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November 24, 2022

Subject: Management Discussion and Analysis for FY2022

To: Managing Director

The Stock Exchange of Thailand

Inoue Rubber (Thailand) Public Company Limited (the "Company") would like to clarify its operation results for FY2022 of the Company and its subsidiaries, as follows:

(Unit: million Baht)	FY2022	FY2021	Change	%YoY
Total Revenues	5,951.10	5,371.10	580.00	+10.80%
Cost of Sales and Services	5,442.82	4,577.50	865.32	+18.90%
Selling and Administration	385.90	372.54	13.36	+3.59%
EBIT	122.38	421.07	(298.69)	-70.94%
Net Profit	109.94	340.03	(230.09)	-67.67%
Basic Earnings per Share	0.57	1.77	(1.20)	-67.68%

Performance Report

With the relief of the COVID-19 epidemic situation, the Thai and global economies tend to improve. Otherwise, the protracted war between Russia and Ukraine that began in February 2022 and has continued to the present and the impact of geopolitical conflicts would affect the global energy situation, with the shortage of oil and the price of crude oil rising rapidly. Moreover, it was the interruption of the production of upstream raw materials and the shortage of electronic circuit boards. As a result, raw material prices rise quickly and dramatically. It also affects the production of electronic products around the world. In comparison to the prior year, Thailand's automobile production increased by 9.63 percent, and motorcycle production increased by 10.96 percent. These factors have the following impact on the company's and subsidiaries' sales and production costs during the fiscal year 2022 (October 1, 2021 to September 30, 2022);

1. The company's total revenue increased by 580 million baht or 10.80% from last year.
2. The cost of sales and services increased by 865.32 million baht, or 18.90%, from last year, mainly due to the increase in raw material costs according to demand and supply. This includes the global increase in oil prices.
3. Selling and administrative expenses decreased by 13.36 million baht or 3.59% from last year.
4. The Company received dividend income from the affiliate amounted to 13.18 million baht.



Overall, in FY2022, the Company had net gain around 109.94 million baht, decreased around 1.92 million baht or 1.72% compared to last year, mainly from the higher raw material prices. The Company recorded earning per share at 0.57 baht.

Moreover, in FY2022, 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 40.01 million baht.

Financial Status

As of September 30, 2022, the company had total assets of 5,272.35 million baht, decreased by 23.02 million baht compared to September 30, 2021. The main reason is the decrease of value of equity instrument which is resulted from the review of cash flow projection in relation to dividend income. The Company has delayed receiving cash inflow from dividends during the period that the investee builds a new manufacturing plant.

The total liabilities of the company were 1,440.32 million baht, increased by 39.41 million baht compared to September 30, 2021 mainly due to the decrease of trade and other payables.

In this regard, the Company has shareholders' equity of 3,832.03 million baht, decreased by 62.44 million baht from unappropriated retained earnings result from dividend payment and also from other components of equity related to measurement of equity instruments which decreases from the review of cash flow projection in relation to dividend income and the Company has delayed receiving cash inflow from dividends during the period that the investee builds a new manufacturing plants. This results in the book value per share of the company at 19.94 baht and the debt to equity ratio (D/E ratio) at 0.38.

Cash Flow

In FY2022, the Company had net cash generated from operating activities around 340.46 million baht, decreased about 269.46 million baht compared to the same period last year. The net cash used in investing activities was around 276.34 million baht, decreased about 125.62 million baht compared to the same period last year, mainly from investment in debt instruments. The net cash paid for financing activities around 170.17 million baht, increased about 60.43 million baht compared to the same period last year, mainly from dividend payment.

As of September 30, 2022, the Company had cash and cash equivalents around 897.27 million baht, decreased around 106.05 million baht compared to September 30, 2021.

The Possible Impacts on Financial Position and Performance in the Future

The overview of Thailand's economic situation from the end of 2022 until the beginning of 2023 is likely to continue to improve. Since the COVID-19 epidemic has subsided, domestic consumption has increased, and the tourism industry has recovered due to the opening of the country and the increasing easing of cross-border travel measures. As a result of these factors, various economic activities gradually return to normal.



The global economy and export activities are continuing to be under pressure from inflation that is caused by high energy and food prices. Foreign countries are tightening their monetary policies by raising the interest rate in order to control inflation. In addition, the Chinese economy has recovered slowly, which has led to an increase in exports at a slower rate than the rest of the world. Unless there is a chance for a recession in export markets such as the United States or the European region.

Despite the decline in energy prices compared to the beginning of 2022, global energy prices remain high due to the ongoing conflict in Europe between Ukraine and Russia and the resulting shortage of parts, including raw materials. The disruption of the supply chain and the demand for goods persisted as China's COVID-Zero policy persisted. However, the Federation of Thai Industries report for the third quarter of 2022 states that the semiconductor shortage of auto parts has improved and the majority of export markets are increasing as well.

For the year 2023, the expectations of the automotive industry in Thailand and throughout the world will continue to grow for both internal combustion vehicles (ICE) and electric vehicles (EV), which will be the development period of the land transportation system both domestically and internationally. The company and its subsidiaries have experience and are ready to develop support for all vehicle systems in order to keep up with and adapt to future changes.

Please be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)

(Mr. Shigeki Yamada)

Chairman

President