



No. INGRS075

14 September 2021

Subject : Management Discussion & Analysis (MD&A) for the consolidated financial statements of the 2nd quarter ended 31 July 2021

To : The President
The Stock Exchange of Thailand

Ingress Industrial (Thailand) Public Company Limited (“INGRS”) would like to provide an explanation on the consolidated financial statements of INGRS for the 2nd quarter ended 31 July 2021:

1. Sales Revenue

1.1 Sales revenue for the 3-month period ended 31 July 2021

For the 3-month period ended 31 July 2021, INGRS registered sales revenue of Baht 417.59 million, an increase of Baht 7.63 million or 1.86% as compared to the 3-months period ended 31 July 2020 of Baht 409.96 million.

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

Countries	Q2 FY2021/22 Baht million	Q2 FY2020/21 Baht million	Variance Baht million	Variance (%)
Thailand	222.23	104.15	118.08	113.37
Malaysia	113.71	291.50	(177.79)	(60.99)
Indonesia	39.24	4.86	4.86	707.41
India	42.41	9.45	9.45	348.78
Total	417.59	409.96	7.63	1.86

During the 2nd quarter, INGRS’s Malaysia operation experienced the lowest revenue due to the temporary closure of our operations because of the Movement Control Order (“MCO”) imposed by Malaysian government to contain the 3rd wave of Covid-19. However, the recovery of production volume was seen until recently where the operation has resumed from 17 August 2021. We expect that this trend will continue with a better performance from Malaysia in the quarter. As an addition, the extension of tax incentives on car purchase in Indonesia until December 2021 have stimulated the demand of vehicles in 2021.

Overall sales revenue reflected significant recovery resulting from the improvement of economies in every country and the Total Industry Production (“TIP”) in all countries except Malaysia. The recovery has cushioned the Malaysia’s negative impact which normally is the main revenue contribution. The growth of TIP is as tabulated below:

Countries	May 21-Jul 21 Million units	May 20-Jul 20 Million units	Variance Million Units	Variance (%)
Thailand	0.40	0.22	0.18	81.82
Malaysia	0.05	0.09	(0.04)	(44.44)
Indonesia	0.26	0.04	0.22	550.00
India	0.90	0.39	0.51	130.77
Total	1.61	0.74	0.87	117.57

1.2 Sales revenue for the 6-months period ended 31 July 2021

For the 6-month period ended 31 July 2021, INGRS registered sales revenue of Baht 1,220.83 million, an increase of Baht 377.25 million or 44.72% as compared to the 6-months period ended 31 July 2020 of Baht 843.58 million.

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

Countries	Q2 FY2021/22 Baht million	Q2 FY2020/21 Baht million	Variance Baht million	Variance (%)
Thailand	509.59	298.69	210.90	70.61
Malaysia	528.89	452.33	76.56	16.93
Indonesia	81.35	39.85	41.50	104.14
India	101.00	52.71	48.29	91.61
Total	1,220.83	843.58	377.25	44.72

Overall sales revenue reflected significant recovery resulting from the improvement of economies in every country and the Total Industry Production (“TIP”) in all countries especially in Indonesia and India which have highly impacted by the pandemic in prior year. The growth of TIP is as tabulated below:

Countries	Feb 21-Jul 21 Million units	Feb 20- Jul 20 Million units	Variance Million Units	Variance (%)
Thailand	0.82	0.58	0.24	41.38
Malaysia	0.21	0.15	0.06	40.00
Indonesia	0.53	0.30	0.23	76.67
India	2.17	0.96	1.21	126.04
Total	3.73	1.99	1.74	87.44

2. Loss After Taxation (“LAT”)

2.1 LAT for the 3-months ended 31 July 2021

INGRS registered LAT of Baht 124.40 million as compared to LAT of Baht 107.53 million from the same period last year.

For the 3 months period ended 31 July 2021, the sales revenue and TIP as well as gross margin were improved at 11.25% as compared to the same period last year. However, there were fixed cost from the temporary closure of Malaysia’s operations from June 21 to July 21 because of the Covid-19, causing the deterioration of the bottom line.

Selling and administrative expenses increased by Baht 46.38 million or 46.39% from the same period last year in tandem with the growing of revenue in operation in all countries except Malaysia. For Malaysian companies, there still were fixed operating expense which the majority is salary and administrative expense during the temporary closure.

During the temporary closure, there was fixed operation cost of Baht 55.11 million which included depreciation expense of Baht 26.00 million or 47.17% of the total fixed cost.

Finance costs for the 3-month period showed an increase by 40.71% or by Baht 5.80 million, as compared to the same period last year due to additional short-term borrowings to cover the working capital during the temporary closure as well as the development costs.

2.2 LAT for the 6-month ended 31 July 2021

INGRS registered LAT of Baht 127.20 million as compared to LAT of Baht 190.26 million from the same period last year.

The recovery of sales revenue as well as the improvement of gross margin at 14.01% in this period as compared to 8.00% for the same period last year had significantly improved the bottom line.

Selling and administrative expenses increased by Baht 44.10 million or 19.16% from the same period last year, in tandem with the growing of revenue. This increase is cushioned from continuous cost reduction activities and enhanced austerity drive which are the main reasons for the savings to further improve the bottom line.

As mentioned in 2.1 above, the temporary closure of Malaysia's operations because of the Covid-19, resulting the fixed operation cost Baht 55.11million as compared to the fixed cost of Baht 30.74 million from the same period last year.

Finance costs for the 6-month period showed an increase by 42.13% or by Baht 12.09 million, as compared to the same period last year due to additional borrowings for working capital as well as to finance the development costs and capital expenditures.

3. Loss after Taxation and Minority Interests ("LATMI")

3.1 LATMI for the 3-months ended 31 July 2021

INGRS registered LATMI of Baht 86.23 million for the 3-months period ended 31 July 2020 as compared to the same period last year with LATMI of Baht 89.60 million.

The main reasons for the losses are as per explained in 2.1 above.

3.2 LATMI for the 6-months ended 31 July 2021

INGRS registered LATMI of Baht 87.08 million for the 6-months period ended 31 July 2020 as compared to the same period last year with LATMI of Baht 154.04 million.

The reduction of the losses as compared to previous year was due to the overall improvement in sales revenue and gross margin.

4. Financial Position

Financial Position	31 July 2021 Baht million	31 July 2020 Baht million	Variance	
			Baht million	%
Total Assets	5,149.46	4,269.82	879.64	20.60
Total Liabilities	2,994.81	2,062.28	932.53	45.22
Total Equities	2,154.65	2,207.54	(52.89)	(2.40)

As at 31 July 2021, total assets increased by Baht 879.64 million as compared to 31 July 2020 largely attributable by the additional capital investment in new projects by PT Ingress Industrial Indonesia (PTIII) Baht 861.58 million.

Total liabilities also increased by Baht 932.53 million or 45.22% from 31 July 2021 from additional borrowings and trade payables to support the capital investments and the operations in Indonesia.

Please be informed accordingly.

Yours sincerely,



Hamidi Bin Maulod
Chief Executive Officer

