

## Management Discussion and Analysis 2022

### IHL's Consolidated Performance Overview

	2022 (MB.)	% Y-o-Y
Revenue from Sales and Services	2,051.27	20.82
Total Revenue	2,070.96	20.37
Gross Profit	317.90	(3.37)
EBITDA	417.43	(5.38)
Net Profit	99.93	(29.00)

In 2022, Total Consolidated Revenue was 2,070.96 Million Baht, increased from 1,720.44 Million Baht in 2021 or increase of 20.37% y-o-y. Gross Profit Margin was 317.90 Million Baht, decrease of 3.37% y-o-y.

Consolidated EBITDA was 417.43 Million Baht, decreased 5.38% y-o-y or decreased by 23.75 Million Baht. Net Profit for the year 2022 decreased to 99.93 Million Baht, or decreased 29.00% y-o-y. The company recorded Deferred Tax impact in amount of 28.04 Million Baht.

### Profit and Loss

The Company and its subsidiaries recorded Revenues from Sales and Services of 2,051.27 Million Baht, representing an increase of 353.48 Million Baht or 20.82 % y-o-y, driven by increasing in revenue from Crust Leather and Services increased by 321% and 100% y-o-y respectively.

Revenue (Million Baht)	Operated by	% of Shareholder	2022		2021		% Change
			Revenue	%	Revenue	%	
Cut Part	IHL	100%	667	33%	581	34%	15%
Finished Leather	IHL	100%	142	7%	119	7%	19%
Crust Leather	IHL	100%	143	7%	34	2%	321%
Service	IHL	100%	415	20%	207	12%	100%
Other Product	IHL	100%	73	4%	89	5%	(18%)
Trim Cover and Fabric for Car Seat	IHL	100%	608	30%	662	39%	(8%)
Protein	IG	100%	0	0%	2	0%	(89%)
Other Product	IG	100%	3	0%	4	0%	0%
<b>Total</b>			<b>2,051</b>	<b>100%</b>	<b>1,698</b>	<b>100%</b>	<b>21%</b>

Gain on exchange registered at 15.76 Million Baht comparing to the previous year which gain on exchange at 16.23 Million Baht, resulting in Baht fluctuation.

Cost of Sales and Services was recorded at 1,733.37 Million Baht or 84.50% of Revenue from Sales and Services. Gross profit margin was 15.50% of Revenue from Sales and Services in year 2022, comparing to 19.38% from the previous year. The gross profit margin decreased mainly due to the increase in material costs and manufacturing expenses impact from the Covid -19 situation, Russia and Ukraine war including rising inflation. In addition, Thai Baht was depreciated against the US Dollar. All these factors affected the cost of raw material and chemical. In the 4th quarter, the company was affected by the increasing of electricity charge and the minimum wages.

Compared with 2021, Selling and Administrative Expenses slightly increased 0.62% or 0.97 Million Baht, recorded at 157.26 Million Baht in 2022. The main reasons are expenses of sales promotion, export cost and research & development of collagen product.

EBITDA decreased from 441.18 Million Baht in 2021 to 417.43 Million Baht in 2022, a decrease of 5.38% y-o-y. EBITDA margin decreased from 25.99% to 20.35%.

Financial Cost decreased from 53.66 Million Baht in 2021 Baht to 52.36 Million Baht in 2022, mainly due to reducing debt from the bank, both short -term and long -term loans.

For the period of FY 2022, the profit before tax was 127.97 Million Baht. The company recorded Deferred Tax impact in amount of 28.04 Million Baht as a result, the Net Profit registered at 99.93 Million Baht or 4.87 % of Revenue from Sales and Services.

### Financial Position

	<b>Dec. 2022 (MB.)</b>	<b>Dec. 2020 (MB.)</b>
<b>Total Asset</b>	<b>3,694.42</b>	<b>3,669.16</b>
Current Asset		
Cash and Cash Equivalents	4.84	33.12
Trade and Other Receivables	233.69	188.77
Inventories	1,204.42	1,057.11
Property, Plant and Equipment - Net	2,163.07	2,279.22
<b>Total Liabilities</b>	<b>2,035.46</b>	<b>2,050.85</b>
Short-term Loans from Financial Institutions	1,074.29	1,084.22
Trade and Other Payables	264.43	191.78
Long-term Loans	639.76	697.44
<b>Total Shareholders' Equity</b>	<b>1,658.96</b>	<b>1,618.31</b>

Total assets recorded at 3,694.42 Million Baht, with an increase of 25.26 Million Baht compared with the previous year, mainly due to increasing of Trade and Other Receivables as a result of Revenues from Sales and Services increasing.

The Company had Cash and Cash Equivalents decreased from 33.12 Million Baht to 4.84 Million Baht. The company is effective in managing cash flow.

The Property, Plant, and Equipment decreased from 2,279.22 Million Baht to 2,163.07 Million Baht in year 2022 or decreased of 116.15 Million Baht. The Company invested in Machinery and Building improvement was 133.09 Million Baht, but the depreciation was recognized equal to 237.09 Million Baht.

Intangible Assets decreased from 22.82 Million Baht to 20.94 Million Baht in year 2022, due to depreciation of Intangible Assets.

Short-term loan from financial institute decreased from 813.00 Million Baht in 2021 to 576.00 Baht in 2022 or decrease of 237.00 Million Baht while Trust Receipt increased from 271.22 Million Baht to 498.29 Million Baht or increased 227.07 Million Baht. The Company purchased raw materials from abroad and investment in machinery.

Long-term Loan decreased from 697.44 Million Baht to 639.76 Million Baht, mainly due to the repayment of the long-term loan to the bank. The Company drew down Long-term Loan 249 Million Baht in this year.

In 2022, the Net Worth was recorded 1,658.96 Million Baht, an increase of 40.65 Million Baht from the previous year due to the year 2022 the Company had profit of 99.93 Million Baht and paid dividends of 59.28 Million Baht.



## Financial Ratio

	2021	2021
Current Ratio (times)	0.89	0.82
Quick Ratio (times)	0.14	0.14
ISCR (times)	7.97	8.22
DSCR (times)	1.17	1.23
Net Debt to EBITDA (times)	4.88	4.65
Debt to Equity (times)	1.23	1.27
Gross Profit Margin (%)	15.50	19.38
EBITDA Margin (%)	20.35	25.99
Net Profit Margin (%)	4.87	8.29
ROE (%)	6.10	8.92

Please be informed accordingly,

Your sincerely,

Ms. Kunvarin Veeraphuttivate

Deputy Managing Director