



No. INGRS098

14 June 2023

Subject : Management Discussion & Analysis (MD&A) for the consolidated financial statements for the 1st quarter ended 30 April 2023

To : The President
The Stock Exchange of Thailand

Ingress Industrial (Thailand) Public Company Limited (“**Company**”) would like to provide the explanations on the consolidated financial statements of the Group for the 1st quarter ended 30 April 2023 (“Q1 FY2023/24”):

1. Sales Revenue

For Q1 FY2023/24, the Group registered sales revenue of Baht 1,503.2 million, an increase of Baht 545.7 million or 57.0% as compared to the last financial year of Baht 957.5 million.

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

Countries	Q1 FY2023/24 Baht million	Q1 FY2022/23 Baht million	Variance Baht million	Variance (%)
Thailand	226.1	226.9	(0.8)	(0.4)
Malaysia	905.1	464.8	440.3	94.7
Indonesia	257.9	193.0	64.9	33.6
India	114.1	72.8	41.3	56.7
Total	1,503.2	957.5	545.7	57.0

The overall sales revenue increased as a result of an upturn in volume in every countries, with the exception of Thailand. Significant growth has been witnessed in Malaysia, primarily attributed to the contribution of two new plants located at Sungai Choh and Bukit Beruntung. These plants are dedicated to the additional assembly of components for Perodua and Proton models. Similarly, Indonesia's sales revenue has shown improvement, primarily driven by the successful mass production of another model for Hyundai. Furthermore, revenue from India's operation is directly correlated with the overall growth in the total industry production ("TIP"), reflecting the growing demand of vehicles in the local market.

The overall sales revenue depicted a positive growth trend in line with the TIP in all countries, except Indonesia. The growth of TIP is presented in the tabular form below:

Countries	Feb 23-Apr23 Thousand units	Feb 22-Apr22 Thousand units	Variance Thousand units	Variance (%)
Thailand	463.1	446.1	17.0	3.8
Malaysia	181.0	165.9	15.1	9.1
Indonesia	332.7	352.4	(19.7)	(5.6)
India	1,462.9	1,358.1	104.8	7.7
Total	2,439.7	2,322.5	117.2	5.0

2. Profit After Taxation (“PAT”)

(Unit : Million Baht)	Q1 FY2023/24	Q1 FY2022/23	Change Amount	Change %
Sales and services income	1,503.2	957.5	545.7	57.0%
Gain on exchange	95.6	49.7	45.9	92.4%
Other income	45.0	33.0	12.0	36.4%
Cost of sales and services	(1,337.5)	(924.4)	(413.1)	44.7%
Gross Profit	165.7	33.1	132.6	400.6%
Gross Profit Margin (%)	11.0%	3.5%		7.6%
SG&A expenses	(174.9)	(176.6)	1.7	(1.0)%
Earnings before interest and tax	131.4	(60.8)	192.2	(316.1)%
Finance cost	(44.4)	(29.1)	(15.3)	52.6%
Profit (loss) before income tax	87.0	(89.9)	176.9	(196.8)%
Tax income (expenses)	(10.9)	0.3	(11.2)	(3,733.3)%
Profit (loss) for the period	76.1	(89.6)	165.7	(184.9)%

The Group registered PAT of Baht 76.1 million in comparison to loss after tax of Baht 89.6 million for the same period last year.

In Q1 FY2023/24, the **gross margin** experienced a significant increase, rising to 11.0% compared to the previous year's margin of 3.5%. This remarkable improvement can be attributed to the Group's two new growth engines in Indonesia and Malaysia. One of Company's subsidiaries in Malaysia successfully commenced mass production of another two new models in May 2022 and January 2023. Additionally, subsidiaries in Indonesia began delivering a second model for mass production to Hyundai. In addition to these two new growth engines, the subsidiary in India has improved cost management by sourcing raw materials at competitive prices without compromising on quality and a reduction in rejection costs. This has resulted in more efficient operations and better overall cost management.

The **selling and administrative expenses** decreased by Baht 1.7 million or 1.0% from the same period last year. This reduction can be attributed to a reclassification of idle operating costs that occurred during the Q1 FY2022/23. Specifically, an amount of Baht 15.2 million was reclassified due to unutilized machine capacity prior to commencing production of new models in Ingress AOI Technologies Sdn. Bhd. and PT Ingress Industrial Indonesia. Excluding the impact of this reclassification, the selling and administrative expenses increased by Baht 13.5 million, or 8.4% from same period last year. This rise is in line with the overall increase in revenue during the same period.

The **gain on exchange rate** in Q1 FY2023/24 is Baht 95.6 million in comparison to gain on exchange rate of Baht 49.7 million for the same period last year. This gain was primarily caused by the appreciation of the Indonesian Rupiah, the functional currency of the Company's subsidiaries, against the foreign currency denominated in trade payables and borrowing.

The **finance costs** in Q1 FY2023/24 experienced an increase of 52.6% or by Baht 15.3 million compared to the last financial year due to the additional borrowings undertaken to finance the capital expenditures and working capital of the Group.

3. Profit after Taxation and Minority Interests (“PATMI”)

The Group registered PATMI of Baht 46.6 million in Q1 FY2023/24 as compared to the same period last year with loss after taxation and minority interests of Baht 49.5 million.

The increase in profit, compared to the previous year, can primarily be attributed to the significantly higher gross margin, as explained above.

4. Financial Position

Financial Position	30 April 2023 Baht million	31 January 2023 Baht million	Variance	
			Baht million	%
Total Assets	6,996.2	6,768.7	227.5	3.4
Total Liabilities	5,153.6	4,981.9	171.7	3.4
Total Equities	1,842.6	1,786.8	55.8	3.1

As at 30 April 2023, the total assets increased by Baht 227.5 million, while the total liabilities showed an increase of Baht 171.7 million, representing a 3.4% rise compared to 31 January 2023. During the quarter, the Group recorded revenue growth and successfully commenced production of new models in Malaysia and Indonesia. In addition, improved cost management practices in India contributed to an increase in funds available for operations. These positive developments resulted in an overall increase in the total assets. In respect of the liabilities, the Group made financial arrangements to support capital and working capital requirements, which consequently led to an increase in total liabilities.

As at 30 April 2023, the total equities registered an increased Baht 55.8 million or 3.1% in comparison to 31 January 2023, owing to the profit incurred during the current financial year and the loss arising from exchange differences on translation of financial statements in foreign currencies.

Please be informed accordingly.

Yours sincerely,



Hamidi Bin Maulod
Chief Executive Officer

