



No. INGRS066

30 March 2021

Subject : Management Discussion & Analysis (MD&A) for the consolidated financial statements for the financial year ended 31 January 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 the Company for the financial year ended 31 January 2021:

### 1. Sales Revenue for the financial year ended 31 January 2021 (“FY2020/21”)

For the period from 1 February 2020 to 31 January 2021 (FY2020/21), INGRS registered sales revenue of Baht 2,153.29 million, a reduction of Baht 684.83 million or 24.13% as compared to the period from 1 February 2019 to 31 January 2020 (FY2019/20).

The breakdown of the revenue by countries are as follows:

Countries	FY2020/21 Baht million	FY2019/20 Baht million	Variance Baht million	Variance (%)
Thailand	704.38	1,027.52	(323.14)	(31.45)
Malaysia	1,187.45	1,389.43	(201.98)	(14.54)
Indonesia	100.81	226.79	(125.98)	(55.55)
India	160.65	194.38	(33.73)	(17.35)
<b>Total</b>	<b>2,153.29</b>	<b>2,838.12</b>	<b>(684.83)</b>	<b>(24.13)</b>

Overall sales revenue decline as an impact of lower production volume due to the lower production in automotive industry of 29.6%. This impact is in tandem with the countries’ drop in terms of Total Industry Production as tabulated below:

Countries	FY2020/21 Million units	FY2019/20 Million units	Variance Million Units	Variance (%)
Thailand	1.42	1.99	(0.57)	(28.7)
Malaysia	0.41	0.56	(0.15)	(26.8)
Indonesia	0.65	1.29	(0.64)	(49.6)
India	3.09	4.07	(0.98)	(24.1)
<b>Total</b>	<b>5.57</b>	<b>7.91</b>	<b>(2.34)</b>	<b>(29.6)</b>

During the 2<sup>nd</sup> quarter, INGRS experiencing the lowest revenue due to the temporary closure of our operations because of the Covid-19, however the recovery of production volume was seen at end of the 3<sup>rd</sup> quarter, continuing with favorable growth in the 4<sup>th</sup> quarter. We expect that this trend will continue with a better performance in the next financial year. As an addition, the extension of exemption on sales tax for vehicles in Malaysia until June 2021 as well as introduction of tax incentives on car purchase in Indonesia until December 2021 will stimulate the demand of vehicles in 2021.

## 2. Loss After Taxation (“LAT”)

For the financial year FY2020/21, INGRS registered LAT of Baht 259.89 million as compared to LAT of Baht 79.35 million from financial year FY2019/20.

The impact from the lower revenue was the main factor on the losses recorded. The gross profit declined to 11.3% in FY2020/21 as compared to 19.3% in FY2019/20. The gross profit has seen an improvement from the 3<sup>rd</sup> quarter of FY2020/21 as a result of enhance cost reduction activities as well as manufacturing efficiencies.

Selling and distribution expenses for FY2020/21 has reduced from FY2019/20 by Baht 16.4 million, in tandem with the reduction of revenue.

Administrative expenses in FY2020/21 shown a significant decrease of Baht 46.3 million as compared to FY2019/20. The continuous cost reduction activities and enhanced austerity drive are the main reasons for the savings to further improve the bottom line. This improvement was mainly due to decrease of personnel cost by 16.8%.

Finance costs in FY2020/21 shown an increase by 31.8% or by Baht 15.9 million, as compared to FY2019/20 due to additional borrowings to finance the development costs and capital expenditures for the new high tensile project in Ingress AOI Technologies Sdn Bhd (“IATSB”) and the new Hyundai project in Indonesia.

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

INGRS registered LATMI of Baht 221.91 million for the financial year FY2020/21 as compared to LATMI of Baht 76.09 million in the last financial year.

The increase of the losses from FY2019/20 is due to the overall lower revenue contribution in FY2020/21 and additional pre-operating costs for IATSB and PT Ingress Industrial Indonesia (“PTIII”).

## 4. Financial Position

Financial Position	31 <sup>st</sup> January 2021 Baht million	31 <sup>st</sup> January 2020 Baht million	Variance	
			Baht million	%
Total Assets	4,891.07	4,125.04	766.03	18.57
Total Liabilities	2,718.86	1,662.73	1,056.13	63.52
Total Equities	2,172.21	2,462.31	(290.10)	(11.78)

As at 31<sup>st</sup> January 2021, INGRS’s assets rose by Baht 766.03 million as compared to 31 January 2020 largely attributable by the additional capital investment in new projects by IATSB and PTIII.

Total liabilities also increased by Baht 1,056.13 million or 63.52% from 31 January 2020 from additional borrowings to support the capital investments.

As a result of losses incurred for the financial year FY2020/21, total shareholders’ equities reduced from Baht 2,462.31 million on 31 January 2020 to Baht 2,172.21million on 31 January 2021.

For the next financial year ending 31 January 2022 (“FY2021/22”), INGRS is looking for a promising improvement in automotive industry. In general, from the forecast released by automotive association bodies in Thailand, Malaysia, Indonesia and India, the growth projection for all countries combined is expected at approximately 39% in 2021 as compared to 2020. Specifically, for INGRS, the start of production of IATSB in end January 2021 and the expected start of operation of PTIII by the end of 2021 is expected to contribute positively for our revenue growth and overall better performance in FY2021/22.

Please be informed accordingly.  
Yours sincerely,

  
**Hamidi Bin Maulod**  
Chief Executive Officer

