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14 August 2026

Subject : Management Discussion and Analysis for Q2/2026

To : The President of The Stock Exchange of Thailand

Interhides Public Company Limited submitted a description and analysis of the management's financial performance and key figures in Quarter 2/2026.

**Business Overview for Quarter 2/2026**

In the second quarter of 2026, the Thai economy generally showed signs of slowing compared with the previous quarter due to the impact of higher energy prices resulting from the conflict in the Middle East. This led to an increase in commodity prices, thereby raising production and transportation costs. Furthermore, the global economy continued to slow down amid ongoing uncertainty surrounding the global economy and international trade, as well as pressure on energy prices, resulting in a slowdown in domestic consumption. Regarding the exchange rate of the US Dollar against Thai Baht, fluctuations in the exchange rate continued to affect export revenue with the Thai Baht appreciating compared with the previous year.

**IHL's Consolidated Performance**

| | Q2/2026 (MB.) | % Y-o-Y | % Q-o-Q |
|---|---|---|---|
| Revenue from Sales and Services | 518.13 | (13.15%) | 5.37% |
| Other Revenue | 172.15 | 16,629.45% | 5,057.16% |
| Total Revenue | 690.27 | 15.51% | 39.44% |
| Gross Profit | (50.43) | (138.59%) | (153.86%) |
| EBITDA | 105.34 | (17.33%) | 18.64% |
| Net Profit | 25.80 | (42.00%) | 56.24% |

In Q2/2026, Revenue from Sales was 518.13 Million Baht, representing a decrease of 13.15% y-o-y. The decrease was primarily attributable to Revenues from Leather for Automotive industry, amid continued economic uncertainty. The Company was also affected by foreign exchange fluctuations. As the company primarily exports finished products with sale prices denominated in US Dollars, it was adversely affected by the appreciation of the Thai

Baht against the US Dollar. In the second quarter of 2026, the average exchange rate was 32.75 Baht per US Dollar, compared with 33.27 Baht per US Dollar in the second quarter of 2025.

Revenue from Sales increased by 5.37% compared with the previous quarter, driven by Revenue of Finished Leather for Shoes industry.

In the second quarter of 2026, the Company recorded other income of 172.15 Million Baht, comprising 164.38 Million Baht from the disposal of non-current assets specifically Land, amounting to164.38 Million Baht, and a foreign exchange gain of 7.46 Million Baht. As a result, total net income amounted to 690.27 Million Baht, representing an increase of 15.51% y-o-y and 39.44% q-o-q.

The Company recorded a gross loss of 50.43 Million Baht. The main reason was the company's proactive policy of managing and clearing obsolete and discontinued inventories in order to enhance financial liquidity and mitigate the risk of inventory deterioration in the future.

Excluding the impact of clearance of obsolete or discontinued inventory, the Company's gross profit margin of revenue in the second quarter of 2026 was 20.04%, compared with 21.91% in the same period of the previous year. The decrease was primarily attributable to depreciation which represents a fixed cost as production output declined during the quarter, as well as the impact of higher energy price. These factors resulted in a slight increase in unit costs.

Earnings before interest, income tax, depreciation and amortization (EBITDA) were 105.34 Million Baht, representing a decrease of 17.33% y-o-y and an increase of 18.64% q-o-q. EBITDA margin was 21.36% of Revenue from Sales. In this quarter, Selling and administrative expenses were 68.86 Million Baht, an increase of 13.47 Million Baht, compared with Q2/2025, due to expense related to sale of land, specific business tax and land transfer fees.

Financing cost in Q2/2026 was 16.60 Million Baht, decrease of 2.79 Million Baht compared with the same period of the previous year. If compared with the past quarter, financing costs was slightly decreased 0.42 Million Baht. The decrease in finance cost was reduction in the short-term loans from financial institutions.

Net profit was registered at 25.80 Million Baht, representing a net profit margin of 4.98% of Revenue from Sales.

**Financial Position**

| | **Jun 2026 (MB.)** | **Dec 2025 (MB.)** |
|---|---:|---:|
| **Total Asset** | **4,101.92** | **4,185.68** |
| Current Asset | | |
| Cash and Cash Equivalents | 7.97 | 4.12 |
| Trade and Other Receivables | 251.81 | 175.23 |
| Inventories | 1,755.85 | 1,790.96 |
| Asset for Sales | - | 101.64 |
| Property, Plant and Equipment - Net | 2,006.65 | 2,039.74 |
| **Total Liabilities** | **2,364.45** | **2,491.46** |
| Short-term Loans from Financial Institutions | 1,465.15 | 1,673.30 |
| Trade and Other Payables | 329.69 | 228.41 |
| Long-term Loans | 268.53 | 306.57 |
| **Total Shareholders' Equity** | **1,737.47** | **1,694.21** |

As of June 30, 2026, Total Asset was recorded at 4,101.92 Million Baht, with a decrease of 83.76 Million Baht from the last year. Account Receivables amounted to 251.81 Million Baht, accounting for 6.14% of Total Asset, an increase of 76.58 Million Baht as compared with the last year. Inventory was 1,755.85 Million Baht, or accounting for 42.81% of Total Asset, a decrease of 35.11 Million Baht. The Company cleared inventories consisting of obsolete and discontinued products. At the same time, the Company expanded its business in the international footwear industry and therefore increased pigskin inventory to accommodate customer orders.

Property, Plant and Equipment in this period was registered at 2,006.65 Million Baht, accounting for 48.92% of Total Asset.

Total Liabilities amounted to 2,364.45 Million Baht, representing a decrease of 127.01 Million Baht from the previous year. Trade and Other Payables amounted to 329.69 Million Baht, an increase of 101.28 Million Baht. Short-term loans from financial institutions decreased by 208.15 Million Baht, primarily due to repayments of borrowings from financial institutions. Long-term Loans decreased from 306.57 Million Baht to 268.53 Million Baht, representing a decrease of 38.04 Million Baht, mainly due to the scheduled repayment of Long-term Loan.

As of June 30, 2026, the Company's total shareholder equity amounted to 1,737.47 Million Baht, representing an increase of 43.26 Million Baht or 2.55%, compared with last year. The increase was primarily attributable to net profit for the six-month period of 42.32 Million Baht.

**Cash Flow Statement**

The Company had cash and cash equivalents of 7.97 Million Baht, representing an increase of 3.85 Million Baht from the beginning of the period. Net cash provided by operating activities amounted to 33.94 Million Baht. Net cash provided by investing activities amounted to 182.64 Million Baht, primarily due to the disposal of non-current assets, particularly land, during the period. Meanwhile, net cash used in financing activities amounted to 213.70 Million Baht, mainly attributable to loan repayments.

**Financial Ratio**

| | 1 Half/2026 | Year 2025 | 1 Half/2025 |
|---|---|---|---|
| Current Ratio (times) | 0.98 | 0.97 | 0.95 |
| Quick Ratio (times) | 0.12 | 0.08 | 0.12 |
| ISCR (times) | 5.77 | 5.78 | 6.79 |
| DSCR (times) | 1.87 | 1.91 | 2.30 |
| Net Debt to EBITDA (times) | 6.09 | 5.88 | 4.82 |
| Debt to Equity (times) | 1.36 | 1.47 | 1.45 |
| Gross Profit Margin (%) | 4.28% | 20.97% | 22.27% |
| EBITDA Margin (%) | 19.22% | 19.32% | 20.76% |
| Net Profit Margin (%) | 4.19% | 5.15% | 7.48% |
| ROE (%) | 4.93% | 6.78% | 11.11% |

Please be informed accordingly,

Your sincerely,

(Ms. Kunvarin Veeraphuttivate)

Deputy Managing Director