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November 24, 2021

Subject: Management Discussion and Analysis Fiscal Year 2021

To: Managing Director

The Stock Exchange of Thailand

Inoue Rubber (Thailand) Public Company Limited (the "Company") would like to clarify its operation results for the Fiscal Year 2021 (ended September 30th, 2021) of the Company and its subsidiaries, as follows:

(Unit: million Baht)	Q1/2021	Q2/2021	Q3/2021	Q4/2021	FY2021	FY 2020	%YoY
Total Revenues	1,342.11	1,449.34	1,311.54	1,268.10	5,371.09	4,433.89	+21.14%
Cost of Sales and Services	1,094.71	1,188.75	1,146.76	1,147.28	4,577.50	3,799.05	+20.49%
Selling and Administration	97.05	96.37	94.22	84.89	372.53	370.51	+0.55%
EBIT	150.35	164.22	70.56	35.93	421.06	264.33	+59.29%
Net Profit (Loss)	121.18	131.88	57.70	29.27	340.03	219.06	+55.22%
Basic Earnings (Loss) per Share	0.63	0.69	0.30	0.15	1.77	1.12	+58.04%

Performance Report

From last year, the global economy is continuously recovered from the progress of COVID-19 vaccine injection and the ease of COVID-19 situation in many countries together with the recovery of Thai economy from government's stimulus measures. These positively affect the supply and demand of both domestic and foreign and lead to the recovery of Thai automotive industry and cause the automotive infrastructures increase their production, which leads to the increase in the production of automobiles 19.38% and motorcycles 10.88%. This affected the sales and production costs of the Company and the subsidiaries during the fiscal year 2021 (1 October 2020 to 30 September 2021) as follows;

1. The Company's total revenue increased by 937.20 million baht or 21.14% from last year.
2. The cost of sales and services increased by 778.45 million baht or 20.49% from the last year, mainly due to the increase of raw material according to demand and supply together with the increase of oil price and the increase of freight expenses due to the container shortage. However, the company's labor costs decreased due to closely costs monitoring.
3. Selling and administrative expenses slightly increased by 2.02 million baht or 0.55% from last year.

4. The Company received dividend income from the affiliate amounted to 21.56 million baht.

Overall, in FY2021, the Company had net profit around 340.03 million baht, increased around 120.97 million baht or 55.22% comparing to last year. The main reasons are the increase in sales and the effectiveness of closely expense monitoring. The Company's earnings per share is 1.77 baht.

Moreover, in FY2021, the Company had technology and innovation research and development expenditure following the suggestion, or additional explanation on technology and innovation research and development expenditure around 47.02 million baht.

Financial Status

As at September 30, 2021, the Company had total assets at 5,295.37 million baht, increased by 706.81 million baht comparing to September 30, 2020. The main reasons are the increase of value of equity instrument resulted from the change of valuation method due to the adoption of the financial reporting standards related to financial instruments (TFRS 9). In addition, trade and other receivables and inventories also increase following the increasing sales. Moreover, the Company has increased investment in debt instruments as well.

The total liabilities of the company were 1,400.91 million baht, increased by 361.34 million baht compared to September 30, 2020 mainly due to the increase of trade and other payables.

In this regard, the Company has shareholders' equity of 3,894.47 million baht, increased by 345.47 million baht from unappropriated retained earnings and change in other components of equity due to the adoption of the financial reporting standards relate to financial instruments (TFRS 9). This results in the book value per share of the company at 20.26 and the debt to equity ratio (D/E ratio) at 0.36.

Cash Flow

In FY2021, the Company had net cash generated from operating activities around 609.94 million baht, increased by 29.47 million baht. The net cash used in investing activities was 401.96 million baht, increased by 324.59 million baht, mainly due to investment in debt instruments. There was net cash paid for financing activities around 109.76 million baht, mainly from dividend payment.

As of September 30, 2021, the Company had cash and cash equivalents around 1,003.32 million baht, increased by 98.22 million baht compared to September 30, 2020.

The Company's measures toward the COVID-19 epidemic

According to the third wave of COVID-19 epidemic, the Company has implemented the measures to manage the business risk to maintain the Company's performance by strictly following preventive measures of COVID-19 by the government. In addition, the Company has closely followed up the situation and orders from the customers in order to prepare proper production plan, as well as has cautiously monitored and managed all costs and expenses. Moreover, the Company has provided vaccine for the employees to create herd immunity.



The Possible Impacts on Financial Position and Performance in the Future

Economic and political situations of the world and Thailand as well as the COVID-19 epidemic are major factors that might affect the Company's performance in the future. The Company expects that the total sales will increase following the increase of the automotive industries production from the recovery of the COVID-19 epidemic. Additionally, there are other factors that might affect the Company as states below;

- Electrical Vehicle or EV: According to 30@30 policy from National Electric Vehicle Policy Committee (EV Board), the goal is to manufacture Zero Emission Vehicles at least 30% of total automobiles in 2030. The Company thus cooperates with the technology partners to manufacture the rubber parts and motorcycle tires to support the EV.
- The shortage of semiconductor affects automobile manufacturers that are our customers, thus causes the Company's production to falloff the target. The Company forecasts that the shortage of semiconductor will continue to next year. If the government accelerates COVID-19 vaccine injection, the economic activities will further continue and bring about the increase in domestic sales in Thailand. However, the Company closely follows up this situation.
- The shortage of shipping containers and the increase in freight cost affects the Company's export. Therefore, the Company manages the situation by booking containers in advance and closely coordination with the customers.
- Power crisis in China and the increase in oil price affect the production costs due to the increasing price of refined petroleum products. Thus, the Company manages the risks by doing futures contracts and closely coordination with the suppliers.
- Climate Change: The Company proceeds on environmental protection and carbon management by implements measures including efficient energy use, renewable energy use such as Solar roof; Zero waste; and 3R policy, and becomes Green Industry level 4.

The Company pays attention on the risk management in production cost and the competitiveness enhancement in all aspects including research and development, and improvement in industrial transformation which are in accordance with the Company's business plan.

Please be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)

(Mr. Shigeki Yamada)

Chairman

President