17	100	141
Financial Position				
Total Assets	Million Baht	3,471	3,694	3,669
Total Liabilities	Million Baht	1,855	2,035	2,051
Shareholders' Equity	Million Baht	1,616	1,659	1,618
Financial Ratio				
Gross Profit Margin	%	11.71	15.50	19.38
Earnings from operations prior to interest payments. Expenditures.				
EBITDA Margin	%	16.37	20.35	25.99
Net Profit Margin	%	0.92	4.87	8.29
ROA	%	0.47	2.71	3.85
ROE	%	1.03	6.10	8.92
Debt to Equity Ratio	Times	1.15	1.23	1.27
The ratio of net debt to pre-interest operating profits				
Net Debt to EBITDA	Times	6.18	4.88	4.65
Debt Service Coverage Ratio	Times	0.82	1.17	1.53
Interest Service Coverage Ratio	Times	5.03	7.97	8.22
Shares or Information about Common Shares				
Number of Outstanding Shares	Million Shares	592.8	592.8	592.8
Book Value	Baht/share	2.73	2.80	2.73
Basic Earnings per share	Baht/share	0.03	0.17	0.24
Diluted Earnings per share	Baht/share	-	-	-
Dividend per share ⁽¹⁾	Baht/share	xx	0.10	0.20
Dividend Payout Ratio on profit for the year	%	xx	58.82	83.33
Market Price (at Year End)	Baht/share	2.70	3.32	3.96

Note : ⁽¹⁾ The Board of Directors has resolved to propose to the shareholders' meeting on April 22, 2024

to approve the omission of the dividend payment for the year 2023.

2. General Information of the Company

Company's name	: Interhides Public Company Limited
Initials	: IHL
Company's Registration Number	: 0107548000595
Nature of Business	: Producing and distributing leather covering for car seats and other related products
Registered Capital	: 594,998,274 ordinary shares at par value of Baht 1
Paid-up Capital	: 592,805,637 ordinary shares at par value of Baht 1
Headquarter	: 678 Soi T.J.C. Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
1st Factory	: 192 M. 6 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
2nd Factory	: 678 Soi T.J.C. Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
3rd - 4th Factory	: 999 Soi T.J.C. Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
5th Factory	: 555 Soi T.J.C. Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
6th Factory	: 1111 M. 6 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
7th Factory	: 775 Bangpu Industrial Estate, Moo 2, Soi 4, Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
8th Factory	: 183 M. 6 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
9th Factory	: 1111/2 M. 6 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
10th Factory	: 1111/3 M. 6 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
Company Secretary	
Telephone	: (662) 028-9728-37
Fax	: (662) 028-9738-39
E-mail	: Companysecretary@Interhides.com
Investor Relations	
Telephone	: (662) 028-9728-37
Fax	: (662) 028-9738-39
E-mail	: Companysecretary@Interhides.com

Information of the subsidiary company

Company's name in Thai	: บริษัท อินเตอร์ กรีน จำกัด (IG)
Company's name in English	: Inter Green Company Limited (IG)
Nature of Business	: Protein Hydrolysate
Location	: 1111/2 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
Company's Registration Number	: 0115559014850
Telephone	: (662) 028-9728-37
Fax	: (662) 028-9738-39
Register Capital	: 2,000,000 ordinary shares at par value of Baht 100
Paid-up Capital	: 2,000,000 ordinary shares at par value of Baht 100
No. of Held Shares	: 999,997 shares
Tax privileges	: Eight-year corporate tax exemption from the Office. The Investment Promotion Board.

3. Vision, Mission, Value and Policy

1. Value

The Company prioritises its value. While there are change in the world economic and the world market. With strong company's vision, the Company can maintain its strong decision making and trust regulary. The Company vision is the root basis to change and improve our human resource. The Company values are as the following:

1.1 Peformance Excellent – The Company focus on performing with confidence to reach positive result. With research and development, and various improvement to reach a higher standard for the market. With strong belief that we can do better than yesterday and tomorrow will be better. With great effort to enhance the Company to great excellence.

1.2 Trust and Respect – From generations we operate with honesty, trust, and emphathy. With a strong policy for “friendly” style of business. From proper business performance, and clear information sharing. The Company put priority for good governance, respect for rules and regulation, credibility of financial statement report from internal and external auditing, which include good work ethic for our employees. The Company is proud on our honesty and justice in our operation, which aid our goal in complying with all rules and regulation.

1.3 Employees – The Company priorities to a friendly environment for every employees. With basis that high quality employee will lead to company's success. Hence the Company put forth the effort to locate quality employee for the Company. With great employee benefits, proper salary and top of the line training for development. The Company also promote better work place quality with proper hygiene and work place safety which benefits the company and the community as a whole.

1.4 Quality – Company commits to produce and serve our customer with high customer satisfaction and highest benefits for our customer. With belief that our customer will understand our asking price for the higher quality product. The Company understand the importance in quality control for every production process. Starting from raw material selection, production control, final product, and the response time to our customer to maintain our quality and standard, and finally on time delivery for our customer.

1.5 Responsibility for society – The Company understand the important for community and the environment. The Company is directly involve in improving the community and the environment, and is a participant of the 3R program with the government to reduce and develop recycle material to be utilize back in the process.

2. **Vision** – To become the industry leader in Southeast Asia that moves the Company with international standards. Fast response to our customer, with advancement in innovative technology that is environmentally friendly.
3. **Mission** – Our duties of the Company that fits with our values.
 - 3.1 Customers: Increase customer satisfaction for continuous business growth
 - 3.2 Employees : Build teams with the proper skillsets to response to all of our customer's need
 - 3.3 Shareholders: Generate profit and increase investment value for all shareholders under good governance business
 - 3.4 Organization: Develop the ability to compete with our competitors. With proper costing via continuous improvement in process development and human development.
 - 3.5 Society and Communities: Involve in community outreach and all communities who are involve with the Company
4. **Policies:**
 - 4.1 Have effiencie that benefits to the Company
 - 4.2 Justice and good governance to all stakeholders
 - 4.3 Transparent and Verifyable
 - 4.4 Act according to laws and regulation of all countries the Company is involved with

Ethics in the business of the Company

Interhides Public Co., Ltd. has ethics in business. All employees must behave as representatives of company as detailed below:

1. Fairness and Non-Discriminator

The Company treats its stakeholders with fairness whether buyer, seller, competitor, shareholder, employee, and so on, without discriminate against any one. Due to differences in race, religion, nationality, sex, age or education.

2. Keeping Honesty

The Company does not give money or goods to any person, to induce the wrong action, and do not support the wrong actions. It is not desirable for employees to receive money or items from the stakholders of the Company, such as the seller or customers, etc

3. Political neutrality

The Company is neutral; do not act in favor of any political party or any person with political power, to seek special benefits

4. Environmental Protection

The Company encourages employees to conduct environmental conservation activities under the policy “On-time delivery of quality product with our advanced technology performance”.

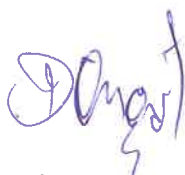
Message from Chairman

In the recent years, Although the crisis caused by the COVID-19 pandemic has eased to a controllable level. But the socio-economic situation around the world continues to be affected. The economic recovery remains fragile. In addition, the ongoing Russia-Ukraine conflict has significantly affected the manufacturing sector. Fuel and Natural gas prices highest rises during 10 years, so the global supply chain is affected in a large chain, thus affecting production cost.

Business competition is intensifying and market trends are changing rapidly. In the past year, company and subsidiaries (“Company”) have realized that their business operations have both positive and negative impacts, so have implemented risk management strategies and proactive and reactive preventive measures. Company spreads risk by expanding the business into new industries that are connected to company’s current business. It is considered a year of development and investment to build a solid foundation.

Under management that do not stop developing, affecting company’s production and services have gained the trust of all customers, and though commercial partnership with Wolverine Leather for more than 10 years, company has been selected to continue business, with the acquisition of Wolverine Leather’s business unit, as a significant milestone in IHL’s history. The approaching into the footwear leather business will strengthen of organization’s foundations, create sustainable growth for the organization and drive to become a truly Thai multinational company.

Finally, I believe that 2023 is the year of starting and developing the structural foundation of the group. On behalf of the Board of Directors of Interhides Public Company Limited, I would like to thank all shareholders, customers, and business partners for trust, confidence and support always been received well. Also thank to the management team and all employees who are dedicated to working hard, this enabled company to manage and overcome the challenges of the past year. I would like to assure that we will conduct business with determination and push company continue to achieve sustainable growth and success.



Ongart Thumrongsakunvong
Executive Chairman

5.Nature of Business

Company Profile

The Company was found by Mr. Ongart Thunrongsakunvong, and Ms. Chutima Busayapoka with initial investment of 0.2 Million Baht in 1988 as OC Tannery Limited Partnership for tanning at Samutprakarn province. At the beginning stage, the Company imported raw hides for tanning, steaming and dressing of leather drying for furniture.

In 1992, OC Tannery Limited Partnership expanded into tanning and coloring services and distribution and transformed to OC Tannery Company Limited with capital of 5.0 Million Baht. The Management has foreseen the great opportunity in tanning business and add the new production line. The new company was found as Inter-Hide Leather Company Limited to support the production line and growth. OC Tannery Limited Partnership was liquidated in 2004.

Significant Changes and Progression

Year.	Change/Progression
1992	<ul style="list-style-type: none">- Found as Inter-Hide Leather Company Limited by Mr.Ongart Thumrongsakunvong and Ms.Chutima Busayapoka for tanning industry with registered capital 5.0 Million Baht.- Imported raw hides for tanning, steaming, and dressing of leather drying for furniture industry.
1993	<ul style="list-style-type: none">- Increased registered capital to 20.0 Million Baht with 20,000 shares at par value of 1,000 Baht- Established Head Office at 678 Moo 2 Bangpoomai Muang Samutprakarn 10280 (IHL2)
1994	<ul style="list-style-type: none">- Changed the par value from 1,000 Baht per share with 20,000 shares to 10 Baht per share with 2,000,000 shares of Baht 10 per share.- Increased registered capital to 90 Million Baht with 9,000,000 shares at par value of 10 Baht per share
1997	<ul style="list-style-type: none">- Established 1st Factory at No.1111 M. 6 Sukhumvit Rd. Bangpoomai Muang Samutprakarn 10280 (IHL6)- Established 2nd Factory at No.999 M. 2 Sukhumvit Rd. Bangpoomai Muang Samutprakarn 10280 (IHL4)

Year.	Change/ Progression
1998	<ul style="list-style-type: none"> - Changed the production line from furniture to a comprehensive manufacturing for automotive - The Company is a manufacturer of leather and leather parts for automotive. (2nd Tier Original Equipment Manufacturer)
2004	<ul style="list-style-type: none"> - Increased registered capital to 120 Million Baht with 12,000,000 shares at par value of 10 Baht per share in July - Increased registered capital to 160 Million Baht with 16,000,000 shares at par value of 10 baht per share in December - Established 3rd Factory at No.55/5 M. 2 Sukhumvit Rd. Bangpoomai Muang Samutprakarn 10280 (IHL5)
2005	<ul style="list-style-type: none"> - Increased registered capital to 190 Million Baht with 19,000,000 shares at par value of 10 Baht per share in April - Increased registered capital to 225 Million Baht with 22,500,000 shares at par value of 10 Baht per share in June - Transformed into a public company and renamed as Interhides Public Company Limited with the registered capital of 300 Million Baht with 60,000,000 shares at par value of 5 Baht per share in August - Listed in SET in December with major shareholders, Mr. Ongart Thumrongsakunwong's group or 47.15% and Sumitomo group or 20.00%.
2007	<ul style="list-style-type: none"> - Change in par value from 5 Baht per share with 60,000,000 shares to 1 Baht per share with 300,000,000 shares
2009	<ul style="list-style-type: none"> - Established 4th Factory at No.192 M. 6 Sukhumvit Rd. Bangpoomai Muang Samutprakarn 10280 (IHL1)
2010	<ul style="list-style-type: none"> - Mr.Ongart Thumrongsakunvong bought back 60,000,000 shares from Sumitomo Group so that Mr. Ongart Thumrongsakunvong group held at 59.35 % of paid up capital. - Established 5th Factory at No.775 M. 2 Sukhumvit Rd. Bangpoomai Muang Samutprakarn 10280 (IHL7)

Year.	Change/Progress
2011	- Established Inter Seat Cover Company Limited as its subsidiary with initial registered capital 20 Million Baht to operate as a manufacturing and distributor leather trim cover, leather for steering wheel and gear knob.
2012	- Increased registered capital to 350 Million Baht with 350,000,000 shares at par value of 1 Baht per share
2013	- Decreased registered capital to 349,999,230 Million Baht with 349,999,230 shares at par value of 1 Baht per share - Increased registered capital to 419,999,076 Million Baht with 419,999,076 shares at par value of 1 Baht per share for dividend stock payment
2015	- Established 6 th Factory at No.183 M. 2 Sukhumvit Rd. Bangpoomai Muang Samutprakarn 10280 (IHL8) - Innovated Protein Producing from waste in the tanning process to be used as chemical in the production - Started construction for 10 th Factory
2016	- Decreased registered capital to 419,998,782 Million Baht with 419,998,782 shares at par value of 1 Baht per share - Increased registered capital to 594,998,274 Million Baht with 594,998,274 shares at par value of 1 Baht per share for stock dividend payment - Established Inter Green Company Limited as its subsidiary with initial registered capital of 50.0 Million Baht for Protein Producing from scrap leather with industrial process
2018	- Started 1 st production line of Factory # 10
2019	- Add the 8th branch office, No. 1111/3 Moo 6, Bang Pu Mai Subdistrict, Mueang District, Samut Prakan Province 10280 (IHL10)
2020	- Adding a type of business to produce ready-to-eat food for pets snacks for pets
2021	- Added types of collagen and gelatin production operations
2023	- Acquires the business unit of Wolverine Leather, focusing on the shoe leather business.

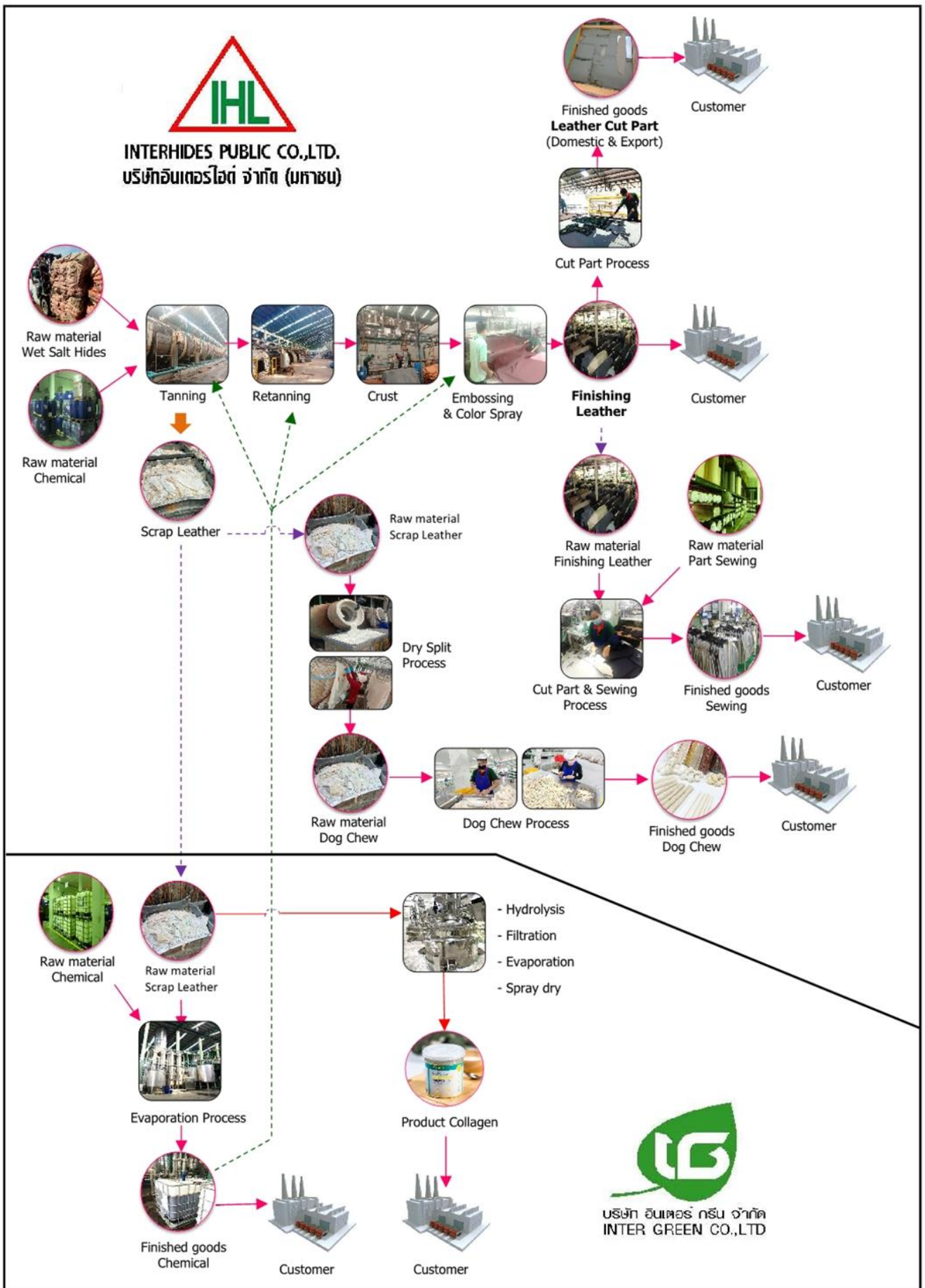
Details of subsidiaries

INTER GREEN COMPANY LIMITED: IG

Inter Green Company Limited was established on July 15,2016, located at 1111/2 Moo 6 Tambon Bangpoomai, Muang, Samutprakarn to produce Protein from the scrap leather with industrial process. Interhides Public Company Limited held 99.97% shares which registered capital of 200 Million Baht.

IG has invested in research and development for these projects and be the 1st manufacturer in Southeast Asia. Protein hydrolysate can be used in various industries such as chemical industry, cosmetic and pharmaceutical industries, etc.

Linkage of Business



Revenue Structure

Nature of the Company's business is made to order from both domestic and foreign

customers. The Company can produce according to customer requirements, in terms of features, property, or special products such as Leather is easy to cleaning (Anti-Strain Leather), Leather tanning without chrome (Chrome Free Leather). The Company can serve all products and all requirements. It is jointly developed with the Company's customers (Car Maker).

In general, car maker will determine which the company is a manufacturer of leather for cars in each model. The Company must offer competitive prices to other competitors as well as quality assurance that must meet the standards of the car maker. It must have sufficient capacity to accommodate the volume of orders throughout the life of each model.

After being selected by the car maker, the Company will start developing its products alongside car maker and First Tier Original Equipment Manufacturer (1st Tier OEM). Until the time that car would be available in market and throughout the period that the car is produced and sold. The Company will receive the order, production forecast, other information and work close collaboration with the manufacturers of seat and car parts (1st Tier OEM). The Company is an indirect manufacturer of materials and parts for cars (Second Tier Original Equipment Manufacturer or 2nd Tier OEM).

Typically, car makers will bring the production of cars from many countries of that model together in the price range. So, if the Company is selected as a genuine leather manufacturer for any model, the Company will be able to export genuine leather for the car seat to the manufacturer directly in the car seat as well.

Interhides Public Company Limited is the manufacturing and distribution of leather and cut part for Automotive, Shoe and Furniture Industry. The raw material comes from buffalo and cow hides which processing by tanning, dyeing and cutting or sewing with the new technology. Also, the new innovation of the Company is Protein Hydrolysate, Safety Shoe and Dog Chew.

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%)

Value and proportion of domestic sales to foreign sales

Revenue (Million Baht)	2023		2022		2021	
	Amount	%	Amount	%	Amount	%
Domestic	1,174.00	64%	1,341	65%	1,189	70%
Export	658.00	36%	710	35%	509	30%
Total	1,832	100%	2,051	100%	1,698	100%

Production Capacity

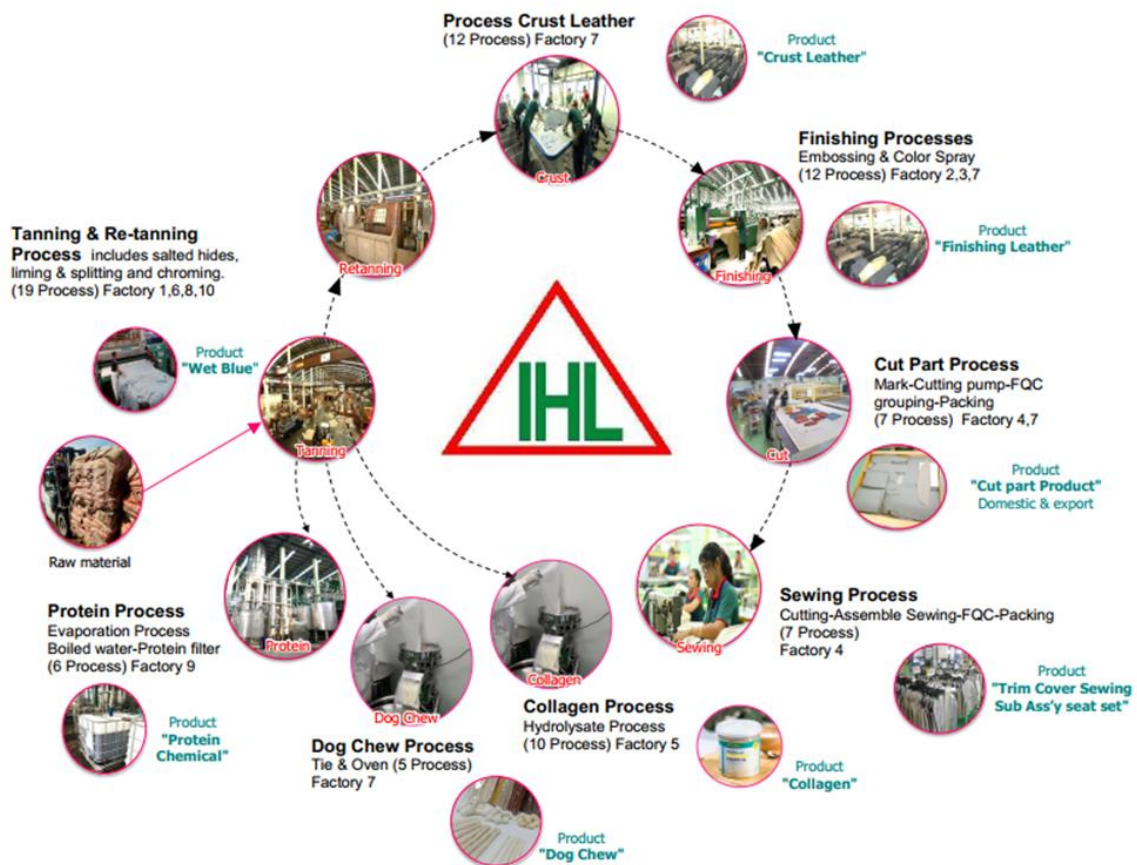
Currently the company Operate production only 1 shift per day, each shift has a working time of 8 hours per shift and production capacity from the production line of Factories 1 - 10 are as follows.

Capacity data and capacity utilization rate of 2023

Production Line	Tanning	Retanning	Finishing	Cut Part car seat	Seat Trim Cover
	(Pcs)	(Pcs)	(Pcs)	(square feet)	
Total Capacity	1,801,920	1,503,360	604,968	10,782,720	105,456
Current Capacity	652,609	469,404	348,125	10,715,766	93,244
Utilization Rate	36.21%	31.22%	57.54%	99.37%	88.41%

Production Line PIG SKIN	Tanning
	(Pcs)
Total Capacity	5,184,000
Current Capacity	2,528,294
Utilization Rate	48.77%

Product and Service Characteristics



1. Tanning Service

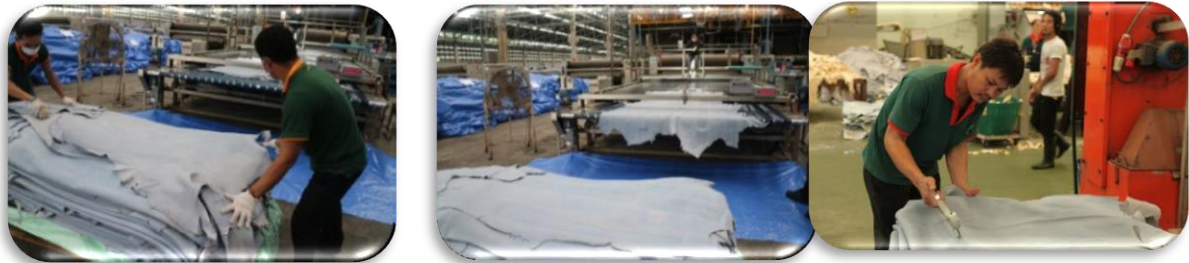
Company has been doing tanning business more than 75 years and production of leather with modern machinery can support production up to 130 million feet per year. In addition to certified Leather Working Group (LWG) "Gold Rate" as first tannery in Thailand. That why customers trust to send raw material (wet salted hides) to our company to produce the wet blue by ensuring that the quality as requirement.



Picture 1: Tanning Service

2. Wet Blue Leather

Many Tanneries, both domestic and internationally have purchased our wet blue leather to be dyed for various products. Due to LWG “Gold Rate” Certification, not mention to “Tannery of the year award 2018” that company got the winner award. This is guarantee in terms of management and quality.



Picture 2: Wet Blue Leather

3. Finished Leather

Finished Leather of our company can be divided into main product groups as, Finished Leather for Shoe, Finished Leather for Furniture and Finished Leather for Automotive. Company can produce in both, Chrome and Chrome Free Leather.

3.1 Finished Leather for Shoe

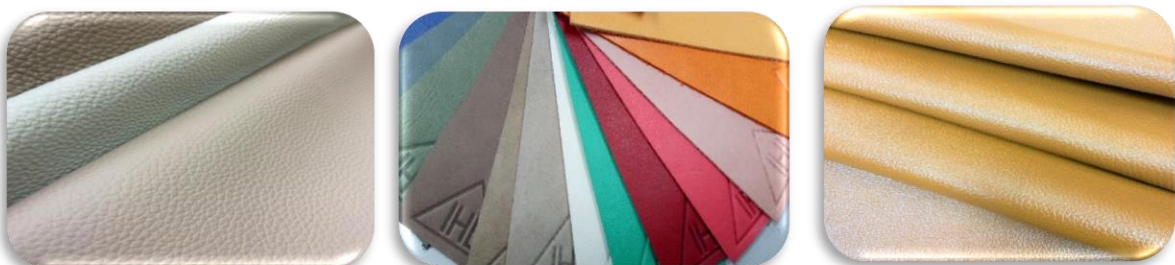
Company has purchased cow and buffalo skins from local farmers, to research and development to make Finished Leather Products for Shoe. Company focusses on Chrome Free Leather for both, Lining and Shoe Upper.

3.2 Finished Leather for Furniture

Company has developed Finished Leather for Furniture to meet the customers’ need in every faction, whether Chrome for Chrome Free Leather, One Tone or Two Tone, also can produce according to the samples as customers want.

3.3 Finished Leather for Automotive

Company has close worked with the automotive manufacturers to develop Finished Leather for Automotive to meet the standard of automotive industry. In term of features, quality, color, luxury, as well as the perspective of the car user.



Picture 3: Finished Leather

4. Cut Parts

Company does not only sell Finished Leather but also bring the Finished Leather to be cut into parts according to the pattern or Drawing specified by the customer which can be regarded as adding value to Finished Leather. Most of Cut Parts are assembly pieces for car seats, steering wheels, gear knobs, door panels and the other products such as lipstick covers. Not mention to company has received Certificate IATF16949 which is the standard in the automotive industry.



Picture 4: Cut Parts

5. Trim Cover

It is an extension of the business by bringing Cut Part Leather to sew and forming as a car seat cover by follow the design as specified by customer or the requirements from Automotive customer. The company has produced for sewing and assemble with modern tools for products Car Seat, Steering Wheel, Gear Knob, and still consider the details, quality and characteristics that customers' want.



Picture 5: Trim Cover

6. Safety Shoe

For the product Safety Shoe has received TIS standard No. 523-2554 by bringing the scrap leathers from the sewing of Car Seat Leather to be a material in the production of Safety Shoes. Due to the properties of Car Seat Leathers are more durable than other types of leather and it's colorful. Including still has beautiful and modern style named as Black Bison.



Picture 6 : Safety Shoe

7. Protein Product

Due to the difficulty in disposal the scrap leather that has chromed-based and it has to be disposed properly. Therefore, the company has researched and developed to produce Protein from raw material wastes through industrial production processes and the company was set up to receive leather scraps from other tannery for disposal in order to reduce environmental problems. The Protein product can bring back to use in the leather production process as a replacement for using other chemicals. The Protein is under a subsidiary, named Inter Green Company Limited with factory registration number 3-106-16/59



Picture 7: Protein Product

8. Dog Chew Product

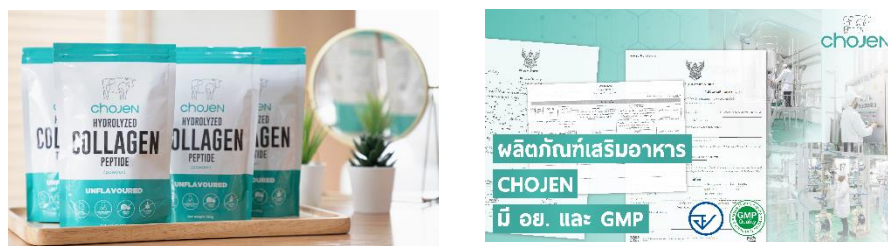
The company has expanded from by-products, by bringing the split leather to be developed into a Dog Chew Product. Through the production process that is clean, safe, in various types according to the popularity of the market. Both Raw Hide (Tied bones, Pressed Bones, Hooves) and Crunchy Product are from mashed split leather mix with powder and adjust color and flavor then injected into threads. The company has been certified for GMP from the Bureau of System Development and Certification of Livestock Products under the name Momo & Friend.



Picture 8 : Dog chew Product

9. Collagen Product

The company has expanded its business and conducted research and development studies on the selection of suitable animal hides for extraction into collagen. It took more than 6 years to become a collagen peptide with small molecules, light weight, can be quickly and efficiently absorbed into the body. Through production by affiliated companies, including Inter Green Co., Ltd., which has a modern production plant and has been certified according to the standards of the production system according to the food law and has passed product qualification tests from leading Thai testing institutes such as the FDA, under the name Chojen



Picture 9 : Collagen Product

Marketing and Competition

Product Policy

With over 30 years of experience in the leather car seat industry and manufacturing processes from upstream (tanning) to downstream processes (sewing), the Company has been able to effectively control the production and quality of its products. This ensures that customers will receive high quality products that meet their needs whether it is colorful, features with on time. The Company also strives to continuously research and develop new products to meet the needs of its customers especially eco-friendly products such as Chrome Free Leather, as well as innovative leather like Split Leather to meet the needs of customers.

Price Policy

For price determination, the Company will set the cost-plus margin which will take into account depends on the volume of orders. Business relationship with each customer and industry competition and the midrate price is determined by the policy of the car manufacturer. The Company will offer the price to the car maker manufacturer (which may be priced higher or lower than the price set by the car manufacturer) to compete with the indirect manufacturer of leather for the seat maker (2nd tier OEM) At present, there are 3 - 4 manufacturers in Thailand.

Distribution Policy

The Company distributes products to customers who directly produce seat and car parts (1st Tier OEM) both domestically and internationally. The Company has marketing department responsible for marketing both domestically and internationally. In case of introducing customers to the company in order to expand the market to new customers in both domestic and international markets, the Company will provide the commission to the advisor.

Target Customers

Automotive Industry

1. Domestic Customer

The Company will be selected by car manufacturers directly that the Company can produce leather for car seat cover for any model and send the products to seat manufacturer and car parts directly (1st Tier OEM). This is the main domestic customer. Customers can bring the products of the company used for domestic production. Also, it can be exported to foreign countries in the form of finished cars and components (Component knock-down) Therefore, the manufacturers of seat and parts for car are the Company's direct customer and car manufacturers are the Company's indirect customers.

2. Foreign customers

Company's product that exports to overseas, is sold to manufacturers of seat and car parts directly (1st Tier OEM), including Japan, Philippines, Indonesia, Malaysia, Vietnam, etc

Other Industries

Target customers in other industries consist of other customers that are not included in the automotive industry (Non-Automotive) and customers that the Company offers services or contracts to produce leather according to the specifications that customers will use to produce or assemble into other finished products. The company focuses on doing business with customers in other industries which is a long-term business only.

1. Non-Automotive Customer

The company started business by offering leather products to other customers such as Furniture manufactures, Dog Chew manufacturers, etc., as well as expanding the business in a variety of products, for example, using scrap leather from the cutting and sewing process as a raw material to produce safety shoes, bags including leather product for special floor chairs used in cinemas, etc.

2. Service providing Customer

The Company provides tanning, dyeing and leather production services to customers according to special orders, such as chrome tanned leather (Wet Blue), dyed leather and Crust Leather, as well as leather production services according to the specifications specified by the customers in order to be used to produce various leather products such as leather for shoes, bags and other products.

6. Industry situation and competition (Industrial Competition)

The Covid-19 situation has eased had has resulted in the economy becoming more active, especially in Tourism and Service Industries. But for the manufacturing sector, did not receive any benefit. Moreover, there were also events that occurred in the past year that made economic situation worse than before. For example:

1. Geographical conflict: Russian – Ukrainian, war that doesn’t appear to be ending any time soon, Israel – Hamas, war which may escalate into a religious war, Burmese – Minority, Thai-Burma border trade greatly reduced, The dispute between China – Taiwan (One China Policy) in which the United States supports Taiwan both in economics and military equipment to prevent China growing larger.

2. Economic conflict: United States and China are both superpowers and stand on the opposite sides. But both of them want to be world leader. Therefore, they start economic wars to each other. For example:

United State	China
○ Raise import tariffs on products from China to 25% in many product groups.	● Raise tariffs on imports from US up to 25% with equivalent impact value.
○ Provide tax benefits to American companies to attract return to invest in United States.	● China bans products from American companies. Especially technology company, such as Apple’s products.
○ Boycott of Russia in many areas, such as embargo Russia, delete Russia off SWIFT system, to punishment for invading Ukraine	● Enhance trade with Russia, especially in the energy sector, while Russia will support Chinese Yuan as main currency in international transactions in Asia, Africa and Latin America.

3. Trade barriers: Nowadays, trend of “save the world” has clearly played a role. The environment will be used as a tool to protect the domestic market and encourage domestic production. For example; countries who sending products to Europe must meet additional conditions, carbon tax adjustment measure before crossing European border (Carbon Border Adjustment Mechanism or CBAM), United State has also enacted the Clean Competition Act (CCA), which is a carbon tax on products with high carbon dioxide emissions in the production process, such as fossil fuels, petroleum, petrochemicals, fertilizers, steel, coal, etc.

Global automotive demand is slowing. Due to economic uncertainty and rising interest rates in many countries. Especially for combustion vehicles, domestic sales will not be exciting in 2024 because Thai economy is still fragile due to household debt, high interest rates, higher cost of living. As result, financial institutions are strict in granting car loans. And although the ratio of production for domestic sale to production for export is very close, 48:52 (average 2007-2022). But Thailand’s export market is limited. The proportion is only 1 in 6 of the world because it is a right-hand drive country. The expansion is quite small. Meanwhile, the change to left-hand drive production is very difficult. That doesn’t include the reduce competitiveness from higher costs, the appreciation of Baht. Therefore causing a loss of





















proportion in exporting cars in the world market to China and Indonesia in the Australian, Vietnamese and Philippine markets.

The Electric Vehicles (EV) are still strong and rising star in automotive industry. There are about 14 carmakers that have signed on to produce EVs according to the measures to support the use of electric vehicles, Phase 1 (EV3.0). There are measures in phase 2 (EV3.5) from the government, There are many car manufacturers from other nationalities besides China coming to invest in Thailand, along with higher consumer confidence. This will help to support sales of electric cars to continue increasing and will cause the market share of combustion vehicles to decrease.

The global leather goods market size will reach USD 390.9 billion in 2023, with 37 percent market share in North America. The popularity of premium leather products and the convenience of purchasing them (online purchasing). It is a factor that promotes the growth of North America. The second place is Europe at 28 percent, the third place is Asia Pacific at 23 percent. It is considered the fastest growing continent, especially China and India. The remaining continents are Latin America and the Middle East and Africa, at 7 percent and 5 percent respectively.

The global footwear market is huge and worth more than USD 400 billion. Shoe products that are diverse in terms of characteristics. The shape and size are huge. In the past, people could survive with only one or two pairs of shoes. But at present, there is a survey that shows that the average number of shoes that people own is 19 pairs per person, divided into 12 pairs for men and 27 pairs for women. This is an alarmingly increasing number. Because today people separate shoes according to their various purpose of use and want to meet their needs in the best possible way, such as court shoes, strappy shoes, high heels for wearing to work. Sneakers, open heeled shoes for wearing when travelling. Sport shoes clearly separate countries and types of sports. Therefore, leather use in shoe products, it doesn't just mean court shoes only but leather can also be used in shoe products that have a leather upper

Largest Footwear Companies by Market Cap

Rank	Name	Market Cap	Country
1	 Nike	\$154.39 B	 USA
2	 Adidas	\$31.96 B	 Germany
3	 Deckers Brands	\$19.40 B	 USA
4	 Skechers	\$9.56 B	 USA
5	 On Holding	\$8.82 B	 Switzerland
6	 Birkestock	\$8.56 B	 Germany
7	 PUMA	\$6.66 B	 Germany
8	 VF Corporation	\$6.50 B	 USA
9	 Crocs	\$6.17 B	 USA
10	 ASICS Corporation	\$5.63 B	 Japan

Source: www.companiesmarketcap.com

7. Securities and Shareholders

7.1 Registered and Paid up Capital

(1) As of December 31, 2023, the Company had registered capital of Baht 594,998,274, of which Baht 592,805,637 was paid up, divided into 592,805,637 ordinary shares with a par value of Baht 1 each.

(2) Other types of shares

-None-

7.2 Warrants

-None-

7.3 Shareholders

The top ten shareholders as of December 31, 2023 are as follows:

As of December 31, 2021				
	List		Number of shares	% per share
1.	Mr.Ongart Thumrongsakunvong Group			
	Mr. Ongart Thumrongsakunvong		172,178,431	29.04%
	Ms. Kunvarin Veeraphuttivate		122,406,015	20.65%
	Ms. Nirinya Veeraphuttivate		28,488,333	4.81%
	Mr. Wasin Thumrongsakunvong		28,398,333	4.79%
	Mr. Warit Thumrongsakunvong		28,333,333	4.78%
	Total shares Mr.Ongart Thumrongsakunvong group		379,789,445	64.07%
2	Modernform Group Public Co., Ltd.		28,440,900	4.80%
3	Thai NVDR Co., Ltd.		11,976,785	2.02%
4	Mr. Linzhong Phichitpongchai		6,000,000	1.01%
5	Mr. Chaiyaporn Wongsanganan		5,530,000	0.93%
6	Mr. Kitti Busayapoka		4,265,500	0.72%
7	Mr. Wattana Deerattanaphoka		4,226,400	0.71%
8	Mr. Thaksa Busayapoka		3,227,000	0.54%
9	Mr. Sutthanuch Busayapoka		3,000,000	0.51%
10	Mr. Ekarin. Praphaphayuenyong.		2,600,000	0.44%
	People and other shareholders		143,734,607	24.25%
	Total shares		592,805,637	100.00%

A group of major shareholders to influence policy making, management or operation of the company.

- Mr. Ongart Thumrongsakunvong has sent three representatives to be Mr. Ongart Thumrongsakunvong, Miss Kunvarin Veeraphuttivate and Mr. Wasin Thumrongsakunvong.

7.4 Dividend Payment Policy

The Company has a policy to pay dividends to its shareholders every year at the rate of not lower than 40 % of the net profit. Considering factors for the dividend payment are such as: the Company's operating results and financial position, liquidity, expansion plan and other management-related factors. Any dividend payment is also subjected to the approval(s) of the Company's Board of Directors and/or Shareholders' Meeting.

As for the dividend payment policies of its subsidiaries, the subsidiaries pay the dividend from their net profits, taking considered factors as such their operating results, financial positions, liquidity, expansion plans and other management-related factors.

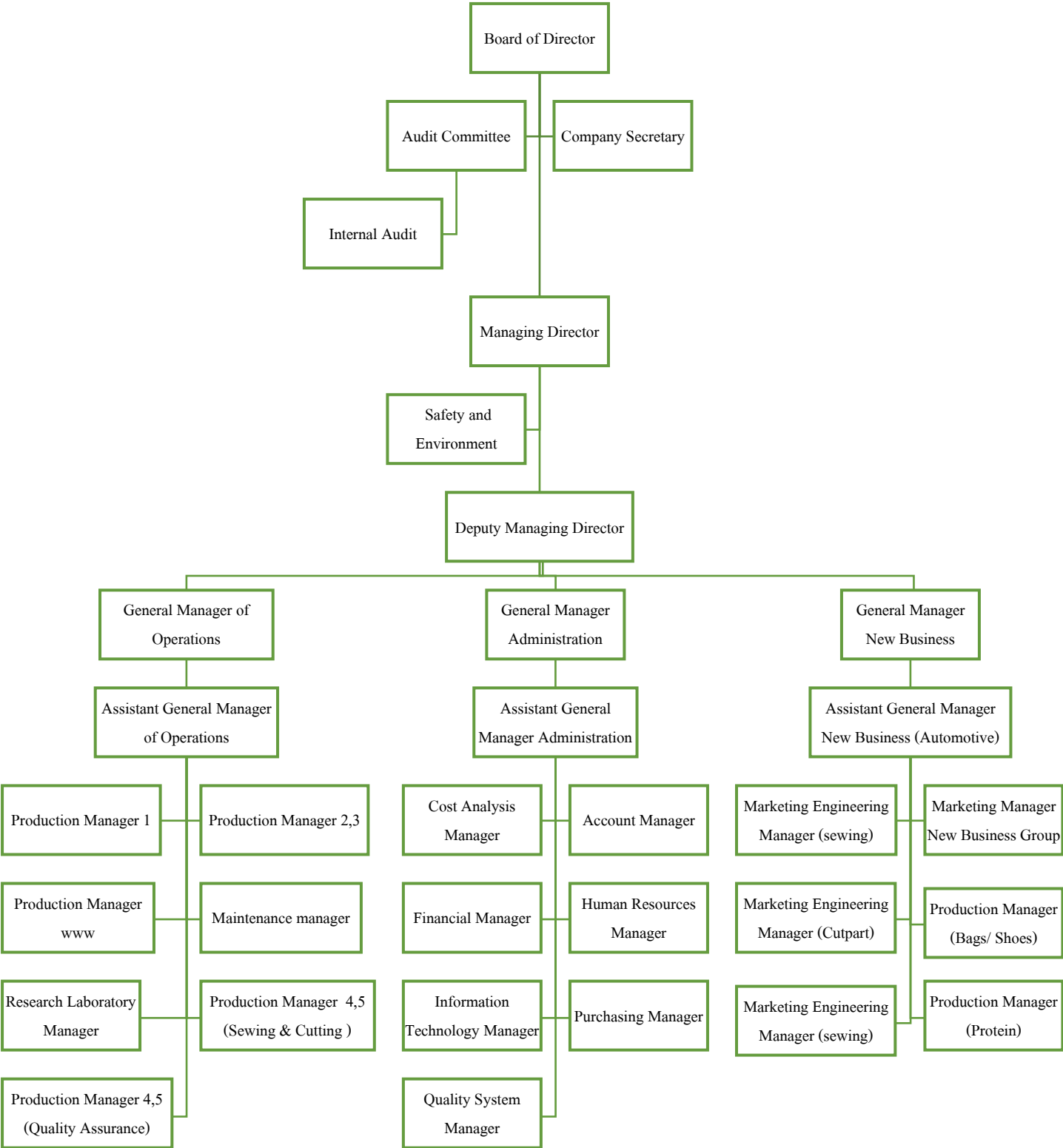
Details of Dividend Distribution in the past 5 years are as follow:

Year	Interim Dividend (Baht/share)	Final Dividend (Baht/share)	Annual Dividend (Baht/share)	Dividend Payout Ration on net profit (%)
2018	0.20	0.30	0.50	92.59%
2019	0.15	0.10	0.25	100.00%
2020	0.00	0.00	0.00	0.00%
2021	0.10	0.10	0.20	83.33%
2022	0.00	0.10	0.10	58.82%
2023(1)	0.00	0.00	0.00	0.00%

Remark : (1) The Board of Directors resolved to propose to the shareholder meeting on April 22, 2024 to approve the suspension of dividend payment for the year 2023.

8. Management Structure

8.1 Organization Structure



Composition of the Board of Directors

The Board of Directors comprises respected, knowledgeable and competent persons who are responsible for drawing up corporate policy and collaborating with the top executives in making both short-term and long-term operating plans, financial policy, risk management policy and organizational overview. The Board of Directors plays an important role in overseeing, monitoring and assessing the performance of the Company and top executives on an independent basis.

The corporate structure comprises 5 committees: Board of Directors, Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee.

The Sub-committees

Name	Board of Directors	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee
Dr. Somchai Hanhiran	Chairman	-	-	-	-
Mr.Ongart Thumrongsakunvong	ViceChairman	Chairman	-	-	-
Ms. Kunvarin Veeraphuttivate	Director	ViceChairman	-	-	-
Mr.Somchart Limpanuphap	Director	-	Chairman	Director	Director
Mr.Chor.Nun Petpaisit	Director	-	Director	Chairman	Chairman
Dr. .Niti Nerngchamnong	Director	-	-	-	-
Mr.Suparat Sirisuwanangkura	Director	-	Director	Director	Director
Mr.Thaksa Busayapoka	Director	-	-	-	-
Mr.Wasin Thumrongsakunvong	Director	-	-	-	-

Among the Board of Directors, two have been appointed as authorized directors, namely, Mr. Ongart Thanrongsakunvong and Ms.Kunvarin Veeraphuttivate. Both of authorized directors are authorized to sign jointly on behalf of the Company.

The Board of Directors is comprised of 5 non-executive directors and 3 executive directors. The executive directors are Mr. Ongart Thamrongsakunvong, Ms.Kunvarin Veeraphuttivate and Mr. Wasin Thunrongsakunvong.

The 4 independent directors are Mr. Somchart Limpanuphap, Mr. Chor. Nun Petpaisit, Dr.Niti Nerngchamnong and Mr.Suparat Sirisuwanangkura constituting a third of total Board of Directors. In addition, the independent directors meet all requirements specified in the Company's list of qualifications of an independent director and are qualified in accordance with the rules and regulations of the Securities and Exchange Commission.



8.2 The Board of Directors

As of December 31, 2023, The Board of Directors comprises 9 members as follows:

Name	Position
1. Dr. Somchai Hanhiran	Chairman
2. Mr.Ongart Thumrongsakunvong	Director
3. Mr.Somchart Limpanuphap	Director
4. Ms.Kunvarin Veeraphuttivate	Director
5. Dr. Niti Nerngchamnong	Director
6. Mr.Chor.Nun Petpaisit	Director
7. Mr.Suparat Sirisuwanangkura	Director
8. Mr.Wasin Thumrongsakunvong	Director
9. Mr.Thaksa Busayapoka	Director

Roles, Duties and Responsibilities of the Board of Directors

In order for the Company to gain strength where good corporate governance is concerned and to ensure utmost efficiency of and benefit to the Company, the Board of Directors is responsible for proactive roles and duties, as well as the determination of direction and supervision as follows:

1. Discharge their duties and supervise the operation of the Company to ensure strict compliance with laws, objectives, articles of association, and resolutions of the Annual General Meeting while adhering to the "Code of Best Practice for Directors of Listed Company" principles as issued by the Stock Exchange of Thailand.
2. Dedicate time to and recognize the significance of the vision, mission, direction, and strategies of the Company by jointly and openly sharing opinions, as well as seeking information benefit to the determination of the direction which the Company should take.
3. Review and approve key strategies and policies, as well as the financial objectives and operational plans of the Company. Regularly supervise and monitor the management to encourage compliance with the established operational plans in accordance with the direction and the strategies of the organization in order to ensure that the management is capable of efficiently delivering results from the established vision, mission, direction, and strategies.
4. Establish a corporate governance and business code of conduct policy which provides for preferred practices of Directors, the Management and all Employees including Contract Staff. This policy should focus on the awareness of responsibility to one's duties. Complete understanding and strict observance of this policy must be required alongside the Company's articles of association in order to ensure fairness to all stakeholders.
5. There are responsibility to act with sufficient capacity and performance.
6. Implement a credible accounting system, financial reporting and audit. Provide for a procedure with which the suitability of internal control and audit systems can be efficiently evaluated.
7. Review possible major risks and establish a comprehensive risk management guideline. Ensure that the Executives have the efficient risk management systems or procedures, seek potential business opportunities arising from such risks and implement sufficient and efficient internal controls.
8. Manage and resolve potential Conflicts of Interests and Related Transactions by reviewing significant transactions in order to ensure utmost benefit to the shareholders and stakeholders.
9. Arrange for appropriate channels of communication with each group of shareholders. Supervise disclosure of information in order to ensure correctness, coherence, transparency and credibility of the highest standards.
10. Regularly evaluate one's own performance and discharge of duties, as well as those of the Managing Director.
11. Arrange for an appropriate system or mechanism for the determination of compensation for the Executives of the Company which corresponds with their performance in order to create short-term and long-term motivation.
12. Lead and be the role model of a performing and ethical individual in accordance with the Company's corporate governance policy.

13. Provide for a suitable, transparent and fair nomination system for individuals to assume all executive positions.
14. Notify the Company of the connected transactions of oneself and affiliated entities in the management of the Company or a Subsidiary.
15. All Directors are required to attend every Board of Directors meeting and Annual General Meeting. In the event where they are otherwise engaged, Directors must report that to the Chairman of the Board of Directors.
16. Directors must value the conduct of business which is responsible to the society and environment, and which contributes to the sustainability of Thailand. This is first done by improving the quality of life of people in communities surrounding our own plants in order that communities and plants may co-exist in the most sustainable manner possible.
17. To support the company's Anti-corruption procedures for sustainable growth.

8.3 The Executive Directors

As of December 31, 2023, there are 2 Executive Directors as follows:

Name	Position
1. Mr.Ongart Thumrongsakunvong	Chairman
2. Ms.Kunvarin Veeraphuttivate	Member

Roles, Duties and Responsibilities of the Director

1. To set up business plan, targets, strategies, operations plans, annual budget and administrative powers to propose to the Board of Directors for approval.
2. To oversee business performance operation according to the policies of the Company, targets, business strategy, and budget as approved by the Board of Directors in an efficient manner and corresponding to the condition of the business as well as provide consultant and recommendation, to management.
3. To consider and approve capital expenditure or financial transaction with financial institutions for open account, borrowing or seeking credit facilities, mortgage, loan guarantees and other activities, including any trading/ registered land transactions in the normal course of business under the defined Company's budget.
4. To establish an organization structure and efficient management and administration, covering recruitment, training, hiring and termination of employees, who are executives or senior management. The Executive Committee may authorize Managing Director or Deputy Managing Director to act on behalf of the Company in signing the employment agreement.
5. To supervise, control and approve matters relating to the operations of the Company. The Executive Committee may appoint or authorize one or more persons to take any action on behalf of the Executive and Strategy Committee as it may deem appropriate and may terminate, change or amend such authority.
6. To scrutinize all pieces of work presented to the Board of Directors, with the exception of ones under responsibilities and/or authority of other Sub-Committees who scrutinize their pieces of work and directly present them to the Board of Directors
7. To carry out other duties as assigned by the Board of Directors.

However, in the granting of powers, duties and responsibilities, the Executive Director shall not be granted or sub-grant power to a grantee that causes the Executive Director or the grantee to approve transactions in which the Executive Director or the grantee, or any

person who may have any conflict of interest (as defined in the notification of the SEC), may have a vested interest, or any other conflict of interest with the Company or its subsidiaries. Approval of such transaction is required to be presented to the Board of Directors Meeting and/or the Shareholders. Meeting as the case may be, for approval, as required by the Articles of Association of the Company or the subsidiaries or the relevant laws, except where the approval of such transactions is consistent with normal business practice and has a clearly defined scope.

8.4 Audit Committee

As of December 31, 2023, the Audit Committee consists of 3 members as follows:

Name	Position
1. Mr.Somchart Limpanuphap	Chairman
2. Mr. Chor.Nun Petpaisit	Member
3. Mr. Suparat Sirisuwanangkura	Member

Mr.Poobaize Benjasiriworakul is the secretary of the Audit Committee.

Duties and responsibilities of the Audit Committee

1. To review financial reports to ensure their accuracy and adequacy.
2. To review the internal control system and audit functions to ensure their appropriateness and effectiveness and review the sufficient independence of the internal audit, and provide opinions for the appointment, transfer, and promotion of heads of the internal audit or other offices with responsibilities for internal audit activities.
3. To review the Company's operations and activities to ensure their compliance with the Securities and Exchange Act, SET regulations and other applicable laws to the Company's business.
4. To consider and propose for the persons with independence of performing the duties of external auditors for the Company, purpose the remunerations, and arrange the meeting with external auditors at least once a year without the presence of the Company's management.
5. To review the connected transaction or transactions with potential conflict of interest to be in compliance with laws and requirements of the Stock Exchange of Thailand in order to ensure that such transactions are reasonable and provide the best benefits for the Company.
6. To prepare and disclose the audit committee reports in the annual reports which must be signed by the Chairman of the Audit Committee. The report should consist of:
 - a) Opinions about the process of conducting and disclosing information in the Company's financial report as well as its accuracy, completeness and reliability.
 - b) Opinions about the sufficiency of the Company's internal control system.

- c) Opinions about the compliance with laws on securities and exchange, requirements of the Stock Exchange of Thailand and any other laws relating to the Company's business.
 - d) Opinions about the appropriateness of external auditors.
 - e) Opinions about transactions with potential conflict of interest.
 - f) Number of meetings to be convened by the Audit Committee and meeting attendance of each Audit Committee member.
 - g) Opinions or general findings obtained by performing its duties in accordance with the Audit Committee Charter.
 - h) Opinions about other matters that should be inform to general shareholders and investors under the scope of duties and responsibilities assigned by the Board of Directors.
7. In performing the duties, if the Audit Committee finds or suspects that there is a transactions with conflict of interest, a fraud case, an irregularity, or deficiency of a significant magnitude in the internal audit system or any violation of laws and regulations related to Securities or the Stock Exchange or any laws related to the business of the Company which may significantly affect the financial position and the performance of the Company, the Audit Committee is required to submit a report to the Board of Directors for improvement or correction within a timeframe considered appropriate by the Audit Committee.
8. To perform any acts as assigned by the Board of Directors of the Company together with and approval and under the scope of duties and responsibilities of the Audit Committee.

8.5 The Remuneration Committee

As of December 31, 2023, there are 3 members as follows:

Name	Position
1. Mr. Chor.Nun Petpaisit	Chairman
2. Mr.Somchart Limpanuphap	Member
3. Mr.Suparat Sirisuwanangkura	Member

Duties and responsibilities of the Remuneration Committee

1. To determine guidelines and methods for paying remuneration and propose fair and reasonable remuneration of Directors and Sub-Committees to the Board of Directors and Shareholder Meeting for approval.
2. To propose the approach for evaluation and remuneration of Managing Director and Deputy Managing Director to IHL's Board for approval.
3. To acknowledge and recommend the re-structuring of the Company and its departments, including appraisal and remuneration of Managing Director and Deputy Managing Director.
4. To possess direct responsibility to the Board through their specific areas. The Board is ultimately responsible for IHL business matters to all its stakeholders.
5. To report the outcome of the Remuneration Committee operation in the annual report

6. To perform other Board-assigned tasks.

8.6 The Nomination Committee

As of December 31, 2023, there are 3 members as follows:

Name	Position
1. Mr. Chor.Nun Petpaisit	Chairman
2. Mr.Somchart Limpanuphap	Member
3. Mr.Suparat Sirisuwanangkura	Member

Duties and responsibilities of the Nomination Committee

1. Determine the procedures and regulations on selection of Directors or Managing Director to ensure the transparency.
2. Select persons who deserve to be nominated as the new Directors or Managing Director.
3. Propose qualified person(s) to be elected in specific committee to the Board of Director for approval.
4. Responsible directly to the Board of Director via roles and responsibilities for all stakeholders.
5. Perform other duties as assigned by the Board of Directors.

According to the Good Corporate Governance, the Company has granted the shareholders to propose the qualified candidate(s) to be the Director(s) within January 18, 2019 and the Nomination Committee will initially review and propose to the Board of Directors and the Shareholders Meeting for approval. Qualifications for the Director are as below:

- (1) Comply with Public Limited Company Act, B.E. 2535 and Securities Law and Stock exchange and good corporate governance
- (2) Capable, knowledge, ability and independence with duty of care and duty of loyalty. Able to dedicate to the company's with honesty. A healthy body and mental integrity and be creative in the conference. A straightforward person and working with ethics and morality as well as a acceptable person by society.
- (3) Be specialize in one of the way either in business field, accounting and finance, strategic management, good corporate governance or law and regulations.

The Nomination committee vivid consider and qualified candidates and proposit to the Board of Director and the shareholder meeting for approved.

The election of director by the shareholders meeting shall be in accordance with the following rules and procedures:

- (1) A shareholder shall have one vote for one share.
- (2) Each shareholder shall use all his or her votes under (1) to elect one or several persons as a director. However, he or she may not divide his or her votes among candidates.
- (3) The persons who receive the most votes in ranking order will be elected as directors until all the director positions are filled. In case the persons being elected in descending order are tied but their election will exceed the number of director positions available, the chairman of the meeting shall have a casting vote.

At each annual general meeting of shareholders, one-third of the Company's directors shall retire in rotation. Should the number of directors to retire in rotation is not a multiple of three, the number of directors closest to one-third (1/3) of all directors shall retire.

In the first and second year of the registration of the Company, directors retiring from office shall be selected by drawing lots. In subsequent year the director who has held office longest shall retire. A director who vacates office may be re-elected.

8.7 Attendance of each committee member in 2023

Name	Board of Directors	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee
	Number of Attendance/Total Meeting	Number of Attendance/Total Meeting	Number of Attendance/Total Meeting	Number of Attendance/Total Meeting	Number of Attendance/Total Meeting
Dr. Somchai* Hanhiran	6/6	-	-	-	-
Mr.Ongart Thumrongsakunvong	7/7	-	-	-	1/1
Ms.Kunvarin Veeraphuttivate	7/7	-	-	-	1/1
Mr.Somchart Limpanuphap	7/7	4/4	1/1	1/1	1/1
Mr.Chor.Nun Petpaisit	7/7	4/4	-	1/1	1/1
Mr.Somyot** Akapaiboon	4/4	3/3	1/1	-	1/1
Dr.Niti Nerngchamnong	4/7	-	-	-	1/1
Mr.Suparat*** Sirisuwanangkura	7/7	1/1	1/1	1/1	1/1
Mr.Wasin Thumrongsakunvong	7/7	-	-	-	1/1
Mr.Thaksa**** Busayapoka	2/3	-	-	-	-

*Dr. Somchai Hanhiran has been appointed to the position Chairman of the Board on 25 April 2023

**Mr. Somyot Akkapaiboon resigned from the position of independent director on September 1, 2023.

***Mr. Suparat Sirisuwannakun Appointed the position of Audit Committee member on September 1, 2023.

****Mr.Saksana Busayapoka received the position of director on September 1, 2023.

8.8 Definition of Independent Director

“Independent Director” means the director, who is independent in expressing his opinion to the operation of the Company, must be a person who has no involvement or interest to the result of operation either directly or indirectly. The qualifications of the Independent Director are as follows:

1. Hold share not more than 1% of paid up capital of the Company, Affiliates Company, joint company, associated company, including the shares held by the related person.
2. Being independent either directly or indirectly of both financial and management of the Company or joint company or major shareholders of the Company, and having no benefit or interest in such manner within 2 years before being appointed as the Independent Director, unless the Board of Director has carefully considered and see that such participation in having benefit or interest will not affect the duty performing and the independence in giving an opinion.

3. Being independent from the executives and major shareholders of the Company. Must not be the Director who has been appointed as the representative to maintain the interest of the Director of the Company, major shareholders, or shareholders who are related to the major shareholders of the Company.
4. Must not participate in management and must not be employee, staff or consultant who receives regular salary in the Company, Affiliate Company, joint company, company or major shareholder of the Company.
5. Must not be related person or relatives of the executive or major shareholders of the Company.
6. Capable to perform his duty and express opinion or report result of duty performing independently as assigned by the Board of Directors, and not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person.
7. No other character that causes the inability to give opinion to operation of the Company independently.

8.9 The Management Team

As of December 31, 2023, there are 7 members as follows:

Name	Position
1. Mr. Ongart Thumrongsakunvong	Managing Director
2. Ms. Kunvarin Veeraphuttivate	Deputy Managing Director (Operation)
3. Ms. Nirinya Veeraphuttivate	General Manager
4. Mr. Wasin Thumrongsakunvong	General Manager Marketing / Quality Assurance / Production
5. Mr. Warit Thumrongsakunvong	Assistant General Manager - Marketing
6. Mrs. Malintip Lavichant	Assistant General Manager
7. Ms. Hathaitip vittayawatcharin	General Manager

8.10 Company Secretary

Roles and Responsibilities of Company Secretary

In compliance with the Securities and Exchange Commission act (No.4) 2008 Section 89/15 and 89/16, The Board of Directors has appointed Ms. Nirinya Veeraphuttivate to performing as corporate secretary; which has the following roles and responsibilities:

1. Arranging meetings for the Board of Directors, Management Committee and AGM as well as coordinate to ensure that all resolutions have been implemented and complied with the Company's Articles of Association.
2. Ensuring the compliance of the Company and the Board of Directors with the relevant laws, rules & regulations, resolutions of both the Board and AGM's meetings including corporate governance practices.

3. Providing support for Directors and Executives to attend training courses in their relevant areas.
4. Arranging Director's training/briefing for newly appointed Directors.
5. Informing Directors and Executives of any changes in regulations related to them.
6. Evaluating the performance of the Board of Directors.
7. Preparing and keeping important documents of the Company.

8.11 Directors and Management Remuneration

8.11.1 Monetary Remuneration

In 2023, Company paid remuneration total of Baht 19.41 million. The remuneration is paid to the Board of Directors and the Management as follows:

8.11.1.1 Directors' remuneration

The Company has clearly defined the director remuneration policy and suitable with the responsibility. There are Nomination Committee and the Remuneration Committee are considered and proposed to the Board of Directors for consideration in various aspects. Include consideration of size, business expansion, profit's growth of the company. The compensation of the company is same level of industry. Directors' remuneration will pay on a monthly basis.

In 2023, The company paid a monetary remuneration to directors. Total amount 3.41 million baht was

- Remuneration for the Board of Director: 2.81 million baht
- Remuneration for the Audit Committee: 0.60 million baht

	Name		Board of Director (Baht)	Audit Committee (Baht)	Total (Baht)
1	Dr. Somchai*	Hanhiran	360,000	-	360,000
2	Mr.Ongart	Thumrongsakunvong	345,000	-	345,000
3	Ms.Kunvarin	Veeraphuttivate	300,000	-	300,000
4	Mr.Somchart	Limpanuphap	300,000	240,000	540,000
5	Mr.Chor.Nun	Petpaisit	300,000	180,000	480,000
6	Mr.Somyot**	Akapaiboon	200,000	120,000	320,000
7	Dr.Niti	Nerngchamnong	300,000	-	300,000
8	Mr.Suparat***	Sirisuwanangkura	300,000	60,000	360,000
9	Mr.Wasin	Thumrongsakunvong	300,000	-	300,000
10	Mr.Thaksa****	Busayapoka	100,000	-	100,000
	Total		2,805,000	600,000	3,405,000

*Dr. Somchai Hanhiran has been appointed to the position Chairman of the Board on 25 April 2023

**Mr. Somyot Akkapaiboon resigned from the position of independent director on September 1, 2023.

***Mr. Suparat Sirisuwannakun Appointed the position of Audit Committee member on September 1, 2023.

****Mr.Saksana Busayapoka received the position of director on September 1, 2023.

8.11.1.2 Management benefit expenses

The Company has the criteria to pay management remuneration in line with the operating results of company, knowledge, ability and performance of each person. It will take into account the principle of fairness and adequate and appropriate remuneration to retain the qualified management. Also, it motivates them to work with quality and good standards. Appropriate to duties and responsibilities assigned. Management compensation consists of salaries, bonuses and other.

In 2023, The company paid management remuneration. The total amount 15.74 million baht

8.11.2 Non-monetary remuneration

Company has set up a provident fund. Employees send money as voluntary contributions and company contribution at the same rate is 2 percent of the salary. For this registered fund, managed by a licensed fund manager. Comply with the requirements of the Provident Fund Act, 1999.

In 2023, company contributed to the provident fund for 6 management members. The total amount 0.27 million baht.

Other benefits provided to employees consist of Health insurance and group insurance, Annual health check according to the test plan divided by employee's age range. Assist in the funeral of the employee's family, uniform, annual holidays and gala.

8.12 Changes in Securities Holding of Directors and Executives

No.	Name	Ordinary shares of Interhides Public Company Limited		
		as of January 1, 2023	as of December 31, 2023	Increase / (decrease) During the accounting period
1	Dr. Somchai Hanhiran	-	-	-
2	Mr.Ongart Thumrongsakunvong	172,178,431.00	172,178,431.00	-
3	Ms.Kunvarin Veeraphuttivate	122,406,015.00	122,406,015.00	-
4	Mr.Somchart Limpanuphap	850,000.00	850,000.00	-
5	Mr.Thaksa Busayapoka	3,227,000.00	3,227,000.00	-
6	Dr. Niti Nerngchamnon	116,666.00	116,666.00	-
7	Mr.Wasin Thumrongsakunvong	28,333,333.00	28,333,333.00	-
8	Mr.Somyot Akapaiboon	30,300.00	30,300.00	-
9	Mr.Chor.Nun Petpaisit	-	-	-
10	Mr.Suparat Sirisuwanangkura	2,095,547.00	2,095,547.00	-
11	Ms. Nirinya Veeraphuttivate	28,488,333.00	28,488,333.00	-
12	Mr.Warit Thumrongsakunvong	28,383,333.00	28,398,333.00	15,000.00
13	Ms. Hathaithip vittayawatcharin	132,800.00	132,800.00	-
14	Mrs. Malintip Lavichant	-	-	-

Remarks

- 1. Interhides PCL.'s registered capital Baht 594,998,274, and paid up Baht 592,805,637 (592,805,637 shares)
- 2. The Noticication of Capital Market Supervisory Board No. TorChor. 23/2551, "Executive" means a manager or a person holding a management position who is equivalent to the manager. This includes persons holding managerial positions in the accounting or finance field at managerial level or higher.
- 3. The rules of the SEC, Company's shares held by directors and executives, include shares held by spouses and minor children.

8.13 Personnel

The Company emphasize the value of employees and is considered to be a great asset to the existence and growth of the organization. The Company has a policy to continually develop knowledge and promote employees' potential by encouraging management and employees to develop knowledge, skills, potentials needed to work in present and future, trained and seminars, by both within the organization and external institutions that specialize in specific fields. All employees are encouraged to learn new things in order to adapt to different situations. It will promote and support the ability of organizations and to cope with the rapidly changing environment.

Beside this, managers at all levels play an important role in creating learning opportunities and supporting employees by being coaches and mentors to work together to succeed in responsible and growing together.

At the end of 2023, there are employed 1,100 people who work for company and subsidiaries. In 2023 The company paid employees a total 272.27 million baht. The remuneration was salary, overtime, dignity, bonus, social security fund. provident fund and other benefits

Employee	Interhides Public Company Limited
Worker	865
Staff	235
Total	1,100
Salary (million baht)	272.27

9. Corporate Governance

Interhides Public Co., Ltd., appreciate that the operating principle of good corporate governance and business ethics, transparency and accountability that is fundamentally important factors to achieve the mission of the Company as “Focus on good governance and adherence to corporate social responsibility”. Enhanced performance to be transparent, and make the confidence to shareholders and stakeholders, as well as the increased competitiveness of the Company. The Company has published corporate governance’s policy and practices through the company’s website: www.interhides.com

The Company’s objective is to promote to be a powerful organization in the tanning business with corporate governance and good management. Our focus is to maximize the benefit to shareholders and stakeholders. The Company has the moral, the transparent and verifiable. The Company set up the good governance’s policy, which The Executive Committee and Employees adhere to following as detail below:

1. Treat all stakeholders equally, with fairness.
2. Responsibility for our decisions and actions, able to clarify and explain about the decisions.
3. There are responsibility to act with sufficient capacity and performance.
4. There are vision to creating value add to the organization in the long term.
5. Ethics in business is the management structure, the relationship between the Board, management and shareholders equally and fairly.
6. Transparency in the operation can be monitored and transparent disclosure to those involved.

The Company recognizes its responsibility in the tanning business, which need to rely on natural resources and environment very well, to prevent and reduce the impact that may occur. Besides these, The Company instill the concept and practice to human resources to focusing on themes of good corporate governance, which activates a critical foundation for stable and sustainable growth of the organization.

9.1 Compliance with the principles of corporate governance.

9.1.1 Rights of Shareholders

The Board of Directors are focusing on the protecting the rights of shareholders by without any action which would violate or infringe the rights of shareholders. And The company has set up a policy and public through the company’s media, support and facilitate the shareholders to exercise the right issues. Even the fundamental right under the law, and the right to receive the important information, the right to proposal to the annual general meeting of shareholders (AGM), nominate individuals who deserve to be elected as company’s committee and submit question in advance of the AGM. As well as the right to attend and vote at the AGM. Also requiring the improvement and development of such exercise for the benefit of its shareholders regularly.

(1). Require the Annual General Meeting of Shareholders within four months after the end of the financial year. If there is an urgent need to consider at a special session that may impact or relate to the interest of shareholders, which must be approved by shareholders. Board of Directors can call an extraordinary meeting of shareholders.

(2). Publish the Notice of Meeting, Agenda of the Annual General Meeting of Shareholders, Opinion of the committee, Proxy all Type consist of type A, type B and type C (For foreign shareholders who appointed custodian in Thailand Only) as prescribed by the Ministry of Commerce including information for consideration of the agenda via the company's website at least 30 days in advance of the shareholders' meeting prior to sending the meeting invitation to the shareholders. Along with details of the agenda and necessary information for the Board's consideration, the last minutes of the meeting, the annual report, proxy and specify the method of proxy and other related meeting documents and delivery to shareholders at least 21 days prior to the meeting date. To provide shareholders with sufficient, accurate, complete information, the Company announce in both Thai and English newspapers for 3 consecutive days prior to the meeting date at least 3 days in order to notify the meeting of shareholders in advance for the shareholders to prepare to attend the meeting.

(3). Facilitate to the shareholders at the meeting by equally. BY arranging reception staff and providing sufficient information and registration to attend the meeting. The company will be open for shareholders to receive the registration 1 hour before the meeting time. Company using BARCODE system to register for the convenience and speed of registration.

(4). Given the opportunity for shareholders to propose agenda items and nominate qualified persons to be elected director of the company. Also available for 30 days prior to the meeting.

(5). Submit the invitation letter about the Annual General Meeting of Shareholders, by specifying date, time and place of the meeting. Together with details of the agenda, objective and Board's opinion and the last minutes of the meeting, the annual report, proxy and specify the method of proxy and other related meeting documents and delivery to shareholders at least 21 days prior to the meeting date. To provide shareholders with sufficient, accurate, complete information. And announced in both Thai and English newspapers for 3 consecutive days prior to the meeting date at least 3 days in order to notify the meeting of shareholders in advance for the shareholders to prepare to attend the meeting.

(6). After the meeting, company reveal resolution of the Annual General Meeting of Shareholders and the results of the next business day of the Annual General Meeting were disclosed. By sending a letter to Stock Exchange of Thailand (SET) via the Electronic Listed Company Information Disclosure (ELCID) of the SET and disclose it on the company's website.

(7). Company has identified the directors' interests in the invitation letter. And in the shareholders meeting, if any member has any interest or involvement in any agenda. The

chairman of the meeting will inform the participants of the meeting prior to the consideration of the agenda and abstain on that agenda.

(8). The company an opportunity for shareholders to submit questions to the information on each item, or any other company. Days prior to the AGM via E-mail. : Companysecretary@Interhides.com or the address of the company. If the shareholders want more information. You can contact the company's secretary through the follows :

678 Soi T.J.C. Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
Tel (662)028-9728-37
Fax (662)028-9738-39
E-mail: Companysecretary@Interhides.com

9.1.2 Equitable Treatment of Shareholders

Shareholders to ensure with the company that there is equal treatment for all shareholders. Board of Directors has established a policy to supervise the company for equal treatment and protection of shareholders' rights in ensured in such matters as equal rights both major and minor shareholders in the shareholders' meeting, define equitable disclosure guidelines and also prevent conflicts of interest or use of internal information to benefit themselves by wrongly and good relationships with shareholders.

The Company will arrange the shareholders' meeting according to the agenda and The Company has a policy not to add an agenda without prior notice to the shareholders. The meeting time is sufficiently allocated. It also provides an equal opportunity for shareholders to comment and question in the meeting.

9.1.3 Role of Stakeholders

Company's operations involves a wide range of stakeholders, from shareholders, customers, partners, competitors, government, employees, community, society and the environment which each group has difference need. Therefore, company has set a policy of responsibility for dealing with stakeholders in accordance with the needs of each group as follows:

Treatment of Shareholders: Company is committed to acting as a representative of the shareholders in conducting business transparently, reliable accounting and financial system. To maximize shareholder satisfaction, taking the company's long term growth and continuously return the appropriate level. By all member of Board of Directors and all employees work with honesty, and decide on any action with sincerity and fair to both large and small shareholders, and for the benefit of the most relevant group. Do not do anything in a manner that may cause conflict of interest to the company. Do not seek self-interest and do not disclose confidential information to outsiders.

Treatment of Shareholders: Company has policy as "On-time delivery of quality product with our advanced technology performance." Commitment to customer satisfaction

and confidence. People will get good quality products and services with the reasonable price. Continuous raise standards and maintain relationships, provide communication channels for customers to complain about quality of products. No unfair commercial terms are imposed on customers. Follow the agreement, terms, or conditions as transparently and equally to customers. Keep the confidential information is the importance policy and do not use that information for their own benefit and / or other stakeholders.

Treatment of Partners: Company consider equality and honesty in running a business and maintain benefit with partners. By strictly adhering to the laws and regulations that define them. There is a code of conduct for business, not asking, receiving or paying any interest as dishonest in trade with partners. Company strictly follow the partners' conditions. In case of the condition cannot be fulfilled, must notify the partners in advance, to find the solutions. By using the principle of reasonableness and keep the partners' confidential as serious. Including do not bring the partner information for own benefit and those involved.

Treatment of Competitors: Company treats competitors in accordance with international principles, under the framework of the law and fair competition rules. Company will operate under a fair competition framework without damaging the reputation of its competitors by alleged misconduct and attacked by unreasonable opponents.

Treatment of Creditors: Company will strictly comply with the terms and conditions of the creditors. Company will report the financial status to creditors with honesty, accuracy and timeliness as regularly. In case of the contract cannot be fulfilled must notify the creditors in advance, to find the solutions and prevent damage.

Treatment of Employee: Commit to develop the organization as learning organization, strengthen culture and working atmosphere, promote teamwork, fair returns, and security and maintain a working environment, pay attention to the development, convey knowledge and employee capabilities. Listen to any feedback and suggestions from all levels of employees as equally and equitably. Define and further cultivate corporate culture. Recognizing that all employees are an important and valuable part of our success, process and growth of the company. Manage human resources consistently and support business strategies / goals and system and process of human resources management are comparable to leading business. It is clear, transparent and fair in the same direction. By developing human resources as a corporate, commander and all employees.

- The organization will select and create talented people who have professional working behavior and develop their knowledge and ability to perform their duties continuously.
- The supervisor is responsible for planning, monitoring, and evaluating, providing feedback and support the development of employees equitably.
- Employees have the same opportunity to develop their skills and abilities.

The Company also provides fair compensation to employees, by career advancement, reward and motivation. It depends on the quality, achievement, attitude and employee

potential. Encourage employees to have a quality of working life. Good safety and hygiene, keeping environment safe for life and property of employees.

Treatment of Community, Social and Environment: Company is responsible for the community, society and environment, both in terms of safety, quality of life and conservation of natural resources. Promote energy efficiency, beware of the quality of community and social life. By researching the process of waste disposal and reuse of industrial waste, to reduce industrial waste. Cultivate a sense of social responsibility and environmental responsibility. Among employees at all levels continuously and seriously.

The importance of quality, security, safety, occupational health, the environment, and business continuity: Company work with continuous standards, define and review policies for quality, security, safety, health, environment and business continuity. By all employees must work with quality, security, safety, health, environment and business continuity, to maximize efficiency, effectiveness and ultimate value to the physical, the property and the environment. Company will operate in every possible way to control and prevent losses in various ways. Due to accident, fire, injury or illness from work. Loss or damage to property security breach poor performance and the mistakes that occurred. As well as maintaining a safe working environment for employees, contributor and employees of the contractor, it is the responsibility of the management and employees to report the accident or incidence by following the steps. Ready to implement the emergency control and prevention plan. Ready for public relations and communication to build awareness among employees and raise awareness about quality, safety, health and the environment. It is a way of daily life of employees.

The Company has set a policy of Safety, Bio-environment and Energy Conservation, to be consistent with the motto of the company “On-time delivery of quality product with our advanced technology performance” as detailed shown below:

- (1) Strictly comply with the requirements of the law on safety, hygiene, environment and energy conservation. Include standard and other requirements. Strictly related Follow up and review the operation to develop and improve continuously
- (2) To promote the promotion of safety activities; participation in environmental protection. Including energy conservation to stimulate the consciousness of employees such as training, promotion, public relations. The environmental policy will be implemented and distributed to all employees at all levels.
- (3) Safety in work place, participation in environmental protection and energy conservation. It is the first responsibility of every employee.
- (4) All employees must cooperate in various projects. They have the right to make suggestions on how to improve their working conditions. Safety, health, environment and energy conservation.
- (5) To promote safe working conditions. Improve environmental management and energy conservation. Including the production process of the company, which continuously.
- (6) To deal with responsibility with protect workers and communities from emergencies. To ensure that you are prepared to handle the situation effectively.

Include control over activities that affect the environment of the community, such as waste water treatment, waste management

All management levels must be a good example. To train and motivate employees to work in a sustainable, safe and environmentally responsible manner.

Contact stakeholder

The company an opportunity to all stakeholders. Participate in feedback through the following channels. Suggestions will be collected. To report to the senior management and the Board of Directors, respectively.

Company secretary	Tel (662)028-9728-37
	E-mail : Companysecretary@Interhides.com
Investor Relations	Tel (662)028-9728-37
	E-mail : Companysecretary@Interhides.com

In order to provide information through the above channels, company has arranged the following

- (1) Employees or stakeholders can offer feedback through designated channels. By the relevant information with confidential and will be disclosed as necessary. Company has policy to protect complainant or the source. Complaints can have requested company to provide appropriate protection. Company cover protection measures by complainants, do not wait, if is likely to be damaged or unsafe
- (2) Company investigated complaints, basic facts with the process will be conducted in a rigorous manner in order to know the facts within 30 days. The progress of the report will be reported to the notifier if the information is provided.
- (3) If the offense is found to have actually occurred. Company will set up the committee to judge and consider penalties and report on corruption and complaints to the Audit Committee and the Board of Directors.

9.1.4 Disclosure and Transparency

Disclosure of important information related to the company, both financial and non-financial information be fully operational, transparent, timely, and accessible through easy-to-access channels. Equality, reliable, Straightforward. It is sufficient for the investor's decision and does not conflict with the disclosure requirements of the regulatory authorities. In addition, important information also includes: Report of the Board of Directors and Subcommittees, Corporate Governance Policy and Compliance with policies.

To ensure that important information is relevant to the company to be fully disclosed, transparent, timeliness. The Board of Directors has set the guidelines as follows:

- Disclosure of corporate governance policy, business ethics and policies through various channels such as annual reports, company website.
- To disclose the company's financial and general information to shareholders and investors in an accurate, complete, timeliness, transparent manner and without conflict of the disclosure requirements of regulatory authorities. Include a report

of the Board of Directors' responsibility for the financial report along with the auditor's report in the annual report.

- To disclose the roles and duties of the Board of Directors and Subcommittees. Number of meeting and number of times that each director attended the meeting in the past year and the opinions of the board of directors. This includes continuing professional training and development of the Board of Directors in the annual report.
- To disclosure of remuneration policies for directors and executives that reflect the obligations and the responsibilities of each person, including the form or nature of the compensation in the annual report. Include the remuneration that each director will be the director of the subsidiary company also.
- To disclosure of direct and indirect shareholding of the company's directors and executive is their own and indirect shareholding, such as shareholding of the spouse in the annual report.
- Directors and executives are required to report their interests in accordance with the rules and procedures prescribed by the Board of Directors.
- To disclose information through the company website, both Thai and English keep up with current events. In addition to the information disseminated to the criteria and through the channels of The Securities and Exchange Commission or The Stock Exchange of Thailand.

9.1.5 Boards Responsibilities

The Board has the duty and responsibility to perform its duties in accordance with the requirements of law, objectives, regulations, rules and regulations in force. Including resolutions of the shareholders meeting. Include consideration and approval to set policies and direction of management, financial goals and budgets, as well as monitoring the operation to meet the policies set effectively for the maximum benefit of shareholders under the ethical standards with good faith and caution.

9.2 Strategic Planning Policies and directions in business

The Board of Directors is responsible for approving important matters related to the Company's operations. The vision, mission, strategy, financial goals, budget, and plans are reviewed at least once a year.

9.3 Control System and Internal Audit

The Company attaches great importance to the internal control system appropriate to company's business. At the management level and efficient operation, therefore, the organization has been restructured to meet the business goals. The duties, responsibilities,

and obligations written statements are clearly. There are systems to control of company's assets to benefit. There is separation of duties of followers control and evaluator, to balance and check each other properly. Beside this, there are internal controls related to the financial system. The Company has provided the financial reporting system to the responsible management.

The Company has provided audits to ensure that key operations and financial activities of company have been implemented in accordance with the established and effective guidelines. To review compliance with the law and company's regulations (Compliance Control) to make the internal audit department independent, and able to check and balance. The Board of Directors is required to report directly to the Audit Committee. They also received the evaluation from the Audit Committee.

9.4 Prevention of Conflict of Benefit

The Board of Directors and Audit Committee play an important role in overseeing and resolving potential conflicts of benefit between stakeholders. The Company has set guidelines for transactions that may cause conflict of benefit, for the benefit of company and shareholders. Stakeholders are not involved in decision making. Including the implementation process, and no involvement in the disclosure of transactions that may have conflict of benefit.

9.5 Regulatory compliance

The Board of Directors attaches great importance to compliance with the company's business practices. Has assigned Audit Committee to review company's performance to comply with the securities, Exchange Act Terms, conditions of the SEC, policies, rules, regulations and other laws that related to the company. Compliance Risk Management is also appropriate.

9.6 Audit Fee

For the fiscal year 2023, the Company and its subsidiaries paid for audit fees amounted to 1.99 Million Baht to EY Office Limited. In this regards, EY Office Limited and its auditors do not have any relationships or interests involving the Company, management, or major shareholders, including their related persons.

9.6.1 Audit Fee for the year 2023

Unit : Million Baht			
Audit Fee	2023	2022	2021
Interhides PCL.			
Annual audit and Quarter review	1,540,000	1,460,000	1,300,000
Review Annual Report	150,000	150,000	150,000
Total	1,690,000	1,610,000	1,450,000
Interseat Cover Co.,Ltd.			
Annual audit and Quarter review	-	65,000	80,000
Review Annual Report	-	-	-
Total	-	65,000	80,000
Inter Green Co.,Ltd.			
Annual audit and Quarter review	308,000	308,000	308,000
Review Annual Report	-	-	-
Total	308,000	308,000	308,000
Grand Total	1,998,000	1,983,000	1,838,000

9.6.2 Non-audit Fee

In 2023, the Company and its subsidiaries No compensation has been paid to verify compliance with the terms of the investment promotion certificate in the past year.

Unit : Million Baht

Company's Name	2023	2022	2021
Interhides PCL.	-	-	100,000
Interseat Cover Co.,Ltd.	-	-	-
Inter Green Co.,Ltd.	-	-	-
Grand Total	-	-	100,000

Each year, the Company invites audit companies to make offers for their services for price comparisons. The Company hires independent auditors with acceptable qualifications as its auditors. They must be approved by the Securities and Exchange Commission and be rotated every 5 years in line with the SEC's regulations.

10. Insider Information Controls

The Company had the policy to ensure correct and adequate disclosure of information such as financial statements and other significant data or information related to the business, on a transparent and timely basis to shareholders, investors and general public.

The Board of Directors is committed to comply with rules and regulations with regarding to the disclosure of information in a timely manner with full transparency. The monitoring of the use of insider information of the Company is considered the responsibility of the Directors, Executives and senior staff who are obliged to strictly monitor and prevent any leaks of the Company's confidential and privileged information including information not yet revealed to the public or any data that might affect the Company's operations or share price. This includes the prohibition on use of Company's information obtained from directorships or employment for personal benefit or conducting business or other activities in competition with the Company.

Pursuant to section 59 of the Securities and Exchange Act B.E. 2535, all Directors and Management personnel are required to report the changes in their (and that of their spouse and minor children) shareholding to the Office of the Securities and Exchange Commission, which was fully complied by the Company's Directors and Management during the previous year. Moreover, the Directors in an executive position, who are full-time employees of the Company (or its subsidiary) and Senior Management, are not allowed to trade / transfer in the Company's shares during the period of 2 weeks before and 2 days after public the Financial Statement. The Management personnel are also strongly encouraged to follow this policy and during the year 2023, all members of Management have fully complied with this policy and no non-compliance cases have been observed.

Penal Provision

Furthermore, the Company has issued the penal provision for those seeking personal benefits by using insides information. The penalty deemed as appropriate includes verbal warning, warning, probation and dismissal.

11. Internal control

The Board of Directors and Executives of the Company pay attention and realize that The internal control system is an important mechanism to build confidence in the management to mitigate business risks. Helps to run the business efficiently. with proper allocation of resources and achieve the goals as set The Board of Directors has assigned the Audit Committee to Responsible for supervising the internal control system Company's risk management system is appropriate and effective Including supervising the company to comply with relevant regulations and laws. Preventing Conflicts of Interest making a connected transaction as well as monitoring and supervising the operations of the company Misappropriation or unauthorized use of company assets Including helping to protect assets from leakage, loss or from fraud and misconduct. The Company has set up checks and balances mechanisms with an independent internal audit department responsible for auditing and evaluating efficiency. and the adequacy of the internal control system Risk Management System and corporate governance system in the performance of all departments of the company By adopting the framework of the internal control system according to international standards of COSO (The Committee of Sponsoring Organizations of the Tread way Commission) and the framework of risk management throughout the organization (Enterprise Risk Management) is applied to internal control. and risk management to be more complete In order for the company's various operations to be as efficient and effective as possible, the company's management will take the results of the audit into consideration and make improvements in various related matters. for the development of quality work and the Internal Audit Department has set up a system to regularly monitor the Company's operations. It also has a Compliance Unit to follow up on laws, announcements and orders related to business operations. disseminate to employees to understand as well as to supervise the company to conduct business and operate correctly.

The Board of Directors acknowledged the report from the Audit Committee which reviewed and acknowledged the performance of the Internal Audit Department. and improvement of the operations of various departments to make the internal control system more effective. by the Audit Committee and the Board of Directors The efficiency and sufficiency of the internal control will be assessed in accordance with the internal control components at the end of every year . Concluded opinions on the adequacy and suitability of the Company's internal control system. In the Board of Directors' Meeting No. 1/2023 held on February 23,2023, it was concluded that overall the Company and its subsidiaries had adequate internal control systems. appropriate to the nature of the business There were no flaws in the internal control system that had a significant impact on its credibility. In the matter of monitoring and supervising the operations of subsidiaries to be able to protect the assets of the Company and its subsidiaries from being used by directors or executives wrongfully or without authority. Including enough transactions with persons who may have conflicts and connected persons.

1. Internal Environment

Board of Directors Has set up an organizational management structure. which is adjusted to suit the growth of the business and the ever-changing environment There are regular reviews of policies and procedures. And communicate in writing to employees to be aware of the policies and main goals of the organization thoroughly. to achieve understanding in the same direction

Facilitate employees to work efficiently. and enhance knowledge The skills and abilities of personnel to suit the tasks assigned continuously and consistently.

In addition, the company also places emphasis on internal control in terms of ethics and quality of people. This is a control that focuses on consciousness (Soft Control) along with operational control. create an atmosphere of control to create a good attitude towards internal control Make both employees and executives aware of the benefits of internal control and potential for continuous improvement. The code of conduct for shareholders, employees, customers, trade partners and competitors. and to society as a whole Details are under the Good Corporate Governance Report in this report. Executives and employees of the Company in performing their duties professionally with integrity, honesty, transparency, fairness, not seeking benefits for oneself by using any information of the organization that is not publicly disclosed, as well as setting measures for any transaction in a manner that does not cause conflicts of interest to the organization and Has been followed up to have a serious practice.

2. Objective Setting

The Company has clearly defined objectives and business goals of the organization that can be implemented and measurable. Written guidelines, strategies, business plans, authority, chain of command, reporting and operational procedures for each level of the organization are set out. To be appropriately consistent with the strategy and core values of the organization in all departments . Employees in every process have participated in setting the objectives of the processes they are involved in. Objectives are effectively aligned with the key goals of the organization as they are shared. The objectives are reviewed periodically to ensure that they are consistent with the overall objectives. Company's goals

3. Event Identification

The Company has identified risks covering changes in each level of risk. By focusing on each department to be able to identify risks, events or risk factors that may adversely affect the company's organizational and operational objectives. consistently Both from internal factors and external factors, indicating positive factors. (Opportunities) and negative factors (Risks) to be able to find the right practices in various processes within the organization consistently.

4. Risk Assessment

The Company recognizes the importance of risk assessment as a tool to indicate danger in advance that may cause damage to the Company. Therefore, the Company requires a risk assessment to be conducted annually. To see the real operational risks. which requires management by setting up a correct and appropriate control mechanism The risk assessment results of each activity are presented to senior management and the Board of Directors. for consideration from time to time

5. Risk Response

The Company places great emphasis on internal control in accordance with the COSO – ERM approach in all aspects of risk. both in identifying risky events Risk Assessment and Risk Response By giving importance to both internal and external risk factors. From activity-level risks to corporate-level risks by the internal audit department of the company has applied risk management analysis guidelines To assess the sufficiency of the internal control system and push for control self- assessment of various departments in order to create controls that can reduce the damage caused by risks to an acceptable level . and create a more efficient work standard

6. Control Activities

The Company arranges appropriate control activities in all functions and levels of operations as necessary. by establishing policies and procedures in writing So that all employees have a guideline to work in the same direction in terms of finance, procurement, product sales, supervision of the use of the Company’s assets. benefit There is a separation of duties of operators. Controlling, evaluating, and approvers are separated from each other in order to create appropriate checks and balances. Including setting a limit Approval authority is clearly stated. Provide operational plans that are consistent with the organization’s policies and objectives under an appropriate time frame. with the internal audit department Perform independent audit and follow-up duties. to increase the efficiency and effectiveness of the internal control of the company

7. Information and Communication (Information & Communication)

The Company has provided sufficient information systems and internal and external communication channels. reliable and up-to-date so that the decisions of shareholders, investors, stakeholders, directors and the management of the Company based on accurate and up-to-date information Which reports or information include information/reports on accounting, finance, general information, as well as important information that affects the decision-making process. By disseminating various information in the annual report. Annual information disclosure form (56-1) on the Company’s website and through various information dissemination channels and communications of the Stock Exchange of Thailand. as well as giving importance to the control of information systems to facilitate operations and administration. Control access to information in accordance with the scope of work set by the company and arrange for an audit. to ensure that information received complete and correct and effective, consistent, timely and beneficial for management effective decision making Including providing a backup system. security system Adequate contingency plans for safeguarding information security to manage information more completely Suitable for business expansion

8. Evaluation (Monitoring)

The executive committee will regularly monitor the performance of each department. The executive level meeting of each division is held at least once a quarter. to compare the performance with the goals and plans of all departments that have been defined To assess the

efficiency and effectiveness of operations and to take corrective action in a timely manner and in a timely manner, the company has implemented a performance evaluation system by key performance indicators (KPI) to work with departments, executives and employees consistently . continuously throughout the organization by developing an assessment system to increase the dimension of the assessment to have a comprehensive perspective And consistent with the core values of the organization that will support the performance to meet the goals. And can measure the performance of each department and each person more concretely and clearly. To be consistent with the vision, mission and business strategy set.

In addition, the internal audit department of the company is also required. Be independent in performing auditing and evaluating duties. By requiring a system to follow up on the results of each project to monitor closely. This has been specified in the annual audit plan of the Internal Audit Department. and directly report the results to the Audit Committee in order to push for improvements according to the recommendations. Reduce risks that may affect the work process, reputation and financial status of the company. This is to build confidence in the corporate governance. Internal control to be clear and transparent for the true benefit of shareholders.

Appointment of Head of Internal Audit

The Audit Committee is of the opinion that the Company's employees should be used. as an internal auditor. The Chairman commented that It must be ensured that internal auditors are sufficiently independent and that they work in a straightforward manner with no regard for one another. But must be careful not to cause conflicts. The audit committee viewed that Mr. Phubet Benjasiriworakul. who was appointed as the head of the company's internal auditors (Chief Audit Executive : CAE) from the Audit Committee Meeting No. 1/2013 on the 23rd February 2013 Is someone who understands the activities and operations of the company. and is skilled in internal auditing The Audit Committee therefore views that Mr. Phubate Benjasiriworakun are suitable to continue to perform such duties

In this regard, the consideration and approval of the appointment, removal, transfer of the person in charge of the Company's internal audit unit must be approved by the Audit Committee

Risk factors for the Company's business operations

Strategic Risk

Risk from changes that may affect the business operations of the company

Tanning business and car seats of the Company It is a highly competitive business, therefore success depends mainly on the Company's competitiveness.

The Company has to compete with competitors who are tannery and car upholstery businesses. both from domestic and foreign countries Both in terms of price and quality, if the Company is unable to compete effectively and continuously in these various factors, it will have a negative impact on the Company's business and operating results. significantly

However, from the company There is growth in both sales. Earnings and operating results which have been consistently satisfactory over a long period of time. Inevitably shows the competitiveness of the company. The Company has advantages in many aspects as follows:

- has a production base in the tanning business that is large and fully integrated and meets international standards until being certified by LWG (Gold Rated) and IATF16949 : 2016 system
- have a strong financial position which is conducive to the expansion of the company's business both short term and long term
- There are capable and experienced executives, both Thai and foreign, who are knowledgeable in both production and marketing.

Technology advancement risks

In order to increase the potential of the company's work. To be consistent and respond to customer needs quickly and modernly. Including improving the efficiency of work in all departments, the company therefore has to use information technology systems to help in various steps in every department in order to obtain complete, fast information and reduce errors in the work to a minimum. most addition Information technology system is also an important part of providing services to customers in terms of delivery and receiving orders from customers, stock control and is also an important part in other management. Therefore, if the information technology system has a problem or has problems An unexpected event that renders such a system inoperable. may affect the operation of the Company

However, the company foresees the importance of information systems. Therefore, guidelines for the development of information technology systems have been established to be up-to-date. By focusing on the development of work systems that are important to business operations, such as accounting systems, raw material procurement. Inventory Management and communication system between head office and sub-branches The development of the information technology system will be able to collect information to be sent to the executives for analysis, consideration and decision making. Therefore, the company is confident that the information technology system has been developed. continually In the event that the system has problems with the company can continue to operate the business because every department has a manual and procedures for solving problems and actions to enable the business to continue And in order for various systems to be able to operate without interruption, the company has adjusted to add a backup connection system for all offices. This will allow users to access the main systems at all times, as well as making regular backups of the main systems every day. In the event that the main data center is unable to operate normally, the company can convert sub-branches into backup data centers in less than 60 minutes and can be used temporarily until the main data center of the head office can be used normally

Operational Risk

Risk of shortage of operational personnel

Due to the business of the company It is constantly expanding, so personnel are an important mechanism to drive the business. The company has a plan to open a new production line every year as well as bring in new technologies to develop higher quality products. Therefore, the company must have a large number of new employee recruitment plans to support new production lines if the company is unable to recruit new employees to support business expansion or replace resigned employees in time. may affect the operations of the Company significantly

However, the company pays attention and strives to resolve such issues for employees to work with the company. For as long as possible and to focus on working under the " Inter-Hide

Culture " that takes care of employees at all levels. Giving talented employees the opportunity to be at the management level in the future. Fair remuneration and welfare care There is training to increase skills and knowledge. Including taking care of employees as if they were the same family. for that reason Therefore, there are people who apply to work with the company. continually And all new employees must attend training so that all employees understand the organizational culture. and able to operate in accordance with the company's standards Therefore, the Company has no problem in finding new personnel who are capable according to the qualifications specified by the Company.

Raw material price volatility risk

due to the cost of pre-tanned leather and car seat leather It is the most important type of expense of the company. The proportion of revenue from sales is about 60 percent , and the cost of leather mainly consists of raw material costs. Therefore, the change in raw material prices increases. while the company unable to increase the selling price to compensate for the increase in raw material prices or only partially offset due to competitive pressures or from economic conditions that weaken the purchasing power of consumers or from other factors that are not conducive to the increase in selling prices. It will have a negative impact on the Company's performance. significantly

Most of the raw materials of the Company are salted hides and various chemicals. It fluctuates according to supply and demand. In particular, the amount of production may be affected by many negative factors such as the season of meat consumption. unfavorable weather conditions for delivery, natural disasters, the spread of contagious diseases in animals, etc., which are all factors beyond the control of the Company.

In the event that raw material prices change in an upward direction due to a decrease in output will make the company It is necessary to purchase raw materials at higher prices and in quantities that do not meet the Company's requirements, which will ultimately negatively affect the Company's operating results.

To reduce the risk from fluctuations in raw material prices as mentioned above. The company has taken various measures to control the cost of raw materials to an appropriate level. important include

1. There is an estimate of the demand for raw materials from the forecast of customer purchase orders. By classification that has a significant impact on the total cost of raw materials of the company. To use in planning the purchase of raw materials in quantity and within the timeline according to the company's sales plan.

2. According to the estimated amount of raw materials needed, the company has the power to negotiate prices with manufacturers or distributors due to the large purchase and the exact delivery schedule.

3. To prevent the risk of price fluctuations Have a future purchase contract with a manufacturer or distributor that the company Trust in advance by binding the parties according to the agreed time period such as 3 months in advance and clearly specifying the price in the contract. volume traded and schedule delivery

4. Raw materials are procured in advance for raw materials whose prices fluctuate according to seasons and can be stored appropriately without significantly deteriorating quality for use in seasons where prices have increased significantly.

5. There is a regular comparative report on changes in raw material prices. that has a significant impact on the total cost of raw materials To be used as a guideline for raising the selling price in case it is deemed necessary and feasible.

Implementing these measures is to reduce the risk of fluctuations in raw material prices and control raw material costs at an appropriate level.

The risk of increasing staff expenses

Car seat tanning and sewing business It is a business that requires a large number of skilled employees. Especially the employees in every step of the production process. in order to obtain products that meet the needs of customers in terms of both quality and quantity In order to make customers satisfied, therefore, personnel expenses are classified as the second most important expense category after material expenses.

As for the expenses related to the Company's employees, if there is an adjustment in the labor rate in the future and the Company cannot adjust the selling price to compensate for the increase in employee costs or partial compensation due to the competitive pressure or from economic conditions that affect the purchasing power of customers or from other factors that are unfavorable for raising the selling price It will have a negative impact on the Company's performance. significantly

To mitigate the risk from the increase in staff costs as mentioned above, the Company has taken various measures. To monitor and control the cost of employees at the most appropriate level (Optimum Level) as follows

1. Determine and adjust the number of employees of each department in accordance with the quantity. production capacity as efficiently as possible. By still being able to maintain the level of product quality and quantity according to customer needs to be at the level set by the company.

2. Monitor effectiveness (Productivity) of each employee. And of each department to meet standards through measurement with performance indicators (KPI) as the company And employees have jointly set up each year.

3. Bring computer technology to apply in each department. which in addition to improving the efficiency of employees It also improves the quality of work by being faster and more accurate.

4. There is continuous training for employees. To increase the efficiency of the work of employees as well as to ensure that the quality of work meets the same standards.

Serious and continuous implementation of these measures, coupled with an increase in selling prices if deemed necessary and feasible, has enabled the Company to control employee expenses over the past period to a level appropriate to income. Including reducing the loss from having unnecessary employees and reducing the impact of inefficient operations.

Compliance Risk

Risk of changes in rules and regulations related to business operations

The company has established a framework (Rules & Regulations Compliance Framework) to reduce the risk of the impact of changes in regulations. Laws and regulations Compilation of laws and other relevant requirements to assess whether the company has complied with the law The regulations are correct or not, divided into 8 main topics, namely

- (1) Corporate Governance
- (2) human rights
- (3) labor practices
- (4) environmental
- (5) Fair Operations
- (6) Consumer
- (7) Participation
- (8) other requirements

All of which have been prepared as a handbook summarizing relevant laws. and assign those who are responsible

Risk in each aspect (Risk Owner) monitors the Company Able to comply with all relevant laws completely and accurately. In addition, the Risk Management Committee will regularly monitor progress. as well as focusing on improving the confidentiality and security of information both corporate information and personal information by the Company There is a systematic backup storage. There is a separate backup in different places, including the right to access different data.

Financial Risk

Exchange Rate Fluctuation Risk

Currency fluctuations, especially the baht against the US dollar. Will have a direct impact on both revenue and costs of the company. Therefore, in order to reduce the impact from such fluctuations, the company has taken actions in many ways, including monitoring news that affects exchange rates, such as policies. International finance of superpowers interest rate trend Central bank policies and measures to stimulate the economy of the United States. Both the management of income and expenses of the company In the part of foreign currency to be consistent (Natural Hedge) , including entering into foreign currency forward contracts based on projected income and expenses, including the use of financial instruments as appropriate to the situation.

12. Connected Transactions

The Board of Directors emphasizes the need for careful review and consideration before granting approval for connected transactions, related transactions or transactions that may cause conflict of interest. The IHL Code of Conduct has set forth a policy regarding such transactions as follows:

12.1 Connected Transactions between the Company and its Subsidiaries

The Company and subsidiaries are bound to conduct transactions with one another in such ways as providing service, trading raw material and products, or providing financial support, technical assistance, human resources, etc. In doing business or performing duties related to such matters, all employees and parties concerned are required to comply with the law, the rules and regulations of government agencies, as well as the rules and operational authority of IHL.

12.2 Transactions with Outside Entities

For undertaking transactions with outside entities or other companies, the Company shall proceed by implementing fair methods and complying with the procedures as prescribed by law and the government agencies' rules and regulations, and IHL policy. In addition, the Company is required to have an approval strictly in line with the operational authority of IHL, and act in accordance with the terms and conditions as agreed upon with honesty, transparency and accountability. The Company shall also avoid making transactions that may cause trouble or damage to IHL or outside parties.

12.3 Necessity and justification of the transactions

The related-party transactions were necessary and justified, and were conducted in the best interest of the Company. The Audit Committee was of the opinion that they were in line with common business practices and consistent with what was offered to other customers, and that the Company paid and were compensated at fair market prices.

12.4 Measures or procedures of approving related-party transactions

The Company has designated the Stakeholder Engagement Policy and practice guidelines towards stakeholders by specifying that the Company conduct itself according to the framework of trading and competing honestly, consider a proper and fair purchase price taking into account the appropriateness in term of price, quality and service obtained. The Company shall also be able to give reasonable explanation upon examination.

The Company has specified guidelines and procedures on how to consider the granting of approval for connected transactions, related transactions or transactions with potential conflict of interest, to ensure that the Company's best interest and in accordance with the rules and regulations

as prescribed by law. The directors and management shall disclose to the Company in advance whether they hold any tasks involving potential conflict of interest. The Company, in turn, shall consider the appropriateness of any transaction, and in case where such transactions need approval in accordance with the regulations and procedures prescribed by law, the management shall propose such matters to the Board of Directors or at the Shareholders' Meeting, depending on each case. The Board of Directors or those authorized by it may not approve any transaction with its members or parties with potential conflicts of interests with the Company or its subsidiaries. In addition, the persons or person having possible conflict of interest shall not be able to participate in the approval of transactions. It must also be in compliance with laws on securities and the stock exchange, regulations, notification, orders and requirements of the Stock Exchange of Thailand and the requirements pursuant to disclosure of related-party transactions and the acquisitions and disposals of assets.

12.5 Policy or trend of related-party transactions

The Company has a policy to continue making existing related-party transactions in the future. It also plans to keep the terms consistent with normal trade practices and the prices comparable with those offered by other suppliers. In any case, the Company will have the Audit Committee, its auditors or independent experts scrutinize all related-party transactions and give opinions on appropriate prices and justification of the transactions.

Once the Company or its subsidiaries make related-party transactions with parties with potential conflict of interest or stakeholders in the future, it will seek the opinions of the Audit Committee on the necessity and appropriateness of the transactions.

In case that the Audit Committee has no expertise to consider that issue, the Company will seek the opinions of independent experts or its auditors. The opinions will subsequently be used in making related decisions by the Board of Directors or shareholders, whichever the case. In any case, the Company will also include such transactions in the notes to the audited financial statements and the annual report.

12.6 Connected Transactions

The Company strictly follows the policy to comply with the Notification of Capital Market Supervisory Board regarding rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies concerning the Connected Transactions, as well as the laws, regulations, notifications or orders relating to the execution of related transactions.

Individual / Juristic Person	Relationship	Nature of Transaction	Value (Thousand Baht)		Transfer Pricing Policy	Opinion of Directors
			2023	2022		
Interseat Cover Co.,Ltd. (ISC)	- IHL is a majority shareholder of ISC (99.99% of all sold shares) - Joint Directors are - Mr. Ongart Thumrongsakunvon g and Ms. Kunvarin Veeraphuttivate	- Interest	272	195	Bank interest rates	
Inter Green Co.,Ltd. (IG)	- IHL is a majority shareholder of ISC (99.99% of all sold shares) - Joint Directors are - Mr. Ongart Thumrongsakunvon g and Ms. Chutima Busayapoka	- Goods Purchase - Rental Fee, Management Fee, Service Charge - Sell property	15,567 20,664 2,363	25,431 15,319 50,000	Cost plus margin Contract Price	- According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices and comparable to similar transactions with outsiders.
Modernform Group PCL. (Modern)	Modern and Mr.Thaksa Busayapoka, the Chief Executive Director of Modern were the hareholders of the Company with 4.76%shareholding.	- Goods Purchase - Trade Account Payable - Other	6,619 14	6,183 16	Cost plus margin Cost plus margin	- According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices and comparable to similar transactions with outsiders.

13. Report on the Board of Directors' Financial Responsibilities

The Board of Directors is responsible for the consolidated financial statement of Interhides Public Company Limited and its subsidiaries, as well as the financial information in the Annual Report.


These financial statements were prepared based on Thai Financial Reporting Standard. The appropriate accounting policy was adopted and adhered to consistently. Discretion was applied cautiously and reasonable projections were made. Adequate disclosures of significant information were also made in the Notes to the Financial statement for the benefits of shareholders and investors. The Board of Directors has supported the auditor with all necessary information and documents in order to audit and express his opinion in accordance with auditing standards. Independent auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor's report as shown in this Annual Report.

The Board of Directors, with the duties of overseeing and improving good governance and morality, has set up and maintained an appropriate and effective risk management system and internal control system so it can be reasonably confident the Company's accounting information is accurate, comprehensive and adequate to maintain assets and prevent corruption or significant irregularities.

The Board of Directors also set up the Audit Committee comprising 3 independent directors to supervise and review the quality of financial reporting, and to assess internal control and internal audit. The Audit Committee also considers disclosing connected transactions. Its opinions on these matters are expressed in the Audit Committee report in this Annual Report.

The Board of Directors is of the opinion that the internal control system of the Company is adequate and appropriate, which should inspire reasonable confidence that the consolidated financial statement of the Company and its subsidiaries and that the separate financial statement of the Company for the year ending December 31, 2023 presents fair view in accordance with Thai Financial Reporting Standards.

Your sincerely,



(Mr. Ongart Thumrongsakunvong)
President / Chairman of the Executive Board

14. Audit Committee Report

Dear Shareholders of Interhides Public Company Limited

At present, the Audit Committee of Interhides Public Company Limited consists of 3 independent directors, namely Mr. Somchat Limpanuphap as Chairman of the Audit Committee, Mr. Chor Nun Peppaisit as Audit Committee, Mr. Somyot Akkapaiboon as Audit Committee has (resigned from position of Audit Committee on 1 September 2023) and has appointed Mr. Suparat Sirisuwannakun as an Audit Committee fill the vacant position on 1 September 2023, all of whom meet all qualifications as specified in the Audit Charter, which is in line with the requirements and good practices for the Audit Committee of the Stock Exchange of Thailand. Mr. Poobaize Benjasiriworakul is the Secretary of the Audit Committee.

The Audit Committee has performed its duties in accordance with the scope of responsibilities assigned by the Board of Directors to supervise company's operations to ensure clarity in the management with integrity and responsibility of executive directors or executives which should be to the shareholders of company, as well as to ensure that the executive directors and executives manage business in accordance with company's policy accurately, completely and with standards. In 2023, there are 4 meetings were held, with executives, internal auditor and account auditor to present information, discussion and exchange opinions in the relevant agenda. The main points can be summarized as follows:

1. Approve the quarterly financial statements and financial statements for the year 2023 that have been reviewed and audited by account auditors before presenting to the board of Directors for approval. According to interview the executives and account auditors, it was found that company financial statements have been prepared and information has been disclosed correctly and appropriately. In addition, Audit Committee considered the recommendations to the Management Letter detected during understanding of the control system to plan the audit of account auditors and acknowledge the audit plan for 2023. Audit Committee has opinion that there are sufficient controls to ensure that the financial statements accurately reflect company's financial position and results of operations are required by accounting standards required by law, and the information in the financial statements is adequately and timely disclosed in order to be useful to investors or users of financial statements in making investment decisions.
2. Review and opinions on the entering into connected reports or transactions that may have conflicts of interest, as well as review the disclosure of such information to be accurate and complete in accordance with relevant announcements, requirements and guidelines of Stock Exchange of Thailand. Audit Committee is of the opinion that management has conducted such transactions fairly and in the interests of company, as it has done with general third parties at reasonable prices, including adequate, accurate and complete disclosure of information.
3. Review the operation to comply with the laws governing securities and exchange. The requirements of the Stock Exchange of Thailand or laws related to company's business operations, such as the Securities and Exchange Commission Requirements Public Company Act, Revenue Code Labor laws and labor contracts, including terms, obligations that may arise from contracts entered into with third parties, and other claims. Audit Committee is of the opinion that company has complied with relevant laws and regulations appropriately.

4. Review internal control system to assess the adequacy and effectiveness of the internal control system to support the achievement of the goals. Based on 2023 internal audit report according to the approved plan, which covers the company's key systems such as inventory control system, production management system, or payment collection system, etc. However, no significant weaknesses or faults were found. In addition, the internal control system was evaluated in accordance with the guidelines set by the Securities and Exchange Commission. In terms of administrative, financial and legal control. Audit Committee is of opinion that company has an appropriate, adequate, and effective internal control system, which consists of internal environment, risk assessment, control activities. Good information and communication system and clear performance monitoring system.
5. Review the risk management system to assess the adequacy and effectiveness of the system. Risk identification and risk management approaches, including the progress of the annual risk management plan prepared by management. Audit Committee concluded that company has an adequate risk management system in place and that it can be used effectively with clear objectives. Risks are identified, assessed, and fully dealt with.
6. Consider the selection, authorization and auditor's remuneration for 2024, to be presented to Board of Directors for approval by Annual General Meeting of Shareholder 2024. Auditor Committee has considered independence performance and services of auditors. Including the appropriateness of auditors, including the appropriateness of the compensation. It was seen that auditor expressed opinions and suggestions that were useful in the preparation of financial reports and internal control. Therefore, it is considered appropriate to propose to the Board of Directors to request approval from the shareholder meeting to appoint and auditor from EY Company Limited to be auditor for 2024 for another term.
7. Audit Committee's report on the activities was presented to Board of Directors, acknowledge every meeting of Audit committee to comply with Audit Committee's best practices.
8. Consider annual audit plan and review audit report as well as result of the internal control to ensure that the internal control is effective enough to meet the acceptable level of risk and changing environment.
9. Regarding Anti-Corruption Policy, Audit Committee has set guidelines for its implementation. By do not encouraging and avoiding incorrect payments to public or private agencies related to the business. Supervise ana ensure that the officers comply with the company's policies.


Audit Committee has held total 4 meetings in 2023.
Attendees are follows:

Name List of Audit Committee	Position	Meeting Attendance/ All Meeting
Mr. Somchat Limpanuphap	Chairman of the Audit Committee	4/4
Mr. Chor Nun Peppaisit	Audit Committee	4/4
Mr. Somyot Akkapaiboon	Audit Committee	3/4
Mr. Suparat Sirisuwannakun	Audit Committee	1/4

Audit Committee has performed its duties and responsibilities by using its knowledge and abilities together with prudence and sufficient independence. There are no restrictions on receiving information from executives. Company also provides opinions and suggestion for the benefit of all stakeholders equally.

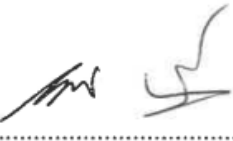
In overall summary, Audit Committee considers that Board of Directors and company's executives are ethical and committed to performance their duties in order to achieve Company's goals with professional quality, emphasize to operations under an effective internal control system.

In conclusion, in the big picture. The Audit Committee considers that the Board of Directors and the Company's executives are ethical and committed to performing their duties in order to achieve the Company's goals with professional quality. Under tight, appropriate and continuous risk management. Adequate good corporate governance It is transparent and reliable, as well as continuously developing and improving the operational system to be of better quality. Under strict, appropriate and continuous risk management. There is sufficient good corporate governance. Transparent and trustworthy. Including developing and improving the operating system to gain better quality continuously.



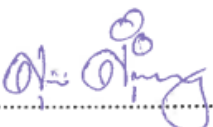
(.....)

Mr. Somchat Limpanuphap
Chairman of Audit
Committee



(.....)

Mr. Chor Nun Peppaisit
Audit Committee



(.....)

Mr. Suparat Sirisuwannakun
Audit Committee

15. Analysis of Operating Results and Financial Status

IHL's Consolidated Performance Overview

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

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

Profit and Loss

The Company and its subsidiaries recorded Revenues from Sales and Services of 1,832.48 Million Baht, decreasing from 2051.27 Million Baht in year 2022 or 10.67 % y-o-y. The main factor was as decrease in revenue from Cut Part and revenue from Service which decreased by 25% and 32% y-o-y respectively. It was a result of the contraction of the automotive industry and the slowdown in 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%)

In 2023, Revenue from Automotive Industry decreased from 1,290 Million Baht to 1,188 Million Baht or decreased by 8% y-o-y. Revenue from Non-Automotive Industry decreased 15% or decreased from 761 Million Baht to 644 Million Baht. Proportion of Automotive and Non-Automotive Revenue in 2023 is 65:35.

Revenue (Unit : Million Baht)	2023		2022		% Change
	Revenue	%	Revenue	%	
Automotive Industry	1,188	65%	1,290	63%	(8%)
Non-Automotive Industry	644	35%	761	37%	(15%)
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 margin was 214.52 Million Baht, a decrease of 32.52% y-o-y. The Gross Profit Margin was 11.71% in year 2023, compared to Gross Profit Margin in year 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.

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	639.79
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, decreased 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, decreased 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.

Intangible assets in year 2023 were equal to 19.32 million baht, a decrease of 1.62 Million Baht, caused by Depreciation of intangible assets recognized.

Short-term loan from financial institution increased from 1,074.29 Million Baht, compared 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.

In 2023, the Net Worth was recorded 1,616.49 Million Baht, a decrease of 42.44 Million Baht from the previous year, due to the year 2023 the Company had profit of 16.81 Million Baht and paid dividends of 59.28 Million Baht.

Liquidity

At the end of 2023, the Company had cash and cash equivalents amounted 13.13 Million Baht. Cash flows provided by operating activities amounted to 267.85 Million Baht. Meanwhile, cash flows used in investing activities amounted to 155.31 Million Baht and cash flows used in financing activities was 104.26 Million Baht, mainly from CAPEX and investment and dividend payment.

At the end of 2023, the Company had cash and cash equivalents amounted 13.13 Million Baht. Cash flows provided by operating activities amounted to 267.85 Million Baht. Meanwhile, cash flows used in investing activities amounted to 155.31 Million Baht and cash flows used in financing activities was 104.26 Million Baht, mainly from CAPEX and investment and dividend payment.

In year 2023 the current ratio and quick ratio was 0.79 times and 0.08 times respectively. Even though the quick ratio is low, the Company still had an overdraft and credit line sufficient for use as working capital in the future.

According to liquidity ratio, the Company registered cash ratio of 0.16 time. While Cash Cycle increased from 227.66 days in year 2022 to 263.37 days in 2023, from inventory turnover increased from 238.11 days to 265.16 days.

Interest Service Coverage Ratio decreased from 7.97 times in 2022 to 5.03 times in 2023. Debt Service Coverage Ratio decreased from 1.17 times in 2022 to 0.82 times in 2023. In condition of Banks, this ratio must be maintained at least 1.20-1.25 times. The company has already been approved a waiver from Banks due to being unable to maintain the proportion as specified, as disclosed in the notes to the financial statements.

Financial Ratio

In 2023, Gross Profit Margin and Net Profit Margin registered at 11.71% and 0.92% respectively compared with 15.50% and 4.87% in the last year.

Return on Assets decreased from 2.71% to 0.47% in year 2023

At the end of 2023, Debt to Equity ratio was 1.15 times compared to the previous year of 1.23 times. The Company maintain the condition of Banks which required this ratio not more than 2.0 times.

Interhides Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2023

Independent Auditor's Report

To the Shareholders of Interhides Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Interhides Public Company Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2023, and the related consolidated statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Interhides Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interhides Public Company Limited and its subsidiaries and of Interhides Public Company Limited as at 31 December 2023, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* as issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Revenue from sales of leather products and services

Revenue from sales and services are significant to the Group's financial statements and directly impact on the Group's operating results. Moreover, the Group has both domestic and overseas sales transactions under various terms and conditions. I therefore focused on the Group's recognition of revenue from sales and services, especially the timing of revenue recognition.

I assessed and tested the Group's internal controls related to revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I checked documents supporting sales and service transactions occurring during the year and near the period end. I reviewed credit notes issued by the Group to customers after the end of the reporting period and performed analytical review of the sales and services accounts.

Allowance for diminution in inventory value

The basis for determining allowance for diminution in inventory value, as disclosed in Note 9 to the financial statements, relies on significant management judgment and estimates made based on the experience of the management, especially with respect to determination of allowance for obsolete or slow-moving inventory, which requires analysis of the product life cycle, the competitive environment and the economic and industry situation. There is thus a risk with respect to the amount of the allowance for diminution in value of inventories.

I assessed the methods and assumptions applied by the management in determining such allowance by gaining an understanding of the criteria used in determining the allowance, and reviewing the consistency of the application of these criteria and the rationale for the specific recognition. I also performed an analytical review of the inventory holding period and inventory movements to identify groups of inventory with indications of slow movement, performed analytical review to compare the net realisable value with the unit costs of inventories.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Kessirin Pinpuvadol

Certified Public Accountant (Thailand) No. 7325

EY Office Limited

Bangkok: 20 February 2024

Interhides Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2023

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets					
Current assets					
Cash and cash equivalents	7	13,125,169	4,842,283	5,652,192	3,775,523
Trade and other receivables	8	119,625,987	233,685,678	128,907,400	234,053,867
Inventories	9	1,146,346,641	1,204,415,334	1,124,448,373	1,196,788,629
Other current assets		<u>36,428,969</u>	<u>32,754,478</u>	<u>22,583,616</u>	<u>22,563,908</u>
Total current assets		<u>1,315,526,766</u>	<u>1,475,697,773</u>	<u>1,281,591,581</u>	<u>1,457,181,927</u>
Non-current assets					
Investments in subsidiaries	10	-	-	122,999,560	87,999,560
Investment in joint venture	11	243,728	-	-	-
Property, plant and equipment	12	2,117,753,658	2,163,073,197	1,995,952,944	2,077,475,355
Intangible assets	13	19,319,791	20,934,639	19,264,439	20,871,558
Deferred tax assets	24	17,570,550	20,335,252	17,570,550	17,181,223
Other non-current assets		<u>887,572</u>	<u>14,384,346</u>	<u>786,823</u>	<u>14,283,598</u>
Total non-current assets		<u>2,155,775,299</u>	<u>2,218,727,434</u>	<u>2,156,574,316</u>	<u>2,217,811,294</u>
Total assets		<u>3,471,302,065</u>	<u>3,694,425,207</u>	<u>3,438,165,897</u>	<u>3,674,993,221</u>

The accompanying notes are an integral part of the financial statements.

Interhides Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2023

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	14	864,733,271	576,000,977	845,000,000	570,000,000
Trust receipts	14	419,447,798	498,286,261	418,249,792	498,286,261
Trade and other payables	15	136,035,696	264,431,375	132,546,655	258,638,130
Current portion of lease liabilities	16	14,940,999	10,447,917	9,345,156	10,447,917
Short-term loans from related parties	6	-	-	8,000,000	8,000,000
Current portion of long-term loans	17	232,180,000	504,698,000	222,340,000	494,858,000
Other current financial liabilities	32.1	738,224	10,294,858	738,224	10,294,858
Other current liabilities		5,051,368	4,203,564	4,897,748	4,199,348
Total current liabilities		<u>1,673,127,356</u>	<u>1,868,362,952</u>	<u>1,641,117,575</u>	<u>1,854,724,514</u>
Non-current liabilities					
Lease liabilities, net of current portion	16	41,561,428	4,624,703	18,881,979	4,624,703
Long-term loans, net of current portion	17	112,730,000	135,060,000	87,510,000	100,000,000
Other non-current financial liabilities	32.1	68,998	147,109	68,998	147,109
Provision for long-term employee benefits	18	27,319,973	27,267,689	27,319,973	27,267,689
Total non-current liabilities		<u>181,680,399</u>	<u>167,099,501</u>	<u>133,780,950</u>	<u>132,039,501</u>
Total liabilities		<u>1,854,807,755</u>	<u>2,035,462,453</u>	<u>1,774,898,525</u>	<u>1,986,764,015</u>

The accompanying notes are an integral part of the financial statements.

Interhides Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Shareholders' equity					
Share capital					
Registered					
594,998,274 ordinary shares of Baht 1 each		<u>594,998,274</u>	<u>594,998,274</u>	<u>594,998,274</u>	<u>594,998,274</u>
Issued and fully paid					
592,805,637 ordinary shares of Baht 1 each		592,805,637	592,805,637	592,805,637	592,805,637
Share premium		468,103,684	468,103,684	468,103,684	468,103,684
Retained earnings					
Appropriated					
Statutory reserve - the Company	19	69,000,000	69,000,000	69,000,000	69,000,000
Statutory reserve - the subsidiary		2,000,000	2,000,000	-	-
Unappropriated		<u>484,584,989</u>	<u>527,053,433</u>	<u>533,358,051</u>	<u>558,319,885</u>
Total shareholders' equity		<u>1,616,494,310</u>	<u>1,658,962,754</u>	<u>1,663,267,372</u>	<u>1,688,229,206</u>
Total liabilities and shareholders' equity		<u>3,471,302,065</u>	<u>3,694,425,207</u>	<u>3,438,165,897</u>	<u>3,674,993,221</u>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

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Directors
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Interhides Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Profit or loss:					
Revenue					
Revenue	20	1,832,478,596	2,051,266,589	1,831,491,027	2,051,143,339
Other income	21	13,141,206	19,694,586	26,280,339	53,051,446
Total revenue		1,845,619,802	2,070,961,175	1,857,771,366	2,104,194,785
Expenses					
Cost of sales and services		1,617,958,040	1,733,367,711	1,620,775,178	1,748,044,228
Selling and distribution expenses		25,615,015	25,453,591	24,792,664	25,102,962
Administrative expenses		122,771,180	131,806,589	121,597,383	132,247,372
Total expenses		1,766,344,235	1,890,627,891	1,767,165,225	1,905,394,562
Operating profit		79,275,567	180,333,284	90,606,141	198,800,223
Share loss from investment in joint venture	11	(6,172)	-	-	-
Finance costs	22	(59,696,493)	(52,362,167)	(56,680,658)	(51,664,410)
Profit before income tax		19,572,902	127,971,117	33,925,483	147,135,813
Income tax	24	(2,764,702)	(28,042,704)	389,327	(24,842,704)
Profit for the period		16,808,200	99,928,413	34,314,810	122,293,109
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		16,808,200	99,928,413	34,314,810	122,293,109
Basic earnings per share					
Profit for the year	26	0.03	0.17	0.06	0.21

The accompanying notes are an integral part of the financial statements.

Interhides Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2023

(Unit: Baht)

Consolidated financial statements

	Issued and paid-up share capital	Share premium	Retained earnings			Total
			Appropriated		Unappropriated	
			Statutory reserve - the Company	Statutory reserve - the subsidiary		
Balance as at 1 January 2022	592,805,637	468,103,684	69,000,000	2,000,000	486,405,374	1,618,314,695
Dividend paid (Note 29)	-	-	-	-	(59,280,354)	(59,280,354)
Profit for the year	-	-	-	-	99,928,413	99,928,413
Balance as at 31 December 2022	<u>592,805,637</u>	<u>468,103,684</u>	<u>69,000,000</u>	<u>2,000,000</u>	<u>527,053,433</u>	<u>1,658,962,754</u>
	-	-	-	-	-	-
Balance as at 1 January 2023	592,805,637	468,103,684	69,000,000	2,000,000	527,053,433	1,658,962,754
Dividend paid (Note 29)	-	-	-	-	(59,276,644)	(59,276,644)
Profit for the year	-	-	-	-	16,808,200	16,808,200
Balance as at 31 December 2023	<u>592,805,637</u>	<u>468,103,684</u>	<u>69,000,000</u>	<u>2,000,000</u>	<u>484,584,989</u>	<u>1,616,494,310</u>
	-	-	-	-	-	-

The accompanying notes are an integral part of the financial statements.

Interhides Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2022	592,805,637	468,103,684	69,000,000	495,307,130	1,625,216,451
Dividend paid (Note 29)	-	-	-	(59,280,354)	(59,280,354)
Profit for the year	-	-	-	122,293,109	122,293,109
Balance as at 31 December 2022	<u>592,805,637</u>	<u>468,103,684</u>	<u>69,000,000</u>	<u>558,319,885</u>	<u>1,688,229,206</u>
	-	-	-	-	-
Balance as at 1 January 2023	592,805,637	468,103,684	69,000,000	558,319,885	1,688,229,206
Dividend paid (Note 29)	-	-	-	(59,276,644)	(59,276,644)
Profit for the year	-	-	-	34,314,810	34,314,810
Balance as at 31 December 2023	<u>592,805,637</u>	<u>468,103,684</u>	<u>69,000,000</u>	<u>533,358,051</u>	<u>1,663,267,372</u>
	-	-	-	-	-

The accompanying notes are an integral part of the financial statements.

Interhides Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Cash flows from operating activities					
Profit before tax		19,572,902	127,971,117	33,925,483	147,135,813
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation	23	220,776,174	237,093,960	208,753,644	229,415,764
Allowance for expected credit losses		183,105	4,405,612	183,105	4,312,073
Reversal of reduction cost of inventories to net realisable value		(638,702)	(2,707,855)	(2,396,233)	(2,704,917)
Written-off other current assets		-	58,948	-	-
Loss (gain) on sales and write-off of machinery and equipment		(35,731)	452,085	(86,264)	(20,620,044)
Impairment loss on investment in subsidiary		-	-	-	3,500,000
Provision for long-term employee benefits		3,111,151	3,147,157	3,111,151	3,147,157
Share loss from investment in joint venture	11	6,172	-	-	-
Unrealised loss (gain) on exchange		314,431	(461,511)	411,500	(454,814)
Change in fair value of derivatives		(9,628,471)	(1,063,018)	(9,628,471)	(1,063,018)
Finance costs		59,696,493	52,362,167	56,680,658	51,664,410
Profit from operating activities before changes in operating assets and liabilities		293,357,524	421,258,662	290,954,573	414,332,424
Operating assets (increase) decrease					
Trade and other receivables		115,317,035	(51,535,777)	106,403,811	(41,017,035)
Inventories		58,707,395	(144,597,545)	74,736,489	(137,714,369)
Other current assets		(4,354,059)	(2,448,724)	(712,646)	1,070,711
Other non-current assets		(49,952)	(94,808)	(49,951)	(2,800)
Operating liabilities increase (decrease)					
Trade and other payables		(130,747,087)	89,581,966	(129,253,247)	88,017,188
Cash paid for long-term employee benefits		(3,058,867)	(917,700)	(3,058,867)	(917,700)
Other current liabilities		(2,668,712)	731,131	(798,503)	816,312
Cash flows from operating activities		326,503,277	311,977,205	338,221,659	324,584,731
Cash paid for interest expenses		(59,325,333)	(51,053,540)	(56,325,718)	(50,359,394)
Cash paid for income tax		(801,229)	(3,825,166)	(787,859)	(3,825,166)
Corporate income tax refund received		1,474,523	-	1,474,523	-
Net cash flows from operating activities		267,851,238	257,098,499	282,582,605	270,400,171

The accompanying notes are an integral part of the financial statements.

Interhides Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Cash flows from investing activities					
Increase in short-term loans to subsidiary		-	-	-	(4,200,000)
Decrease in short-term loans to subsidiary		-	-	-	4,200,000
Cash received from capital reduction of a subsidiary		-	-	-	15,000,000
Cash paid for purchase of investment in a subsidiary	10	-	-	(35,000,000)	(50,000,000)
Cash paid for purchases of investment in joint venture	11	(249,900)	-	-	-
Acquisitions of property, plant and equipment		(152,200,407)	(132,394,028)	(106,947,291)	(99,287,184)
Cash paid for capitalised interest of property and equipment		(2,588,805)	(1,535,115)	(2,588,805)	(1,535,115)
Cash paid for purchase of intangible assets		(677,299)	(1,101,905)	(677,299)	(1,101,905)
Cash received from disposals of machinery and equipment		410,427	1,084,962	2,958,324	51,062,660
Net cash flows used in investing activities		(155,305,984)	(133,946,086)	(142,255,071)	(85,861,544)
Cash flows from financing activities					
Increase (decrease) in short-term loans from financial institutions		288,732,294	(236,999,023)	275,000,000	(243,000,000)
Increase (decrease) in trust receipts		(78,838,463)	226,790,109	(80,036,469)	226,790,109
Increase in short-term loans from director	6	85,000,000	5,200,000	15,000,000	-
Decrease in short-term loans from director	6	(85,000,000)	(10,200,000)	(15,000,000)	-
Increase in short-term loans from subsidiary		-	-	-	23,000,000
Decrease in short-term loans from subsidiary		-	-	-	(15,000,000)
Cash received from sales and lease back agreements	12	53,752,464	-	22,881,233	-
Payment of lease liabilities		(13,795,188)	(19,271,703)	(12,022,154)	(19,271,704)
Increase in long-term loans		-	249,000,000	-	200,000,000
Decrease in long-term loans	17	(294,848,000)	(306,678,000)	(285,008,000)	(302,578,000)
Dividend paid	29	(59,265,475)	(59,273,641)	(59,265,475)	(59,273,641)
Net cash flows used in financing activities		(104,262,368)	(151,432,258)	(138,450,865)	(189,333,236)
Net increase (decrease) in cash and cash equivalents		8,282,886	(28,279,845)	1,876,669	(4,794,609)
Cash and cash equivalents at beginning of year		4,842,283	33,122,128	3,775,523	8,570,132
Cash and cash equivalents at end of year		13,125,169	4,842,283	5,652,192	3,775,523
		-	-	-	-
Supplemental cash flows information					
Non-cash items					
Accounts payable for purchasing of plant and equipment		14,740,775	14,379,895	12,232,569	11,045,105
Transfer of advance payment to plant and equipment		13,546,726	12,275,785	13,546,726	12,275,785
Increase in right-of-use assets and lease liabilities		5,677,852	2,126,797	4,481,444	2,126,979

The accompanying notes are an integral part of the financial statements.

Interhides Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2023

1. General information

Interhides Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholders are group of individuals. The Company is principally engaged in the manufacture and distribution of leather coverings for car seats and tanning services. The registered office of the Company is at 678 Soi T.J.C., Sukhumvit Road, Bangpoomai, Muang, Samutprakarn.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Interhides Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”).

Company	Nature of business	Country of incorporation	Percentage of shareholding	
			2023	2022
			Percent	Percent
Inter Seat Cover Company Limited	Under liquidation	Thailand	100	100
Inter Green Company Limited	Manufacture and distribution of hydrolyzed protein from leather scrap by industrial process and manufacture and distribution of collagen peptides	Thailand	100	100

- b) The Company is deemed to have control over investees or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investees, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in the subsidiaries under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current period

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that adoption of these amendments will not have any significant impact on the financial statement.

4. Significant accounting policies

4.1 Revenue Recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

When a contract provided a customer with a right to return the goods within a specified period, the Group recognises the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, chemicals and supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.4 Investments in subsidiaries and joint venture

Investment in joint venture is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

4.5 Property, plant and equipment / Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20	years
Building improvement	-	5 - 20	years
Condominium	-	20	years
Machinery and equipment	-	5 - 10	years
Furniture, fixture and office equipment	-	5	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.7 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for such intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite lives of the Group are computer software with useful live of 3 - 10 years. No amortisation is provided for computer software under installation.

4.8 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Machinery and equipment	-	2 - 10	years
Motor vehicles	-	5	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right of use are presented as property, plant and equipment in the financial position.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associates and, individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors and officers with authority in the planning and direction of the Group's operations.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of non-financial assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments and other long-term employee benefits it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

4.13 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Income Tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value including interest income recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Regular way purchases and sales of financial assets

Regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date on which the Group commits to purchase or sell the asset.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16 Derivatives

The Group uses derivatives, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes including interest income are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follow:

Reduce of inventory cost to net realisable value

The determination of allowances for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs to complete the sales; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based upon aging profile of inventories, market competition and prevailing economic condition.

Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

6. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements	financial statements	financial statements	financial statements	
	2023	2022	2023	2022	
<u>Transactions with subsidiary companies</u>					
<i>(Eliminated from the consolidated financial statements)</i>					
Sales of goods	-	-	3	1	Cost plus margin
Management income	-	-	2	2	Contract price
Rental and service income	-	-	15	12	Contract price
Sales of equipment	-	-	2	50	Agreed price
Purchases of goods	-	-	16	25	Cost plus margin
<u>Transactions with related companies</u>					
Sales of goods	7	6	7	6	Cost plus margin

As at 31 December 2023 and 2022, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
<u>Trade and other receivables - related parties</u>				
(Note 8)				
Subsidiary companies	-	-	9,522	871
Related companies (related by common directors)	1,648	684	1,648	684
Total trade and other receivables - related parties	<u>1,648</u>	<u>684</u>	<u>11,170</u>	<u>1,555</u>
<u>Trade and other payables - related parties</u>				
(Note 15)				
Subsidiary companies	-	-	1,130	-
Related companies (related by common directors)	3	10	3	10
Total trade and other payables - related parties	<u>3</u>	<u>10</u>	<u>1,133</u>	<u>10</u>

Loans from related parties

As at 31 December 2023 and 2022, the balances of loans between the Company, subsidiaries and those related companies and directors and the movement in loans are as follows

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 31 December 2022	Increase	Decrease	Balance as at 31 December 2023
Short-term loans from				
Directors	-	85,000	(85,000)	-
Total	<u>-</u>	<u>85,000</u>	<u>(85,000)</u>	<u>-</u>

The short-term loans from directors carry interest at the rate of 3.45 - 4.00 per annum.

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Balance as at 31 December 2022	Increase	Decrease	Balance as at 31 December 2023
Short-term loans from				
Directors	-	15,000	(15,000)	-
Total	<u>-</u>	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>

The short-term loans from directors carry interest at the rate of 3.65 per annum.

(Unit: Thousand Baht)

Short-term loans from	Separate financial statements			Balance as at 31 December 2023
	Balance as at 31 December 2022	Increase	Decrease	
	2022			
Inter Seat Cover Company Limited	8,000	-	-	8,000
Total	8,000	-	-	8,000

The short-term loans from the subsidiary company carry interest at the rate of 3.60% per annum.

Directors and management's benefits

During the years ended 31 December 2023 and 2022, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2023	2022
Short-term employee benefits	21,458	19,100
Post-employment benefits	719	662
Other long-term benefits	4	7
Total	22,181	19,769

Guarantee obligation with related party

The Company has outstanding guarantee obligation with a subsidiary company as described in Note 30.5 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash	19	31	10	17
Bank deposits	13,106	4,811	5,642	3,759
Total	13,125	4,842	5,652	3,776

As at 31 December 2023, bank deposits in saving accounts carried interests 0.15% - 0.30% per annum (2022: 0.32% - 0.50% per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	14	246	427	523
Past due				
Up to 1 month	911	438	1,499	438
1 - 2 months	723	-	1,764	-
2 - 3 months	-	-	-	-
3 - 6 months	-	-	-	-
Total trade receivables - related parties	1,648	684	3,690	961
Less: Allowance for expected credit losses	-	-	-	-
Total trade receivables - related parties, net	1,648	684	3,690	961
<u>Trade receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	73,816	137,067	73,680	137,067
Past due				
Up to 1 month	35,254	54,876	35,154	54,374
1 - 2 months	1,193	30,170	1,190	30,170
2 - 3 months	281	8,800	279	8,800
3 - 6 months	7,039	214	7,039	214
6 - 12 months	812	-	812	-
Over 12 months	10,352	10,201	10,352	10,201
Total	128,747	241,328	128,506	240,826
Less: Allowance for expected credit losses	(10,931)	(10,748)	(10,931)	(10,748)
Total trade receivables - unrelated parties, net	117,816	230,580	117,575	230,078
Total trade receivables, net	119,464	231,264	121,265	231,039
<u>Other receivables</u>				
Other receivables - related parties	-	-	7,480	593
Other receivables	232	2,492	232	2,492
Accrued income	3,804	3,804	3,804	3,804
Total	4,036	6,296	11,516	6,889
Less: Allowance for expected credit losses	(3,874)	(3,874)	(3,874)	(3,874)
Total other receivables, net	162	2,422	7,642	3,015
Total trade and other receivables, net	119,626	233,686	128,907	234,054

The normal credit term is 7 to 60 days.

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2023	2022	2023	2022	2023	2022
Finished goods	215,027	323,595	(22,146)	(26,054)	192,881	297,541
Work in process	782,307	660,801	(6,662)	(3,811)	775,645	656,990
Raw materials	127,554	175,923	(11,268)	(10,850)	116,286	165,073
Supplies	14,088	18,324	-	-	14,088	18,324
Raw materials in transit	47,447	66,487	-	-	47,447	66,487
Total	1,186,423	1,245,130	(40,076)	(40,715)	1,146,347	1,204,415

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2023	2022	2023	2022	2023	2022
Finished goods	195,176	317,413	(20,398)	(26,042)	174,778	291,371
Work in process	782,009	660,137	(6,662)	(3,811)	775,347	656,326
Raw materials	124,449	175,730	(11,247)	(10,850)	113,202	164,880
Supplies	13,696	18,223	-	-	13,696	18,223
Raw materials in transit	47,425	65,989	-	-	47,425	65,989
Total	1,162,755	1,237,492	(38,307)	(40,703)	1,124,448	1,196,789

During the current year, the Group reduced cost of inventories by Baht 19.6 million (2022: Baht 19.8 million) (The Company only: Baht 17.6 million and 2022: Baht 19.8 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 20.0 million (2022: Baht 22.5 million) (The Company only: Baht 20.0 million and 2022: Baht 22.5 million), and reduced the amount of inventories recognised as expenses during the year.

10. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up share capital		Percentage of shareholding		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2023	2023	2023	2023	2023	2023	2023	2023
			percent	percent				
Inter Seat Cover Company Limited	5,000	5,000	100	100	5,000	5,000	-	-
Inter Green Company Limited	135,000	100,000	100	100	135,000	100,000	-	-
Total					140,000	105,000	-	-
Less: Allowance for impairment					(17,000)	(17,000)		
Net					123,000	88,000		

Inter Seat Cover Company Limited ("ISC")

On 17 September 2022, an Extraordinary General Meeting of shareholders of ISC passed a resolution to dissolve the company and ISC registered its dissolution with the Ministry of Commerce on 29 September 2022. Currently, the subsidiary is in the process of liquidation.

Inter Green Company Limited ("IG")

On 4 September 2023, the Annual General Meeting of the shareholders of IG passed a resolution to increase its registered share capital from Baht 100 million to Baht 200 million by issuing 1 million ordinary shares of Baht 100 per share, totaling Baht 100 million. The subsidiary called up the share price of Baht 35 per share, totaling Baht 35 million. The Company fully paid for these called up shares to the subsidiary.

11. Investment in joint venture

(Unit: Thousand Baht)

Joint venture	Shareholding percentage		Consolidated financial statements			
			Carrying amounts based on		Cost	
			equity method			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(%)	(%)				
Next Gen Gelatin						
Company Limited	49.98	-	244	-	250	-

In September 2023, Inter Green Company Limited (“IG”), a subsidiary of the Company, established and invested in Next Gen Gelatin Company Limited (“Nextgen”), a registered company in Thailand. This company is engaged in the production and distribution of processed raw materials, extracts from animals and plants, including water, oil, powder, and gelatin, with a registered capital of Baht 1 million, divided into 10,000 shares with a par value of 100 baht per share. IG holds 4,998 shares of Nextgen, representing 49.98 percent of total shares. The Group classifies this investment as a joint venture. Nextgen has called up the share price of Baht 50 per share totalling Baht 249,900.

As at 31 December 2023, Nextgen has not yet commenced operations.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements											
	Land		Buildings and	Condominium	Machinery and equipment	Right-of-use	Furniture,	Motor vehicles	Right-of-use	Assets under	Machinery in transit	Total
	Land	improvement	building improvement			assets - machinery and equipment	fixture and office equipment		assets - motor vehicles	installation and construction		
Cost:												
As at 1 January 2022	799,218	49,225	1,228,969	11,092	2,173,867	21,239	50,940	25,749	6,436	124,491	3,185	4,494,411
Addition	-	-	1,104	3,543	20,011	1,426	1,257	52	940	89,640	-	117,973
Disposals/written-off	-	-	(1,583)	-	(7,060)	(390)	(287)	-	-	-	(3,185)	(12,505)
Transfers in (out)	-	1,349	37,680	-	89,717	-	2,380	-	-	(127,249)	-	3,877
Capitalised interest	-	-	-	-	-	-	-	-	-	1,514	-	1,514
As at 31 December 2022	799,218	50,574	1,266,170	14,635	2,276,535	22,275	54,290	25,801	7,376	88,396	-	4,605,270
Additions	9,232	-	417	-	18,865	4,482	1,102	56	-	135,573	1,942	171,669
Disposals/written-off	-	-	(507)	-	(80,918)	(21,083)	(2,323)	(2,022)	-	-	-	(106,853)
Transfers in (out)	-	-	875	-	36,694	-	708	-	-	(38,277)	-	-
Capitalised interest	-	-	-	-	-	-	-	-	-	2,573	-	2,573
As at 31 December 2023	808,450	50,574	1,266,955	14,635	2,251,176	5,674	53,777	23,835	7,376	188,265	1,942	4,672,659

(Unit: Thousand Baht)

Consolidated financial statements												
	Land	Land improvement	Buildings and improvement	Condominium	Machinery and equipment	Right-of-use assets - machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Right-of-use assets - motor vehicles	Assets under installation and construction	Machinery in transit	Total
Accumulated depreciation:												
As at 1 January 2022	-	-	723,436	2,433	1,415,495	8,394	43,175	19,606	2,653	-	-	2,215,192
Depreciation for the year	-	-	64,865	615	154,077	8,234	2,670	2,840	1,479	-	-	234,780
Depreciation on disposals/ written-off	-	-	(1,246)	-	(5,863)	(390)	(276)	-	-	-	-	(7,775)
As at 31 December 2022	-	-	787,055	3,048	1,563,709	16,238	45,569	22,446	4,132	-	-	2,442,197
Depreciation for the year	-	-	61,947	731	143,744	6,120	2,637	1,791	1,497	-	-	218,467
Depreciation on disposals/ written-off	-	-	(507)	-	(80,527)	(20,401)	(2,315)	(2,009)	-	-	-	(105,759)
As at 31 December 2023	-	-	848,495	3,779	1,626,926	1,957	45,891	22,228	5,629	-	-	2,554,905
Net book value:												
As at 31 December 2022	799,218	50,574	479,115	11,587	712,826	6,037	8,721	3,355	3,244	88,396	-	2,163,073
As at 31 December 2023	808,450	50,574	418,460	10,856	624,250	3,717	7,886	1,607	1,747	188,265	1,942	2,117,754
Depreciation for the year:												
2022 (Baht 216 million included in manufacturing cost, and the balance in administrative expenses)												234,780
2023 (Baht 207 million included in manufacturing cost, and the balance in administrative expenses)												218,467

(Unit: Thousand Baht)

	Separate financial statements											
	Land		Buildings and	Condominium	Machinery and	Right-of-use	Furniture,	Motor	Right-of-use	Assets under	Machinery	Total
	improvement	improvement	building			assets -	fixture and		assets - motor	installation and		
Land	improvement	improvement	Condominium	equipment	and equipment	equipment	vehicles	vehicles	construction	in transit	Total	
Cost:												
As at 1 January 2022	794,430	49,225	1,220,265	11,092	2,148,629	21,239	50,496	25,749	6,436	80,245	3,185	4,410,991
Addition	-	-	608	3,543	17,593	1,426	1,007	52	940	71,414	-	96,583
Disposals/written-off	-	-	(1,583)	-	(94,182)	(390)	(287)	-	-	-	-	(96,442)
Transfers in (out)	-	1,349	32,024	-	65,913	-	1,514	-	-	(96,922)	(3,185)	693
Capitalised interest	-	-	-	-	-	-	-	-	-	1,514	-	1,514
As at 31 December 2022	794,430	50,574	1,251,314	14,635	2,137,953	22,275	52,730	25,801	7,376	56,251	-	4,413,339
Additions	9,232	-	417	-	17,370	4,482	1,061	56	-	91,389	1,942	125,949
Disposals/written-off	-	-	(507)	-	(83,405)	(21,084)	(2,260)	(2,022)	-	-	-	(109,278)
Transfers in (out)	-	-	827	-	34,624	-	599	-	-	(36,050)	-	-
Capitalised interest	-	-	-	-	-	-	-	-	-	2,573	-	2,573
As at 31 December 2023	803,662	50,574	1,252,051	14,635	2,106,542	5,673	52,130	23,835	7,376	114,163	1,942	4,432,583

(Unit: Thousand Baht)

	Separate financial statements											
	Land		Buildings and	Condominium	Machinery and	Right-of-use	Furniture,	Motor	Right-of-use	Assets under	Machinery	Total
	improvement	improvement	building			assets -	fixture and		assets - motor	installation and		
Land	improvement	improvement	Condominium	equipment	and equipment	equipment	vehicles	vehicles	construction	in transit		
Accumulated depreciation:												
As at 1 January 2022	-	-	712,879	2,433	1,385,974	8,394	42,784	19,606	2,653	-	-	2,174,723
Depreciation for the year	-	-	63,683	614	147,669	8,234	2,590	2,840	1,479	-	-	227,109
Depreciation on disposals/ written-off	-	-	(1,246)	-	(64,057)	(390)	(275)	-	-	-	-	(65,968)
As at 31 December 2022	-	-	775,316	3,047	1,469,586	16,238	45,099	22,446	4,132	-	-	2,335,864
Depreciation for the year	-	-	60,368	732	133,544	6,119	2,402	1,790	1,497	-	-	206,452
Depreciation on disposals/ written-off	-	-	(507)	-	(80,517)	(20,400)	(2,253)	(2,009)	-	-	-	(105,686)
As at 31 December 2023	-	-	835,177	3,779	1,522,613	1,957	45,248	22,227	5,629	-	-	2,436,630
Net book value:												
As at 31 December 2022	794,430	50,574	475,998	11,588	668,367	6,037	7,631	3,355	3,244	56,251	-	2,077,475
As at 31 December 2023	803,662	50,574	416,874	10,856	583,929	3,717	6,882	1,608	1,747	114,163	1,942	1,995,953
Depreciation for the year:												
2022 (Baht 211 million included in manufacturing cost, and the balance in administrative expenses)												227,109
2023 (Baht 197 million included in manufacturing cost, and the balance in administrative expenses)												206,452

As at 31 December 2023, the Company had an outstanding balance of building and equipment amounting to Baht 114 million (2022: Baht 56 million). Construction and installation of the assets has been financed with loans from several financial institutions. Borrowing costs amounting to Baht 2.5 million were capitalised during the year ended 31 December 2023 (2022: Baht 1.5 million). The weighted average rate of 3.68% (2022: 2.87%) has been used to determine the amount of borrowing costs eligible for capitalisation.

As at 31 December 2023, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 1,375 million (2022: Baht 1,236 million) (The Company only: Baht 1,367 million, 2022: Baht 1,229 million).

During the current year, The Group has sold and leaseback machinery and equipment, at the cost price plus value-added tax, amounting to Baht 54 million (The Company: Baht 23 million).

As at 31 December 2023, The Group had machinery and equipment under sale and leaseback contracts with a net book value of Baht 50 million (The Company only: Baht 21 million).

The Group has pledged its property, plant and equipment amounting to approximately Baht 947 million (2022: Baht 1,009 million) as collateral against credit facilities which the Group received from financial institutions.

13. Intangible assets

Net book value of intangible assets as at 31 December 2023 and 2022 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	Computer under installation	Total	Computer software	Computer under installation	Total
As at 31 December 2023:						
Cost	31,573	3,818	35,391	31,496	3,818	35,314
Less: Accumulated amortisation	(16,071)	-	(16,071)	(16,050)	-	(16,050)
Net book value	<u>15,502</u>	<u>3,818</u>	<u>19,320</u>	<u>15,446</u>	<u>3,818</u>	<u>19,264</u>
As at 31 December 2022:						
Cost	31,484	3,213	34,697	31,407	3,213	34,620
Less: Accumulated amortisation	(13,762)	-	(13,762)	(13,748)	-	(13,748)
Net book value	<u>17,722</u>	<u>3,213</u>	<u>20,935</u>	<u>17,659</u>	<u>3,213</u>	<u>20,872</u>

A reconciliation of the net book value of intangible assets for the years 2023 and 2022 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements						Separate financial statements					
	Computer software						Computer software					
	Computer software		under installation		Total		Computer software		under installation		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net book value at beginning of year	17,722	19,780	3,213	3,039	20,935	22,819	17,659	19,709	3,213	3,039	20,872	22,748
Acquisition	89	278	605	867	694	1,145	89	278	605	867	694	1,145
Transfers	-	-	-	(693)	-	(693)	-	-	-	(693)	-	(693)
Write-off	-	(22)	-	-	-	(22)	-	(22)	-	-	-	(22)
Amortisation	(2,309)	(2,314)	-	-	(2,309)	(2,314)	(2,302)	(2,306)	-	-	(2,302)	(2,306)
Net book value at end of year	15,502	17,722	3,818	3,213	19,320	20,935	15,446	17,659	3,818	3,213	19,264	20,872

As at 31 December 2023, certain items of computer software were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 10 million (2022: Baht 9 million) (the Company only: Baht 10 million, 2022: Baht 9 million).

14. Short-term loans from financial institutions/Trust receipts

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	2023	2022	2023	2022	2023	2022
Promissory notes	3.89 - 5.81	2.85 - 4.53	864,733	576,001	845,000	570,000
Trust receipts	2.70 - 5.56	1.71 - 2.85	419,448	498,286	418,250	498,286

As at 31 December 2023, short-term credit facilities of the Group which have not yet been drawn down amounted to Baht 26 million (2022: Baht 214 million).

15. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Trade payables - related parties	-	-	1,045	-
Trade payables	88,457	205,914	88,267	205,530
Other payables - related parties	3	10	88	10
Other payables	20,794	27,052	19,310	25,219
Payables for purchase of machinery	14,741	14,380	12,233	11,045
Accrued expenses	12,041	17,075	11,604	16,834
Total trade and other payables	136,036	264,431	132,547	258,638

16. Lease liabilities

16.1 The Group as a lessee

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Lease payments	62,255	15,547	30,848	15,547
Less: Deferred interest expenses	(5,753)	(474)	(2,621)	(474)
Total	56,502	15,073	28,227	15,073
Less: Portion due within one year	(14,941)	(10,448)	(9,345)	(10,448)
Lease liabilities - net of current portion	41,561	4,625	18,882	4,625

Movements of the lease liability account during the years ended 31 December 2023 and 2022 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Balance at beginning of year	15,073	32,218	15,073	32,218
Additions	55,914	2,127	25,865	2,127
Accretion of interest	837	903	544	903
Repayments	(14,635)	(20,175)	(12,568)	(20,175)
Contract cancellation	(687)	-	(687)	-
Balance at end of year	56,502	15,073	28,227	15,073

A maturity analysis of lease payments is disclosed in Note 32.2 to the financial statements under the liquidity risk.

Expenses relating to leases that are recognised in profit or loss are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Interest expense on lease liabilities	837	903	544	903
Expense relating to short-term leases	111	350	111	350
Expense relating to leases of low-value assets	2,574	2,054	2,574	2,054

The Group had total cash outflows for leases for the year ended 31 December 2023 of Baht 17 million (2022: Baht 23 million) (the Company only: Baht 15 million, 2022: Baht 23 million), including the cash outflow related to short-term lease and leases of low-value assets.

16.2 The Group as a lessor

The Company has entered into lease contract in respect of the lease of building and the lease of a equipment with subsidiary. The terms of the agreements are generally 1-3 year.

The Company has future minimum rentals receivable under these non-cancellable operating lease contracts as at 31 December 2023 and 2022 as follows:

	(Unit: Million Baht)	
	Separate financial statements	
	2023	2022
In up to 1 year	3	2
In over 1 year and up to 2 years	1	3

17. Long-term loans

			(Unit: Thousand Baht)			
Loan	Interest rate (%)	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
			2023	2022	2023	2022
1	THOR + 1.22 for the period 1 to 36	Monthly installments as from June 2019	-	27,330	-	27,330
2	THOR + 1.22 for the period 1 to 36	Monthly installments as from July 2019	-	8,000	-	8,000
3	THOR + 1.50 for the period 1 to 60	Monthly installments as from December 2019	38,210	58,250	38,210	58,250
4	THOR + 1.50 for the period 1 to 36	Monthly installments as from December 2019	-	8,750	-	8,750
5	THOR + 1.50 for the period 1 to 60	Monthly installments as from December 2019	76,420	116,500	76,420	116,500
6	3 for the period 1 to 54	Monthly installments as from April 2021	5,540	12,908	5,540	12,908
7	THOR + 2.20 for the period 1 to 60	Monthly installments as from November 2021	73,080	113,160	73,080	113,160
8	MLR - 1.40 for the period 1 to 36	Monthly installments as from July 2021	16,600	49,960	16,600	49,960
9	MLR - 2.00 for the period 1 to 24	Monthly installments as from November 2022	100,000	200,000	100,000	200,000
10	MLR - 1.25 for the period 1 to 60	Monthly installments as from August 2022	35,060	44,900	-	-
Total			344,910	639,758	309,850	594,858
Less: Current portion			(232,180)	(504,698)	(222,340)	(494,858)
Long-term loans, net of current portion			112,730	135,060	87,510	100,000

During the current year, the Company amended its long-term loans agreement, in which the interest rate benchmark was changed from THBFIX6M to THOR.

Movement of the long-term loan account during the year ended 31 December 2023 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Beginning balance	639,758	594,858
Repayment	(294,848)	(285,008)
Ending balance	<u>344,910</u>	<u>309,850</u>

Certain loans are secured by the mortgage of certain land with structures of the Company and a subsidiary.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio, debt service coverage ratio, percentage shareholding in subsidiary and including restrictions on transfer and disposals of assets as prescribed in the agreements.

To comply with the financial reporting standards, as at 31 December 2022, the Company classified the outstanding balance of Baht 210 million in respect of these loans as portion due within one year because as at 31 December 2022, the Company did not receive letters waiving the covenant with respect to the maintenance of financial ratios as stipulated in the loan agreements. However, in February 2023, the Company received such waiving letters from banks. As a result, since the first quarter of 2023, the Company has reclassified the balance as long-term loan, as previously stipulated in the corresponding loan agreements.

The Company has entered into interest rate swap contracts for certain loans as discussed in Note 32.2 to the financial statements under the interest rate risk.

18. Provision for long-term employee benefits

Provision for long-term employee benefits, which are compensation payable to employee after they retire and other long-term employee benefits as detailed below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2023	2022
Post-employment benefits	26,287	25,416
Other long-term employee benefits	1,033	1,852
Total	<u>27,320</u>	<u>27,268</u>

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2023	2022
Provision for long-term employee benefits		
at beginning of year	25,416	23,461
Included in profit or loss:		
Current service cost	2,479	2,544
Interest cost	348	329
Benefits paid during the year	(1,956)	(918)
Provision for long-term employee benefits		
at end of year	<u>26,287</u>	<u>25,416</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2023	2022
Cost of sales	2,104	1,943
Selling and administrative expenses	723	930
Total expenses recognised in profit or loss	<u>2,827</u>	<u>2,873</u>

The Group expects not have to pay for long-term employee benefits during the next year (2022: Baht 1.9 million).

As at 31 December 2023, the weighted average duration of the liabilities for long-term employee benefit of the Group is 6 years (2022: 6 years).

Significant actuarial assumptions are summarised below:

	Consolidated/Separate financial statements	
	2023	2022
	(% per annum)	(% per annum)
Discount rate	1.4	1.4
Salary increase rate	3.0 - 4.0	3.0 - 4.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation are summarised below:

(Unit: Thousand Baht)

	As at 31 December 2023			
	Consolidated / Separate financial statements			
	Increase 0.5%	Increase 1%	Decrease 0.5%	Decrease 1%
Discount rate	(580)	(1,129)	614	1,264
Salary increase rate	845	1,731	(807)	(1,578)

(Unit: Thousand Baht)

	As at 31 December 2022			
	Consolidated / Separate financial statements			
	Increase 0.5%	Increase 1%	Decrease 0.5%	Decrease 1%
Discount rate	(594)	(1,159)	626	1,286
Salary increase rate	730	1,491	(699)	(1,370)

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

20. Revenue from contracts with customers

(Unit: Thousand Baht)

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Type of goods or service:				
Sale of leather and other products	1,550,114	1,656,873	1,549,157	1,656,749
Tanning services	282,334	394,394	282,334	394,394
Total revenue from contracts with customers - recognised at a point in time	<u>1,832,478</u>	<u>2,051,267</u>	<u>1,831,491</u>	<u>2,051,143</u>

21. Other income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Rental income	-	-	1,935	5,922
Management fee income	-	-	2,400	2,400
Utility income	-	-	4,500	4,066
Gain (loss) on exchange	(2,486)	14,699	(2,740)	14,722
Gain (loss) on disposal/ written-off of assets	29	(428)	79	20,621
Interest income	5	1	-	15
Gain on fair value adjustments of derivatives	9,628	1,063	9,628	1,063
Others	5,965	4,360	10,478	4,242
Total	<u>13,141</u>	<u>19,695</u>	<u>26,280</u>	<u>53,051</u>

22. Finance cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Interest expenses on loans	58,859	51,460	56,137	50,762
Interest expenses on lease liabilities	837	902	544	902
Total	<u>59,696</u>	<u>52,362</u>	<u>56,681</u>	<u>51,664</u>

23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Salaries and wages and other employee benefits	215,581	221,325	215,581	221,325
Depreciation	218,468	234,780	206,453	227,109
Amortisation expenses	2,308	2,314	2,301	2,306
Utility expenses	72,869	70,446	72,869	70,446
Impairment loss on investment	-	-	-	3,500
Raw materials and consumables used	985,867	1,199,863	985,867	1,197,509
Changes in inventories of finished goods and work in process	(12,891)	(57,154)	364	(50,945)
Changes in the reversal of reduction cost of inventories to net realisable value	(639)	(2,708)	(2,396)	(2,705)

24. Income tax

Income tax expenses for the years ended 31 December 2023 and 2022 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Current income tax:				
Current income tax charge	-	22,059	-	21,387
Deferred tax:				
Relating to origination and reversal of temporary differences	2,765	5,984	(389)	3,456
Income tax expenses (benefits) reported in the statement of comprehensive income	2,765	28,043	(389)	24,843

Reconciliation between accounting profit (loss) and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2023	2022	2023	2022
Accounting profit before tax	19,573	127,971	33,925	147,136
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by				
income tax rate	3,915	25,594	6,785	29,427
Effects of elimination entries on the consolidation				
financial statements	296	4,540	-	-
Previously deductible temporary differences that is				
used to reduce current tax expense	(6,289)	-	(6,289)	-
Reversal of deferred tax assets	3,154	5,609	-	3,081
Unrecognised temporary difference as deferred				
tax assets	2,795	-	36	-
Effects of:				
Share loss from investment in joint ventures	1	-	-	-
Promotional privileges	-	(6,245)	-	(7,015)
Non-deductible expenses	303	1,001	245	1,640
Additional expense deductions allowed	(1,346)	(2,470)	(1,166)	(2,290)
Others	(64)	14	-	-
Total	(1,106)	(7,700)	(921)	(7,665)
Income tax expenses (benefits) reported in the				
statement of comprehensive income	2,765	28,043	(389)	24,843

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Deferred tax assets				
Allowance for diminution in value of inventories	7,661	8,142	7,661	8,141
Provision for long-term employee benefits	5,464	5,220	5,464	5,220
Unused tax loss	5,054	11,218	5,054	8,065
Loss on fair value measurement of derivatives	162	-	162	-
Total	18,341	24,580	18,341	21,426
Deferred tax liabilities				
Leases	(478)	(4,029)	(478)	(4,029)
Gain on fair value measurement of derivatives	-	(216)	-	(216)
Others	(293)	-	(293)	-
Total	(771)	(4,245)	(771)	(4,245)
Deferred tax assets - net	17,570	20,335	17,570	17,181

As at 31 December 2023, the Group has deductible temporary differences and unused tax losses totaling Baht 42 million (2022: Baht 32 million), on which deferred tax assets have not been recognised.

The unused tax losses amounting to Baht 51 million will expire by 2024 to 2035.

25. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of finishing, pursuant to the investment promotion certificate No.1785(2)/2554 issued on 3 May 2011. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of eight years from the date the promoted operations begin generating revenues (3 January 2014) to extent that the amount of tax exempted does not exceed the amount of investment (excluding land cost and working capital). This privilege expired on 2 January 2022.

On 9 April 2021, the Company received promotional privileges from the Board of Investment for the leather tanning or the manufacture of finished leather, regarding improvement of production efficiency for renewable energy utilization, pursuant to the investment promotion certificate No.62-0364-1-04-1-0. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax of the promoted operation (9 April 2019) to extent that the amount of tax exempted does not exceed 50% of capital investment in production efficiency improvement (excluding land cost and working capital), or a total of Baht 38,165,000 for a period of three years from the date of the first earning operating income after promotion certificate is issued. However, the amount of tax exempted will be amended to actual amount of capital investment excluding land cost and actual working capital on the day of implementation of the promoted project. This privilege expired on 8 April 2022.

Subsequently, on 22 Mar 2022, Inter Green Company Limited (a subsidiary) received promotional privileges from the Board of Investment for the manufacture of collagen peptides, pursuant to the investment promotion certificate No. 65-0330-1-00-1-0. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (5 August 2022) to the extent that the amount of tax exempt does not exceed the amount of investment (excluding land cost and working capital).

The Group's operating revenues for the years ended 31 December 2023 and 2022, divided between promoted and non-promoted operation, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2023	2022	2023	2022	2023	2022
Sales and services income						
Domestic	990	392,296	1,172,960	952,866	1,173,950	1,345,162
Export	1,761	125,848	656,768	580,257	658,529	706,105
Total sales and services income	<u>2,751</u>	<u>518,144</u>	<u>1,829,728</u>	<u>1,533,123</u>	<u>1,832,479</u>	<u>2,051,267</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2023	2022	2023	2022	2023	2022
Sales and services income						
Domestic	-	390,914	1,176,641	954,124	1,176,641	1,345,038
Export	-	125,848	654,850	580,257	654,850	706,105
Total sales and services income	<u>-</u>	<u>516,762</u>	<u>1,831,491</u>	<u>1,534,381</u>	<u>1,831,491</u>	<u>2,051,143</u>

26. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Profit for the year (Thousand Baht)	16,808	99,928	34,315	122,293
Weighted average number of ordinary shares (Thousand shares)	592,806	592,806	592,806	592,806
Earnings per share (Baht)	0.03	0.17	0.06	0.21

27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as managing director.

For management purposes, the Group is organised into business units based on its products and services and have two reportable segments as follows:

- Manufacturing and distribution of leather and other products consisting of leather coverings for car seat and other by products from production
- Servicing segment, which provides bleaching, dyeing finishing service and other services

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following table presents revenue and profit (loss) information regarding the Group's operating segments for the years ended 31 December 2023 and 2022.

(Unit: Million Baht)

	For the year ended 31 December							
	Manufacturing and distribution of leather and other products		Services		Adjustments and eliminations		Consolidated	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues from external customers	1,572	1,685	282	394	(22)	(28)	1,832	2,051
Segment operating gross profit	187	279	18	31	10	8	215	318
Unallocated income (expenses):								
Other income							13	20
Selling and distribution expenses							(26)	(26)
Administrative expenses							(123)	(132)
Finance cost							(60)	(52)
Profit before income tax							18	128
Income tax							(3)	(28)
Profit for the year							16	100

Geographic information

Revenue from external customers is based on locations of the customers are as follow.

(Unit: Million Baht)

	<u>2023</u>	<u>2022</u>
Revenue from external customers		
Thailand	1,174	1,341
China	223	182
Switzerland	122	168
Malaysia	58	76
India	97	90
England	95	136
Vietnam	19	4
Others	44	54
Total	1,832	2,051

Major customers

For the year 2023, the Group has revenue from two major customers in amount of Baht 593 million, arising from the manufacturing and distribution of leather and other products segment. (2022: Baht 922 million, three major customers arising from the manufacturing and distribution of leather and other products segment).

28. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 2% of basic salary. The fund, which is managed by CIMB-Principal Asset Management Company Limited, will be paid to employees upon termination in accordance with the funds' rules. For the year 2023, The Group recognized the contribution as an expense amounting to Baht 1 million.

29. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2021	Board of Director's meeting of the Company held on 21 April 2022	59,280	0.10
Total dividends for the year 2022		59,280	
Final dividends for 2022	Board of Director's meeting of the Company held on 24 April 2023	59,277	0.10
Total dividends for the year 2023		59,277	

30. Commitments and contingent liabilities

30.1 Service commitments

The Group has entered into several contracts in respect of the service contracts. The terms of the agreements are generally 1 year. These contracts are non-cancellable.

The Group has future service payments required under these non-cancellable service contracts as follows:

	(Unit: Million Baht)	
	2023	2022
Payable:		
In up to 1 year	6	7

30.2 Capital commitments

As at 31 December 2023, the Group had capital commitment of approximately Baht 25 million (2022: Baht 7 million) (The Company only: Baht 25 million, 2022: Baht 7 million) relating to construction of factory building and purchase of machinery.

As at 31 December 2023, the Company had capital commitment of approximately Baht 2 million (2022: Baht 2 million) relating to the acquisition of computer software.

30.3 Purchase of raw materials commitments

As at 31 December 2023, the Group had commitments of approximately Baht 31 million, USD 2.3 million and Euro 0.2 million (2022: Baht 32 million, USD 5 million and Euro 0.4 million) (The Company only: Baht 31 million, USD 2.3 million and Euro 0.2 million) relating to purchase of raw materials.

30.4 Commitments from partnership agreement

The Company entered into a partnership agreement with an overseas company, which the Company has commitment to pay compensation to the partner based on the quantity of goods sold in the future to the specified group of customers at rates and conditions specified in the agreement.

30.5 Guarantees

- 1) As at 31 December 2023, there were outstanding bank guarantees of Baht 16 million (2022: Baht 16 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 3 million (2022: Baht 3 million) to guarantee payments due to government agencies, Baht 12 million (2022: Baht 12 million) to guarantee electricity uses and Baht 1 million (2022: Baht 1 million) to guarantee others.
- 2) As at 31 December 2023, the Company has guaranteed bank credit facilities of a subsidiary, amounting to Baht 89 million.
- 3) As at 31 December 2023, the Company had outstanding standby-letters of credit of USD 0.6 million, relating to purchase of raw materials (2022: Nil).

31. Fair value hierarchy

As at 31 December 2023 and 2022, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	2023	2022
	Level 2	Level 2
Assets measured at fair value		
Derivatives		
Foreign exchange forward contracts	-	6
Liabilities measured at fair value		
Derivatives		
Foreign exchange forward contracts	738	10,201
Interest rate swap contracts	69	241

32. Financial instruments

32.1 Derivatives

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	2023	2022
Derivative assets		
Derivative assets not designated as hedging instruments		
Foreign exchange forward contracts	-	6
Total derivative assets	-	6
Derivative liabilities		
Derivatives liabilities not designated as hedging instruments		
Foreign exchange forward contracts	738	10,201
Interest rate swap contracts	69	241
Total derivative liabilities	807	10,442
Current	738	10,295
Non-current	69	147

Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions.

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2023					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	2.3	-	33.96 - 36.63	-	10 January - 20 May 2024

As at 31 December 2022					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	5.6	-	33.96 - 36.93	-	2 February - 16 June 2023
Euro	0.2	-	36.95	-	21 June 2023

In addition, the Group enters into interest rate swap contracts, in which it agrees to exchange, at specified intervals, between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at 31 December 2023, the Company has an outstanding balance of interest rate swap contracts with a local bank of Baht 188 million (2022: Baht 332 million), to swap floating interest rate on the loan to fixed interest rate of 3.45 - 4.15% per annum. The notional amount of the contracts will gradually come due until November 2025 in accordance with the related long-term loan repayment schedule.

32.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivable, trade and other payables, short-term loans, trust receipts, derivatives and long-term loans from financial institutions. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade and other receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade and other receivables are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties.

The credit risk on debt instruments and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprises interest rate risk and currency risk. The Group enters into a variety of derivative financial instruments to manage its risk exposure, including:

- foreign exchange forward contracts to hedge the foreign currency risk arising on the export or import of goods and machines
- interest rate swap contracts to mitigate the risk of rising interest rates

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to purchase and sales of goods and services and purchase of machinery that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The group has balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2023	2022	2023	2022	2023	2022
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.3	2.6	1.3	2.4	34.22	34.56
Euro	-	-	0.2	0.2	38.03	36.83
Yuan	-	-	-	0.5	4.81	4.97

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group's profit and loss before tax to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Group's profit and loss before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2023 and 2022.

Currency	2023		2022	
	Change in	Effect on profit	Change in FX	Effect on profit
	FX rate	before tax	rate	before tax
	(%)	increase (decrease)		increase (decrease)
		(Million Baht)		(Million Baht)
Baht per USD	5.0	4	5.0	11
	(5.0)	(4)	(5.0)	(9)
	10.0	8	10.0	21
	(10.0)	(8)	(10.0)	(20)

This information is not a forecast or prediction of future market conditions and should be used with care.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, short-term loan, trust receipts and long-term loans from financial institutions. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate except for trade and other receivables and trade and other payables with no interest charged.

The Group manages its interest rate risk by entering into interest rate swap contracts, in which it agrees to exchange, at specified intervals, between variable rate and fixed rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at 31 December 2023 and 2022, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2023							
Fixed interest rates							
	Within 1	1 - 5	Over 5	Floating	Non- interest	Total	Interest rate
	year	years	years	interest rate	bearing		(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	13	-	13	Note 7
<u>Financial liabilities</u>							
Short-term loans from financial							
institutions	865	-	-	-	-	865	Note 14
Trust receipts	419	-	-	-	-	419	Note 14
Long-term loans from financial							
institutions	6	-	-	339	-	345	Note 17
Other financial liabilities	-	-	-	-	1	1	-

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2022

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	5	-	5	Note 7
<u>Financial liabilities</u>							
Short-term loans from financial institutions							
	576	-	-	-	-	576	Note 14
Trust receipts	498	-	-	-	-	498	Note 14
Long-term loans from financial institutions							
	7	6	-	627	-	640	Note 17
Other financial liabilities	-	-	-	-	11	11	-

(Unit: Million Baht)

Separate financial statements

As at 31 December 2023

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	6	-	6	Note 7
<u>Financial liabilities</u>							
Short-term loans from financial institutions							
	845	-	-	-	-	845	Note 14
Trust receipts	418	-	-	-	-	418	Note 14
Short-term loans from subsidiary	8	-	-	-	-	8	Note 6
Long-term loans from financial institutions							
	6	-	-	304	-	310	Note 17
Other financial liabilities	-	-	-	-	1	1	-

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2022							
Fixed interest rates							
	Within 1	1 - 5	Over 5	Floating	Non- interest		
	year	years	years	interest rate	bearing	Total	Interest rate
							(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	4	-	4	Note 7
<u>Financial liabilities</u>							
Short-term loans from financial							
institutions	570	-	-	-	-	570	Note 14
Trust receipts	498	-	-	-	-	498	Note 14
Short-term loans from subsidiary	8	-	-	-	-	8	Note 6
Long-term loans from financial							
institutions	7	6	-	582	-	595	Note 17
Other financial liabilities	-	-	-	-	11	11	-

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's profit and loss before tax to a reasonably possible change in interest rates on that portion of floating rate loans from financial institutions and derivatives affected as at 31 December 2023 and 2022.

Currency	2023		2022	
	Increase/ Decrease	Effect on profit before tax increase (decrease)	Increase/ Decrease	Effect on profit before tax increase (decrease)
	(%)	(Million Baht)	(%)	(Million Baht)
Baht	0.5	(2)	0.5	(3)
	(0.5)	1	(0.5)	3
	1	(3)	1	(7)
	(1)	2	(1)	7

The above analysis has been prepared assuming that the amounts of the floating rate loans from financial institutions and derivatives and all other variables remain constant over one year. Moreover, the floating legs of these loans from financial institutions and derivatives are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest receivable/payable for the full 12-month period of the sensitivity calculation. This information is not a forecast or prediction of future market conditions and should be used with care.

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank loans. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2023 and 2022 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2023				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	872	-	-	872
Trust receipts	-	423	-	-	423
Trade and other payables	-	136	-	-	136
Lease liabilities	-	17	44	-	61
Long-term loans from financial institutions	-	243	116	-	359
Derivatives					
Derivative liabilities: net settled	-	(1)	-	-	(1)

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2022				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	579	-	-	579
Trust receipts	-	500	-	-	500
Trade and other payables	-	264	-	-	264
Lease liabilities	-	11	5	-	16
Long-term loans from financial institutions	-	313	359	-	672
Derivatives					
Derivative liabilities: gross settled	-	(8)	-	-	(8)

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2023					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	851	-	-	851
Trust receipts	-	422	-	-	422
Trade and other payables	-	133	-	-	133
Lease liabilities	-	11	20	-	31
Short-term loans from related party	8	-	-	-	8
Long-term loans from financial institutions	-	231	89	-	320
Derivatives					
Derivative liabilities: net settled	-	(1)	-	-	(1)

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2022					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	573	-	-	573
Trust receipts	-	500	-	-	500
Trade and other payables	-	259	-	-	259
Lease liabilities	-	11	5	-	16
Short-term loans from related party	8	-	-	-	8
Long-term loans from financial institutions	-	302	319	-	621
Derivatives					
Derivative liabilities: net settled	-	(8)	-	-	(8)

32.3 Fair value of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The methods and assumptions used by the Grouping estimating the fair value of financial instruments are as follows:

- a) The fair value of open-ended funds has been determined using net assets value at the reporting date.
- b) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Group considers to counterparty credit risk when determining the fair value of derivatives

During the current year, there were no transfers within the fair value hierarchy

33. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2023, the Group's debt-to-equity ratio was 1.16:1 (2022: 1.23:1) and the Company's was 1.08:1 (2022: 1:18:1).

34. Events after the reporting period

On 14 December 2023, the Company had entered into an agreement with WOLVERINE WORLD WIDE, INC. ("WWW") to purchase assets related to the shoe leather business. In December 2023, the Company purchased and accepted inventories from WWW, as specified in the agreement, amounting to USD 2.67 million or approximately Baht 93 million. The Company had already paid for the inventory totalling USD 2.42 million, or approximately Baht 84 million. The outstanding balance that was not paid was amounting to USD 0.25 million or approximately Baht 9 million.

Subsequently, in January 2024, the Company purchased and accepted the remaining inventories as specified in the agreement amounting to USD 5.54 million or approximately Baht 179 million. The Company had paid for these goods along and remaining account payable in January 2024 totalling USD 5.72 million or approximately Baht 200 million.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2024.

17. Reference

Share Registrar	Thailand Securities Depository Co., Ltd. (TSD)
Location	93 Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand.
Telephone	(662) 009 - 9000
Fax	(662) 009 - 9991
E-mail	SETContactCenter@Set.or.th
Website	www.set.or.th/tsd
Auditor	EY Office Limited Mrs.Chonlaros Suntiasvaraporn Certified Public Accountant No.4523 And / or Mr.Pornanan Kitjanawanchai Certified Public Accountant No 7792 And / or Ms. Sumesa Tangyoosuk Certified Public Accountant No 7627
Location	33 rd Floor, Lake Ratchada Building 193/136 - 137 New Ratchadapisek Road
Telephone	(662) 264-9090
Fax	(662) 264-0789-90

18. Investor Information

Initials	IHL (Listed on the Stock Exchange of Thailand.)
Company's Registration Number	0107548000595
Nature of Business	Producing and distributing leather covering for car seats and other related products
Website	www.interhides.com
Year of establishment	2005
First day of trading In the stock market	December 22,2005
Headquarter	678 Soi T.J.C. Sukhumvit Rd. Bangpoomai, Muang, Samutprakarn 10280
Telephone	(662) 028-9728-37
Fax	(662) 028-9738-39
Register Capital	Baht 594,998,274
Paid-up Capital	Baht 592,805,637
Par value	par value of Baht 1
Preferred stock	-
Accounting period	January 1 - December 31
Shareholders	At present, the major shareholders is Mr. Ongart Thumrongsakunvong and Ms.KunvarinVeeraphuttivate group.
Company secretary	
Telephone	(662) 028-9728-37
Fax	(662) 028-9738-39
E-mail	Companysecretary@Interhides.com
Investor Relations	
Telephone	(662) 028-9728-37
Fax	(662) 028-9738-39
E-mail	Companysecretary@Interhides.com

19. Attachment 1 Details of Directors Controlling Person and Company Secretary

Name-Surname / Position	age (year)	Educational qualifications	Number and percentage of shareholding in the Company (%)	Relationship Family way Between the executives	Years of being a director	Work experience		
						Time period	position	Organization / Company Name
1.Dr. Somchai Harnhiran - Chairman of the Board	67	<ul style="list-style-type: none"> - Ph.D. D. Economics Concordia University - Master of Economics, Queen's University, Canada - Master's degree, M.A. (Industrial Economics), National Institute of Development Administration - Bachelor's degree, Faculty of Economics Thammasat University - Certificate, DAP course, Class 79/2009 - Training from the Thai Institute of Directors Association, DAP course Version 44/2005 - National Defense College Course National Defense Institute - Defense Institute Thammasat Senior Executive Program Certificate for Society Class 4, Thammasat University - Certificate of Executive Program in Trade and Commerce (TEPCOT) Year 2012, Institute of Commerce University of the Chamber of Commerce - Certificate of Executive Program (Nor Bor Sor.)Office Civil Service Commission 2006 Business - Transformation and Innovation Networking Course (BRAIN), Federation of Thai 	- none -	- none -	1	2010-2013	Inspector General	Ministry of Industry
						2013-2014	Director of the Office of Industrial Economics	Ministry of Industry
						2014-2015	Industrial Economics	Ministry of Industry
						2015-2016	Deputy Permanent Secretary, Ministry of Industry	Ministry of Industry
						2016-2017	Director General Department of Industrial Promotion	Ministry of Industry
						2017-2017	Permanent Secretary, Ministry of Industry	Ministry of Industry
						2017-2019	Assistant Minister for Industry Deputy Minister of Industry	Ministry of Industry
						2019-present	senator (Chairman of the Economic Affairs Committee monetary and fiscal)	Parliament
2023-present	Chairman	Interhide Public Company Limited						

Name-Surname / Position	age (year)	Educational qualifications	Number and percentage of shareholding in the Company (%)	Relationship Family way Between the executives	Years of being a director	Work experience		
						Time period	position	Organization / Company Name
2. Mr. Ongart Thumrongsakulwong - Vice Chairman of the Board - Chief Executive Officer - Managing Director (Authorized Director)	66	- High school Assumption Sriracha School - Training from Thai Institute of Directors Association, DAP course Class 44/2005	294,584,446 (49.69%) (Total shares held by the spouse)	Spouse Miss Kunvarin	32	1988 – 1991 1992 – 1994 1992 – 2015 2005-present 2011-present 2016-present	Manager Managing Director Director Managing Director Managing Director Managing Director	limited partnership OC Tannery (Liquidated) limited partnership OC Tannery (Liquidated) Vivid Atelia Company Limited (Liquidated) Interhides Public Company Limited Inter Seat Cover Company Limited (Dissolution) Inter Green Company Limited
3.Mr.Chor.Nun Petpaisit - Independent Director - Remuneration Committee - Audit Committee	72	- Faculty of Commerce and Accountancy Thammasat University - Certificate in Director Accreditation Program Class 28/200 - Certificate Director Certification Program, Class 76/200 - Certificate Audit Committee Program, Class 28/2009 - Certificate of Successful Course Formulation & Execution of Strategy - Certificate in Financial Institutions Governance Program	1,211,900 (0.20%) (Total shares held by the spouse)	-none-	9	2000 - 2001 2001 - 2008 2008 - 2011 2011 - 2012 2011 - 2012 2006-present 2015-present 2019-present	Director of Tax Audit Bureau Policy and Planning Analyst 9 Performance advisor Ministry Inspector Director Independent Director Chairman of the Remuneration Committee Audit Committee and Independent Director Audit Committee and Independent Director	The Revenue Department, Ministry of Finance The Revenue Department The Revenue Department Ministry of Finance Government Savings Bank Bangkok Insurance Public Company Limited Interhides Public Company Limited Fine Metal Technologies Public Company Limited
4.Mr.Somchart Limpanuphapp - Independent Director - Audit Committee - Remuneration Committee - Nomination Committee	72	- Master of Accounting / Accounting Thammasat University - Training from Thai Institute of Directors Association DAP Class 43/2005 and ACP Class 8	850,000 (0.14%)	- none -	19	1975 - 1984 1985 - 1999 1999 - 2008 2008 – 2013 2005 - 2015 2015-present	Internal auditors Branch manager Manager of Special Credit Management Provincial Compensation Manager Audit Committee and Independent Director Chairman of the Audit Committee and Independent Director	Bangkok Bank Public Company Limited Bangkok Bank Public Company Limited Bangkok Bank Public Company Limited Bangkok Bank Public Company Limited Interhides Public Company Limited Interhides Public Company Limited

Name-Surname / Position	age (year)	Educational qualifications	Number and percentage of shareholding in the Company (%)	Relationship Family way Between the executives	Years of being a director	Work experience		
						Time period	position	Organization / Company Name
5.Ms.Kunvarin Veeraphuttivate - Director (Authorized Director) - Executive Vice President - Deputy Managing Director	63	- Vocational Education in Accounting, Panya Commercial College - Training from Thai Institute of Directors Association, DCP Program, Class 66/2005 - DAP Certificate, Class 44/2005	294,584,446 (49.69%) (Total shares held by the spouse)	Spouse Mr.Ongart	32	1988 - 1991 1992 - 1994 1992-present 2011-present 2016-present	Deputy manager Deputy Managing Director Deputy Managing Director Deputy Managing Director Deputy Managing Director	limited partnership OC Tannery (Liquidated) OC Tannery Company Limited (Liquidated) Interhides Public Company Limited Inter Seat Cover Company Limited(Dissolution) Inter Green Company Limited
6. Mr.Thaksa Busayapoka - Director	74	- Master of New Technology Venture College of Management Mahidol University - Bachelor of Commerce and Accountancy Chulalongkorn University - Training from Thai Institute of Directors Association, DCP Program, Class 32/2003	3,227,000 (0.54%)	Miss Kulwarin's brother	1	1989-present 2005-present 2017-present 2021-present 2023-present 2023present	Director Director Director Director Director Director	Modernform Tower Company Limited Modernform Health and Care Public Company Limited UICC Company Limited Lesmo Company Limited Interhide Public Company Limited Modernform Group Public Company Limited
7. Dr. Niti Nerngchamnong - Independent Director	43	- Doctor of Laws Sripatum University - Master of Laws Assumption University in collaboration with Indiana University - Bachelor of Laws (Academic Excellence), Assumption University - High School Diploma The Winchendon School – Boston, USA - PON Global – Program on Negotiation at Harvard Law School - ACCP – Advanced Audit Committee Program(39/2021)Thai Institute of Directors : IOD - ITG – IT Governance and Cyber Resilience	116,666 (0.02%)	- none -	11	2003 – 2008 2003 – 2013 2009 – 2017 2010 – 2015 2015 – 2017 2012-present 2013 – 2023 2013 – 2020 2021-present 2015-present 2021-present	Lawyer Master's degree Business law courses English Department Director of the International Health Service Standards Training Center Assistant Vice President, Retail Business DevelopmentDivision Managing Director Managing Director Director of Sripatum Legal Center And lecturer of the Faculty of Law Director Independent Director Director	International Law Firms Limited (ILCT) Assumption University / Educational Institution Mahidol University Modernform Group Public Company Limited Modernform company Health and Care Co., Ltd. Niti and Associates International Legal Company Limited Sripatum University / Educational Institution Interhides Public Company Limited Interhides Public Company Limited Modernform Health and Care Public Company Limited Chartered Institute of Arbitrators “CI Arb” AppliCAD Public Company Limited

Name-Surname / Position	age (year)	Educational qualifications	Number and percentage of shareholding in the Company (%)	Relationship Family way Between the executives	Years of being a director	Work experience		
						Time period	position	Organization / Company Name
8.Mr. Wasin Thumrongsakunvong - Director	31	Program(16/2021) Thai Institute of Directors : IOD - RCL – Risk Management Program for Corporate Leaders(22/2021) Thai Institute of Directors : IOD - ELP – Ethical Leadership Program (21/2021) Thai Institute of Directors : IOD - DCP – Director Certification Program (300/2020) Thai Institute of Directors : IOD - DAP – Director Accreditation Program (113/2014) Thai Institute of Directors : IOD - Sasin Graduate Institute of Business of Administration of Chulalongkorn University - Bachelor of Science in Economics Pennsylvania State University USA - DAP Certificate, Class 189/2022	28,333,333 (4.78 %)	Son of Mr. Ongart and Ms. Kunwarin	8	2021-present	Independent Director and Audit Committee	Union Chemical and Equipment Co., Ltd.
						2022-present	Independent Director and Audit Committee	Thonburi Bamrungmuang Hospital Company Limited
						2023-present	Independent Director and Audit Committee	Office of International Affairs Committee
						2023-present	Director	Lawyers Council under Royal Patronage
						2023-present	Arbitrators and Conciliators	Thailand Arbitration Center: THAC
9.Mr. Suparat Sirisuwannangkul - Independent Director	71	- Bachelor of Engineering (Mechanical Model E28), Kasetsart University KU32 - Training from the Thai Institute of Directors Association, DAP course Class 189/2022	2,095,547 (0.35%)	- none -	3	2010 - 2022	Vice President	Federation of Thai Industries
						2010-present	Honorary Prime Minister	Thai Automotive Engineering Association
						2014-present	Honorary Chairman Automotive Industry Group Automotive Institute Board	Thai Automotive Engineering Association
						2017 - 2021	Vice President of the Thai Automotive Engineering Association	Thailand Standards and Quality Association
						2021-present	Independent Director	Interhide Public Company Limited

Name-Surname / Position	age (year)	Educational qualifications	Number and percentage of shareholding in the Company (%)	Relationship Family way Between the executives	Years of being a director	Work experience		
						Time period	position	Organization / Company Name
10. Ms. Nirinya Veeraphuttivate - Company secretary	38	- Master of Business Administration, Executive MBA, Nation University - Bachelor of Business Administration and Economics Asian University - Training from Thai Institute of Directors Association, The Company Secretary Program Class 43/2011	28,488,333 (4.81 %)	Daughter of Mr. Ongart and Ms. Kulwarin	-	2008 - 2014 2011-present 2016-present	Purchasing Manager Company secretary General Manager, Administration	Interhides Public Company Limited Interhides Public Company Limited Interhides Public Company Limited

Note : Company's management not having any prohibited characteristics according to Clause 3 of the Notification of the Securities and Exchange Commission. KorJor.5 / 2547 Re: Requirements for Executives of the Securities Issuing Company

20. Attachment 2 Details of the Subsidiary's Directors

List of Companies		Interhides Public Company	Inter Green Company Limited
List of Board of Directors and Management		Limited	(Subsidiary)
1. Dr. Somchai	Hanhirun	X ,/ ,//, ///	
2. Mr. Ongart	Thumrongsakunvong	/ ,//, ///	X. / ,//, ///
3. Ms. Kunvarin	Veeraphuttivate	/ ,//, ///	/ ,//, ///
4. Mr. Somchart	Limpanuphap	/	
5. Dr. Niti	Nerngchamnong	/	
6. Mr. Chor.Nun	Petpaisit	/	
7. Mr. Wasin	Thumrongsakunvong	/	
8. Mr. Suparat	Sirisuwannangkul	/	
9. Mr.Thaksa	Busayapoka	/	

Note X = Chairman / = Director // = Executive Director /// = Executive

21. Attachment 3 Details of the Internal Audit Supervisor

Name-Surname / Position	age (year)	Educational	Number and percentage of shareholding in the company (%)	Relationship Family way Between management	Years in office	Work experience		
						Time period	position	Agency / Company
1. Mr. Poobaize Benchasiriworakul - Head of Internal Audit	48	- Master's degree	- none -	- none -	10	2013-present	Internal Audit Manager	Interhides Public Company Limited
		Bachelor of Business				2012 – 2013	Cost Department Manager	Interhides Public Company Limited
		Administration General				2007 - 2010	Cost Department Manager	Interhides Public Company Limited
		Management				2003 - 2007	Assistant Manager, Cost	YNP Engineering Company Limited
		Suan Dusit Rajabhat University				2001 - 2003	Department Design engineer	IDI Engineering Company Limited
-Bachelor's degree								
business administration								
Industrial Management								
Sripatum University								
<u>Training</u>								
- Fundamentals for New								
Internal Auditors								
- Certified Professional								
Internal Auditor of Thailand								
(CPIAT-42) The Association of								
Internal Auditors of Thailand								

22. Attachment 4: Assets Used in Business Operations and details about the property appraisal list

Total Assets

Total assets as of 31 December 2023 were 3,471.30 million baht, of which 37.90% were current assets. which mainly consists of Cash and cash equivalents Trade and other receivables and inventories Most of the remaining assets, 62.10 percent, are land. building and equipment

Most of the total assets are owned by the Company. The assets are land. Certain buildings and machines have obligations with banks as collateral for loans.

In the consolidated financial statements as of December 31, 2023, the Company has assets that are land. Building and equipment Total book value is 2,117.75 million baht, accounting for 61.01% of total assets.

Property, plant and equipment – net

Unit : Million Baht

company	Land and land improvement		Buildings and structures And building improvements		condominium		Machinery and equipment		Furnishings and office supplies		Vehicles		Assets during installation and construction		Total	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	IHL	854.23	845.00	416.87	480.14	10.86	11.59	587.64	670.35	6.88	7.55	3.36	6.60	116.11	56.25	1,995.95
IG	9.58	9.58	16.76	18.30	-	-	56.02	75.96	0.88	1.04	-	-	67.84	8.58	151.08	113.46
Eliminate	(4.79)	(4.79)	(15.18)	(15.18)	-	-	(33.01)	(31.58)	0.13	0.13	-	-	23.57	23.57	(29.28)	(27.85)
Consolidated financial statements	859.02	849.79	418.45	483.26	10.86	11.59	610.65	714.73	7.89	8.72	3.36	6.60	207.52	88.40	2,117.75	2,163.09

Investment Card

The Company has a policy to apply for investment promotion in businesses that are eligible for investment promotion. because the company There is a transparent operation according to good governance. And is confident that it will be able to comply with the conditions of the Office of the Board of Investment in all respects

The Company has received investment promotion from the Office of the Board of Investment (BOI) by receiving tax privileges and benefits such as exemption of import duties. for machinery and equipment imported from abroad and is exempt from corporate income tax for the net profit from the promoted business In an amount not exceeding the investment amount, excluding the cost of land and working capital, for a period of 8 years from the date of first earning income from that business operation.

In 2019, the company received tax privileges from the Board of Investment. which improves production efficiency for using renewable energy Such privileges include exemption of corporate income tax on net profits derived from promoted operations in an amount not exceeding 50 percent

of the investment value to improve production efficiency. The said amount is 38.16 million baht for a period of 3 years from the date of first earning income.

Intergreen Co., Ltd. has been promoted for investment in production of collagen peptides. Such privileges include exemption from corporate income tax on net profits derived from promoted operations in an amount not exceeding 100 percent of the investment value. The aforementioned amount is 14.34 million baht for a period of 8 years from the date of generating income.

The details are as follows.

Company	Project	No.	Date	Ended
IHL	Production of finished leather and floor leather	1785(2)/2554	03-Jan-14	2 Jan 22
IHL	Use of renewable energy (Plant 6, Plant 10)	62-0364-1-04-1-0	10 Apr 19	9 Apr 22
IHL	Use of renewable energy (Plant 7)	67-0151-2-04-1-0	1 Mar 24	28 Feb 27
ISC	Manufacture of leather or artificial leather products	1981(5)/2554	01-Sep-11	31-Aug-19
IG	Production of collagen peptide	65-0330-1-00-1-0	05-Aug-22	04-Aug-30
IG	Production of collagen peptide	Received notification of Investment Promotion on 28 Dec 2022.		
IG	Production of collagen peptide	Received notification of Investment Promotion on 29 Dec 2022.		