

## Management Discussion and Analysis 2021

### IHL's Consolidated Performance Overview

	2021 (MB.)	% Y-o-Y
Revenue from Sales and Services	1,697.79	27.29
Total Revenue	1,720.44	28.59
Gross Profit	329.00	97.38
EBITDA	441.18	64.48
Net Profit	140.74	417.66

In 2021, Total Consolidated Revenue was 1,720.44 Million Baht, increased from 1,337.88 Million Baht in 2020 or increase of 28.59% y-o-y. Gross Profit Margin was 329.00 Million Baht, increase of 97.38% y-o-y.

Consolidated EBITDA was 441.18 Million Baht, increased 64.48% y-o-y or increased by 172.94 Million Baht. Net Profit for the year 2021 increased to 140.74 Million Baht, or increased 417.66% y-o-y. The previous year, the operating result lost due to the impact of the Covid-19 epidemic situation.

### Profit and Loss

The Company and its subsidiaries recorded Revenues from Sales and Services of 1,697.79 Million Baht, representing an increase of 363.95 Million Baht or 27.29 % y-o-y, driven by

increasing in revenue from Trim Cover and revenue from Cut Part which increased by 50.5% and 43.1% y-o-y respectively.

Revenue (Million Baht)	Operated by	% of Shareholder	2021		2020		% Change
			Revenue	%	Revenue	%	
Cut Part	IHL	100%	581	34%	406	30%	43.1%
Finished Leather	IHL	100%	119	7%	42	3%	183.3%
Crust Leather and Wet Blue	IHL	100%	34	2%	107	8%	(68.2%)
Service	IHL	100%	207	12%	228	17%	(9.2%)
Other Product	IHL	100%	89	5%	76	6%	17.1%
Trim Cover and Fabric for Car Seat	IHL / ISC	100%	662	39%	440	33%	50.5%
Other Product	ISC	100%	-	0%	3	0%	(100.0%)
Protein	IG	100%	2	0%	16	1%	(87.5%)
Other Product	IG	100%	4	0%	16	1%	0.0%
<b>Total</b>			<b>1,698</b>	<b>100%</b>	<b>1,334</b>	<b>100%</b>	<b>27.3%</b>

Gain on exchange registered at 2.69 Million Baht comparing to the previous year which lost on exchange at 3.08 Million Baht, resulting in Baht fluctuation.

Cost of Sales and Services was recorded at 1,368.79 Million Baht or 80.62% of Revenue from Sales and Services. Gross profit margin was 19.38% of Revenue from Sales and Services in year 2021, comparing to 12.50% from the previous year. The gross profit margin increased, the main reason was from the increasing of productivity and the efficiency in cost control, compared to the previous year that was not producing at full capacity.

Compared with 2020, Selling and Administrative Expenses decreased 10.68% or 18.69 Million Baht, recorded at 156.29 Million Baht in 2021. The previous year, the expense recorded Unrealized Loss on Fair Value of Derivatives of the interest rate swap (IRS) contract for the long term loan.

EBITDA increased from 268.23 Million Baht in 2020 to 441.18 Million Baht in 2021, an increase of 64.48% y-o-y. EBITDA margin increased from 20.11% to 25.99%.

Financial Cost slightly increased from 52.08 Million Baht in 2020 Baht to 53.66 Million Baht in 2021, mainly due to an increase in interest rates for short-term loans.

For the period of FY 2021, Net Profit registered at 140.74 Million Baht or 8.29 % of Revenue from Sales and Services, increased from the previous year in 185.05 Million Baht.

### Financial Position

	Dec. 2021 (MB.)	Dec. 2020 (MB.)
<b>Total Asset</b>	<b>3,669.16</b>	<b>3,643.44</b>
Current Asset		
Cash and Cash Equivalents	33.12	6.14
Trade and Other Receivables	188.77	171.93
Inventories	1,057.11	968.52
Property, Plant and Equipment - Net	2,279.22	2,365.61
<b>Total Liabilities</b>	<b>2,050.85</b>	<b>2,106.17</b>
Short-term Loans from Financial Institutions	1,084.22	958.34
Trade and Other Payables	191.78	209.37
Long-term Loans	697.44	835.16
<b>Total Shareholders' Equity</b>	<b>1,618.31</b>	<b>1,537.26</b>

Total assets recorded at 3,669.16 Million Baht, with an increase of 25.72 Million Baht compared with the previous year. The Company had inventories of 1,057.11 Million Baht or 28.81% of total assets, an increase of 88.59 Million Baht compared to the previous year. The Property, Plant, and Equipment decreased from 2,365.61 Million Baht to 2,279.22 Million Baht in year 2020 or decreased of 86.39 Million Baht. The Company invested in Machinery and Building improvement was 146.10 Million Baht, but the depreciation was recognized equal to 245.81 Million Baht.

The Company had Cash and Cash Equivalents increased from 6.14 Million Baht to 33.12 Million Baht.

Intangible Assets increased from 20.62 Million Baht to 22.88 Million Baht in year 2021, from investment in intangible assets to develop the production system including finance, costing and accounting.

Short-term loan from financial institute decreased from 899.52 Million Baht in 2020 to 813.00 Baht in 2021 or decrease of 86.52 Million Baht while Trust Receipt increased from 58.83 Million Baht to 271.22 Million Baht or increased 212.39 Million Baht. The Company purchased raw materials from abroad and investment in machinery.

Long-term Loan decreased from 835.16 Million Baht to 697.44 Million Baht, mainly due to the repayment of the long-term loan to the bank. The Company drew down Long-term Loan 100 Million Baht in this year.

In 2021, the Net Worth was recorded 1,618.31 Million Baht, an increase of 81.05 Million Baht from the previous year due to the year 2021 the Company had profit of 140.74 Million Baht and paid dividends of 59.28 Million Baht.



## Financial Ratio

	2021	2020
Current Ratio (times)	0.82	0.84
Quick Ratio (times)	0.14	0.12
ISCR (times)	8.22	5.15
DSCR (times)	1.23	0.94
Net Debt to EBITDA (times)	4.65	7.85
Debt to Equity (times)	1.27	1.37
Gross Profit Margin (%)	19.38	12.50
EBITDA Margin (%)	25.99	20.11
Net Profit Margin (%)	8.29	(3.32)
ROE (%)	8.92	(2.79)

Please be informed accordingly,

Your sincerely,

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Deputy Managing Director