

## Management Discussion and Analysis Q2/2021

### IHL's Consolidated Performance

	Q2/2021 (MB.)	% Y-o-Y	% Q-o-Q
Revenue from Sales and Services	403.30	176.01	(7.64)
Total Revenue	406.72	177.59	(8.58)
Gross Profit	70.04	8,746.91	(19.84)
EBITDA	92.63	195.30	(21.95)
Net Profit	18.61	145.05	(59.07)

In Q2/2021, Revenue from Sales and Services was Baht 403.30 Million, and 176.01 percent increased y-o-y mainly from the increasing demand for leather especially in the automotive business segment increasing of 318.18 percent. Year 2020 was affected by the epidemic situation of the COVID-19, which reduced the demand for leather in the world market. Comparing to q-o-q, Revenue from Sales and Services decreased 7.64 percent mainly from Automotive business Revenue, decreased Baht 60.02 Million or 17.80 percent.

In the second quarter of 2021, Gross profit was Baht 70.04 Million, an increase compared to the same period of the previous year due to year 2020 impacted by the Covid-19 epidemic situation. Compared to the previous quarter, the company Gross profit decreased by 19.84 percent.

In this quarter, the Company's profit before interest, income tax, depreciation and amortization was Baht 92.63 Million, an increase of 195.30 percent y-o-y and a decrease of 21.95 percent q-o-q.

Selling and administrative expenses were recorded Baht 42.47 Million, a slightly increase of Baht 0.49 Million from the same period of the previous year. And compared to the previous quarter, it increased by Baht 4.74 Million, mainly due to selling expenses and miscellaneous expenses.

The Company's net profit in the second quarter of 2021 was Baht 18.61 Million or 4.61 percent, compared to Revenue from sales and services, an increase of 145.05 percent compared to y-o-y, and decrease of 59.07 percent q-o-q.

#### Financial Position

	<b>Jun. 2021</b>	<b>Dec. 2020</b>	<b>Jun. 2020</b>
	<b>(MB.)</b>	<b>(MB.)</b>	<b>(MB.)</b>
<b>Total Asset</b>	<b>3,705.66</b>	<b>3,643.44</b>	<b>3,676.26</b>
Current Asset			
Cash and Cash Equivalents	7.76	6.14	4.50
Trade and Other Receivables	158.91	171.93	78.10
Inventories	1,101.44	968.52	1,064.25
Property, Plant and Equipment - Net	2,321.39	2,365.61	2,434.38
<b>Total Liabilities</b>	<b>2,104.32</b>	<b>2,106.17</b>	<b>2,128.70</b>
Short-term Loans from Financial Institutions	959.69	958.34	1,210.89
Trade and Other Payables	210.25	209.37	131.61
Long-term Loans	849.80	835.16	676.62
<b>Total Shareholders' Equity</b>	<b>1,601.34</b>	<b>1,537.26</b>	<b>1,547.55</b>

As of June 30, 2021, total asset was recorded at Baht 3,705.66 Million, increased from year 2020 by Baht 62.22 Million, increasing from current assets. Trade accounts receivable was recorded Baht 158.91 million or 4.29 percent of total assets, a decrease of Baht 13.02 million compared to the previous year. Inventories was recorded at Baht 1,101.44 Million or 29.72 percent of total assets, an increase of Baht 132.92 Million compared to the previous year.

Property, plant and equipment as of June 30, 2021 equals Baht 2,321.39 Million or 62.64 percent of total assets

Long-term Loan increased from Baht 835.16 Million in year 2020 to Baht 849.80 Million, increased Baht 14.64 Million. The company drew down the Long-Term Loan from Bank with the total amount Baht 100 Million and the repayment of the long-term loan to the bank in amount of Baht 85.36 Million. The Current portion of long-term liabilities increased from Baht 221.05 Million in 2020 to Baht 305.29 Million, a decrease of Baht 84.24 Million.

As of June 30, 2021, unappropriated retained earnings were Baht 469.43 Million, an increase of Baht 64.08 Million compared to the previous year. Hence, Net Worth was recorded at Baht 1,601.34 Million or increased by 15.81 percent.



Financial Ratio

	Q2/2021	2020	Q2/2020
Current Ratio (times)	0.87	0.84	0.79
Quick Ratio (times)	0.11	0.12	0.06
ISCR (times)	7.91	5.15	4.36
DSCR (times)	1.12	0.94	1.29
Net Debt to EBITDA (times)	4.98	7.85	9.86
Debt to Equity (times)	1.31	1.37	1.38
Gross Profit Margin (%)	18.74	12.50	11.07
EBITDA Margin (%)	25.16	20.11	20.63
Net Profit Margin (%)	7.63	(3.32)	(7.07)
ROE (%)	8.17	(2.79)	(4.64)

Your faithfully

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Deputy Managing Director