

Management Discussion and Analysis Q3/2022

IHL's Consolidated Performance

	Q3/2022 (MB.)	% Y-o-Y	% Q-o-Q
Revenue from Sales and Services	564.85	46.20	32.50
Total Revenue	580.05	49.02	33.26
Gross Profit	74.77	(14.43)	(5.57)
EBITDA	111.57	(4.32)	4.25
Net Profit	26.00	(36.19)	3.27

In Q3/2022, Revenue from Sales and Services was Baht 564.85 Million, 46.20% increased y-o-y., and 32.50% increased q-o-q mainly from Automotive Business, Services, Shoes Business and Furniture Business due to the current economic condition has continuously improved from the previous quarter.

Gross profit was recorded at Baht 74.77 Million, 14.43% decreased y-o-y, and 5.57% decreased q-o-q. Gross profit margin was 13.24%, decreased compared with 18.57% in the previous period. Compared to the same quarter of the previous year, the gross profit margin also decreased from 22.62% to 13.24%, mainly due to the increase in production costs and expenses impact from the COVID-19 situation, Russia and Ukraine war including rising inflation. In addition, Thai Baht depreciated against the US dollar is a factor affecting the cost of raw hides and chemical cost increased.

EBITDA was Baht 111.57 Million, increased 4.25% q-o-q, but decreased 4.32% y-o-y.

Selling and administrative expense was recorded at Baht 38.31 Million, Baht 2.03 Million increased y-o-y. The main reasons are increasing expenses of the sales promotion, export costs and research & development of collagen product.

In Q3/2022, the Company's financial expenses recorded Baht 13.33 Million, increased Baht 0.60 Million compared to the previous quarter due to the rising in interest rates for the short-term loans.

In Q3/2022 the profit before tax was Baht 38.33 Million increasing 8.06% compared to the previous quarter. The company recorded Deferred Tax impact in amount of Baht 12.33 Million as a result, the net profit was Baht 26.00 Million or 4.60% compared to Revenue from Sales and Services.

Financial Position

	Sep. 2022 (MB.)	Dec. 2021 (MB.)	Sep. 2021 (MB.)
Total Asset	3,789.12	3,669.16	3,755.28
Current Asset			
Cash and Cash Equivalents	2.38	33.12	9.23
Trade and Other Receivables	257.27	188.77	193.66
Inventories	1,234.03	1,057.11	1,128.82
Property, Plant and Equipment - Net	2,190.04	2,279.22	2,297.96
Total Liabilities	2,132.51	2,050.85	2,172.47
Short-term Loans from Financial Institutions	1,243.22	1,084.22	1,115.43
Trade and Other Payables	320.31	191.78	198.45
Long-term Loans	517.55	697.44	773.62
Total Shareholders' Equity	1,656.61	1,618.31	1,582.82

As of Sep 30, 2022, total asset was recorded at Baht 3,789.12 Million, increased Baht 119.96 Million. Account Receivables was Baht 257.27 Million or 6.79% of total asset, increased by Baht 68.49 Million as compared with the last year. Inventory was Baht 1,234.03 Million, or accounted 32.57% of total asset.

Property, Plant and Equipment in this period was registered at Baht 2,190.04 Million, or 57.80% of total asset, decreased Baht 89.17 Million compared to the last year. Due to the Company's investment in machinery and Building improvement was Baht 86.61 Million, but the depreciation was recognized at Baht 176.01 Million.

Short-term loan from financial institutes increased from Baht 1,084.22 Million in year 2021 to Baht 1,243.22 Million in Q3/2022, increased by Baht 159.00 Million.

Long-term Loan decreased from Baht 697.44 Million in year 2021 to Baht 517.55 Million, decreased by Baht 179.28 Million mainly due to the scheduled repayment of principle to financial institution.

In May 2022, the Company paid dividends to shareholders at the rate of 0.10 Baht/share or equal to Baht 59.28 Million. As of September 30, 2022, the unappropriated retained earnings were Baht 524.70 Million.

Financial Ratio

	Q3/2022	Dec 2021	Q3/2021
Current Ratio (times)	0.85	0.82	0.83
Quick Ratio (times)	0.14	0.14	0.12
ISCR (times)	8.72	8.22	8.20
DSCR (times)	1.56	1.23	1.17
Net Debt to EBITDA (times)	4.75	4.65	4.97
Debt to Equity (times)	1.29	1.27	1.37
Gross Profit Margin (%)	16.57	19.38	19.96
EBITDA Margin (%)	23.03	25.99	26.74
Net Profit Margin (%)	6.68	8.29	8.55
ROE (%)	7.95	8.92	8.96

Your faithfully

(Ms. Kunvarin Veeraphuttivate)

Deputy Managing Director