



No. INGRS079

14 December 2021

Subject : Management Discussion & Analysis (MD&A) for the consolidated financial statements of the 3rd quarter ended 31st October 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 3rd quarter ended 31st October 2021:

1. Sales Revenue

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

For the 3-month period ended 31 October 2021, INGRS registered sales revenue of Baht 634.9 million, a decrease of Baht 19.2 million or 2.9% as compared to the 3-months period ended 31 October 2020 of Baht 654.1 million.

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

Countries	Q3 FY2021/22 Baht million	Q3 FY2020/21 Baht million	Variance Baht million	Variance (%)
Thailand	216.9	193.4	23.5	12.2
Malaysia	320.2	383.7	(63.5)	(16.5)
Indonesia	44.3	25.6	18.7	73.0
India	53.5	51.4	2.1	4.1
Total	634.9	654.1	(19.2)	(2.9)

For the period from 1 June 2021 to 17 August 2021, 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 when the operation has resumed from 18 August 2021. We expect that this trend will continue with a better performance from Malaysia in the next 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 slightly declined resulting from the shortage of semiconductor chips supplied to automotive industry causing the reduction of Total Industry Production (“TIP”) in all countries except Indonesia. The growth of TIP is tabulated below:

Countries	Aug 21-Oct 21 Thousand units	Aug 20-Oct 20 Thousand units	Variance Thousand units	Variance (%)
Thailand	398.2	416.1	(17.9)	(4.3)
Malaysia	125.3	158.8	(33.5)	(21.1)
Indonesia	303.5	155.6	147.9	95.1
India	899.3	1,141.5	(242.2)	(21.2)
Total	1,726.3	1,872.0	(145.7)	(7.8)

1.2 Sales revenue for the 9-months period ended 31 October 2021

For the 9-months period ended 31 October 2021, INGRS registered sales revenue of Baht 1,855.7 million, an increase of Baht 358.0 million or 23.9% as compared to the 9-months period ended 31 October 2020 of Baht 1,497.7 million.

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

Countries	Q3 FY2021/22 Baht million	Q3 FY2020/21 Baht million	Variance Baht million	Variance (%)
Thailand	726.5	492.0	234.5	47.7
Malaysia	849.1	836.1	13.0	1.6
Indonesia	125.7	65.4	60.3	92.2
India	154.4	104.2	50.2	48.2
Total	1,855.7	1,497.7	358.0	23.9

Overall sales revenue reflected significant recovery resulting from the improvement of economies in every country except Malaysia due to the MCO imposed. The positive growth in Malaysia mainly contributed by the newly operated subsidiary, Ingress AOI Technologies Sdn Bhd ("IATSB").

The TIP in all countries shown positive growth especially in Indonesia and India which is highly impacted by the pandemic in prior year. The growth of the TIP is as tabulated below:

Countries	Feb 21-Oct 21 Thousand units	Feb 20- Oct 20 Thousand units	Variance Thousand units	Variance (%)
Thailand	1,217.6	955.3	262.3	27.5
Malaysia	329.7	337.1	(7.4)	(2.2)
Indonesia	816.6	436.9	379.7	86.9
India	3,062.9	2,143.1	919.8	42.9
Total	5,426.8	3,872.4	1,554.4	40.1

2. Loss After Taxation ("LAT")

2.1 LAT for the 3-months ended 31 October 2021

INGRS registered LAT of Baht 49.4 million as compared to LAT of Baht 28.4 million from the same period last year.

For the 3 months period ended 31 October 2021, the gross margin declined to 10.6% as compared to the same period last year due to lower revenue. However, there were fixed cost from the temporary closure of Malaysia's operations from 1 June 2021 to 17 August 2021 because of the Covid-19, causing the deterioration of the bottom line.

Selling and administrative expenses increased by Baht 21.8 million or 18.0% from the same period last year. This is due to the reclassification of fixed overhead costs for Malaysian companies as administrative expenses during the temporary closure. During that period, the fixed operation cost was Baht 15.9 million which included depreciation expense of Baht 7.1 million or 44.5% of the total fixed cost.

Finance costs for the 3-month period showed an increase by 64.0% or by Baht 8.3 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 for new project development costs.

2.2 LAT for the 9-month ended 31 October 2021

INGRS registered LAT of Baht 176.6 million as compared to LAT of Baht 218.7 million from the same period last year.

The recovery of sales revenue as well as the improvement of gross margin at 12.8% in this period as compared to 11.6% for the same period last year had significantly improved the bottom line.

Selling and administrative expenses increased by Baht 94.8 million or 25.2% from the same period last year, in tandem with the growing of revenue. As mentioned in 2.1 above, the temporary closure of Malaysia's operations because of the Covid-19, resulting the fixed operation cost Baht 70.4 million as compared to the fixed cost of Baht 25.6 million from the same period last year. This increase is cushioned from continuous cost reduction activities and enhanced austerity drive which are the main reasons for the savings to further reduce the losses.

Finance costs for the 9-month period showed an increase by 48.9% or by Baht 20.4 million, as compared to the same period last year due to additional borrowings for working capital as well as to finance the new project development costs and capital expenditures.

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

3.1 LATMI for the 3-months ended 31 October 2021

INGRS registered LATMI of Baht 34.0 million for the 3-months period ended 31 October 2021 as compared to the same period last year with LATMI of Baht 16.7 million.

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

3.2 LATMI for the 9-months ended 31 October 2021

INGRS registered LATMI of Baht 121.1 million for the 9-months period ended 31 October 2021 as compared to the same period last year with LATMI of Baht 170.8 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 October 2021 Baht million	31 January 2021 Baht million	Variance	
			Baht million	%
Total Assets	5,547.5	4,891.1	656.4	13.4
Total Liabilities	3,400.5	2,718.9	681.6	25.1
Total Equities	2,147.0	2,172.2	(25.2)	(1.2)

As at 31 October 2021, total assets increased by Baht 656.4 million as compared to 31 January 2021 largely attributable by the additional capital investment in new projects by PT Ingress Industrial Indonesia (PTIII) and Ingress AOI Technologies Sdn Bhd (IATSB).

Total liabilities also increased by Baht 681.6 million or 25.1% from 31 January 2021 from additional borrowings and trade payables to support the capital investments and the operations in Indonesia and Malaysia.

Please be informed accordingly.

Yours sincerely,



Hamidi Bin Maulod
Chief Executive Officer

