



No. INGRS089

14 September 2022

Subject : Management Discussion & Analysis (MD&A) for the consolidated financial statements for the 2nd quarter ended 31 July 2022

To : The President
The Stock Exchange of Thailand

Ingress Industrial (Thailand) Public Company Limited (“**Company**”) would like to provide an explanation on the consolidated financial statements of the Company for the 2nd quarter ended 31 July 2022:

1. Sales Revenue

1.1 Sales revenue for the 3-months period ended 31 July 2022

For the 3-months period ended 31 July 2022, the Company registered sales revenue of Baht 1,044.1 million, an increase of Baht 626.5 million or 150.0% as compared to the same financial period last year of Baht 417.6 million.

The breakdown of the sales revenue by countries is as follows:

Countries	Q2 FY2022/23 Baht million	Q2 FY2021/22 Baht million	Variance Baht million	Variance (%)
Thailand	220.3	222.2	(1.9)	(0.9)
Malaysia	505.6	113.7	391.9	344.7
Indonesia	236.5	39.3	197.2	501.8
India	81.7	42.4	39.3	92.7
Total	1,044.1	417.6	626.5	150.0

Overall sales revenue increased as a results of volume improvement in every countries, except Thailand. Indonesia’s and Malaysia’s operation significantly improved because PT Ingress Industrial Indonesia (“PTIII”), the Company’s subsidiary in Indonesia, started its operation in January 2022 and for Malaysia, there was the temporary closure of our operations because of the Movement Control Order (“MCO”) during 2nd quarter, last year.

Overall sales revenue shown positive growth in line with the Total Industry Production (“TIP”) in all countries. The growth of the TIP is as tabulated below:

Countries	May22-Jul22 Thousand units	May21-Jul21 Thousand units	Variance Thousand units	Variance (%)
Thailand	415.2	397.3	17.9	4.5
Malaysia	160.1	45.6	114.5	251.2
Indonesia	309.4	242.4	67.1	27.7
India	1,313.3	974.7	338.6	34.7
Total	2,198.0	1,659.9	538.1	32.4

1.2 Sales revenue for the 6-months period ended 31 July 2022

For the 6-months period ended 31 July 2022, the Company registered sales revenue of Baht 2,001.6 million, an increase of Baht 780.8 million or 64.0% as compared to the same financial period last year of Baht 1,220.8 million.

The breakdown of the sales revenue by countries is as follows:

Countries	Q2 FY2022/23 Baht million	Q2 FY2021/22 Baht million	Variance Baht million	Variance (%)
Thailand	447.2	509.6	(62.4)	(12.2)
Malaysia	970.5	528.9	441.6	83.5
Indonesia	429.5	81.3	348.2	428.3
India	154.4	101	53.4	52.9
Total	2,001.6	1,220.8	780.8	64.0

Overall sales revenue increased as a results of volume improvement in every country, except for Thailand which impacted from lower volume and delay in project development activities for the die making project from the Company's subsidiaries, Fine Component (Thailand) Co., Ltd.. Apart from that, Indonesia's and Malaysia's operation significantly improved as explained in 1.1.

Despite the lower revenue from the die making business, overall sales revenue shown positive growth in line with the Total Industry Production ("TIP") in all countries. The growth of the TIP is as tabulated below:

Countries	Feb22-Jul22 Thousand units	Feb21-Jul21 Thousand units	Variance Thousand units	Variance (%)
Thailand	861.3	819.3	42.0	5.1
Malaysia	326.0	204.4	121.6	59.5
Indonesia	661.8	513.2	148.7	29.0
India	2,671.4	2,222.9	448.5	20.2
Total	4,520.6	3,759.8	760.8	20.2

2. Loss After Taxation ("LAT")

2.1 LAT for the 3-months period ended 31 July 2022

The Company registered LAT of Baht 104.1 million as compared to LAT of Baht 124.4 million from the same period last year.

For the 3-month period ended 31 July 2022, the gross margin declined to 3.1% as compared to the same period last year at 11.2% because newly Indonesia's project just started operation in 17 January 2022 and are not yet to achieve the breakeven sales revenue. Moreover, all subsidiaries of the Company experienced higher direct costs especially in Thailand and India from the rising material costs worldwide, impacting the gross margin.

Selling and administrative expenses decreased by Baht 25.7 million or 12.8% from the same period last year. This is because there was the reclassification of fixed overhead costs as administrative expenses in prior year because of subsidiaries' production not yet running at normal capacity due to the temporary closure. The fixed operation cost for 3-months period ended 31 July 2021 was Baht 54.6 million which included depreciation expense of Baht 11.2 million or 73.5% of the total fixed cost (Baht 1.3 million was reclassified in this year due to unutilized machine capacity before starting a new model in PTIII.)

Finance costs for the 3-months period showed an increase by 78.3% or by Baht 15.7 million, as compared to the same period last year due to higher borrowings to finance the capital expenditures of PTIII as well as working capital requirement.

2.2 LAT for the 6-months period ended 31 July 2022

The Company registered LAT of Baht 193.7 million as compared to LAT of Baht 127.2 million from the same period last year.

For the 6-months period ended 31 July 2022, the gross margin declined to 3.3% as compared to the same period last year at 14.0% because, apart from reasons explained in 2.1, there is an increase in development costs for new projects in a subsidiary in India. Also, the impact of new operation of PTIII in Indonesia and IATSB in Malaysia which operating at below breakeven revenue contribute to the higher loss for the 6-months period ended 31 July 2022.

Selling and administrative expenses increased by Baht 22.9 million or 7.0% from the same period last year, in tandem with the revenue growth. However, the fixed overhead cost for the 6-months period showed a decrease of Baht 38.0 million or 69.6% as compared to the same period last year because there was the reclassification explained in 2.1

Finance costs for the 6-months period showed an increase by 59.1% or by Baht 24.1 million, as compared to the same period last year due to the additional borrowings to finance the capital expenditures of PTIII and working capital of the Group.

3. Loss after Taxation and Minority Interests (“LATMI”)

3.1 LATMI for the 3-months period ended 31 July 2022

INGRS registered LATMI of Baht 60.7 million for 3-month period as compared to the same period last year with LATMI of Baht 86.2 million.

The higher losses as compared to previous year was mainly due to lower gross margin as explained above.

3.2 LATMI for the 6-month period ended 31 July 2022

INGRS registered LATMI of Baht 110.3 million for 6-month period as compared to the same period last year with LATMI of Baht 87.1 million.

The higher losses as compared to previous year was mainly due to lower gross margin as explained above.

4. Financial Position

Financial Position	31 July 2022 Baht million	31 January 2022 Baht million	Variance	
			Baht million	%
Total Assets	7,532.3	6,767.0	765.3	11.3
Total Liabilities	5,435.5	4,522.7	912.8	20.2
Total Equities	2,096.8	2,244.3	(147.5)	(6.6)

As at 31 July 2022, total assets increased by Baht 765.3 million as compared to 31 January 2021 largely attributable by the additional capital investment for projects by subsidiaries in Indonesia and Malaysia. The growth is represented by the Company's strategic plan to expand both in Indonesia and Malaysia over the last 2 years.

Total liabilities also increased by Baht 912.8 million or 20.2% as compared to 31 January 2022 from higher payables and additional borrowings. Part of the borrowings was paid for outstanding trade and payables arising from the capital expenditures and the operations in Indonesia and Malaysia.

Total equities decreased by Baht 147.5 million or 6.6% as compared to 31 January 2022 from LAT and gain from exchange differences on translation of financial statements in foreign currencies.

Please be informed accordingly.

Yours sincerely,



Hamidi Bin Maulod
Chief Executive Officer

