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February 11, 2021

Subject: Management Discussion and Analysis for Quarter 1/FY2021

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 Quarter1/FY2021 (ended December 31, 2020) of the Company and its subsidiaries, as follows:

(unit: million baht)	Q1/FY2021	Q1/FY2020	change	%YoY
Total Revenues	1,342.12	1,245.17	96.95	+7.79%
Cost of Sales and Services	1,094.72	1,074.00	20.72	+1.93%
Selling and Administrative Expenses	97.07	99.63	(2.55)	-2.56%
EBIT	150.33	71.54	78.79	+110.12%
Net Profit	121.18	59.74	61.44	+102.85%
Basic Earnings per Share (baht)	0.63	0.30	0.33	+102.85%

Performance Report

The global and Thai economy continuously recover from the government's stimulus measures together with the progress of COVID-19 vaccine. This affects both domestic and foreign supply and demand. Consumers have increasing purchasing power. The automotive infrastructures increase their production, which leads to the increase in the production of Thai automobiles 5.35% and Thai motorcycles 1.9%. This affects the sales and production costs of the Company and the subsidiaries in the 1st quarter of the fiscal year 2021 (October 1, 2020 to December 31, 2020) as follows;

1. The company's total revenue increased by 96.95 million baht or 7.79% from the same period last year.
2. The cost of sales and services increased by 20.72 million baht or 1.93% from the same period last year, which was lower than the percentage of sales increase. This was the result of the reduction of the raw material costs following the drop of oil price, and the efficiency of the costs monitoring.
3. Selling and administrative expenses decreased by 2.55 million baht or 2.56% from the same period last year, mainly because the Management has closely monitored the operating expenses.

Overall, in Q1/FY2021, the Company had net profit around 121.18 million baht, increased around 61.44 million baht or 102.85% comparing to the same period last year, mainly from the increase of sales and the effectiveness of the cost monitoring. The Company recorded earning per share at 0.63 baht.



Financial Status

As at December 31, 2020; the company had total assets of 4,946.56 million baht, increased by 358 million baht compared 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 relate to financial instruments (TFRS 9), as well as the increase of trade and other receivables, and inventories following the sales rise. Moreover, the Company additionally invested in debt instruments in this period.

The total liabilities of the company were 1,177.66 million baht, increased by 138.09 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 3,768.91 million baht, increased by 219.91 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 resulted in the book value per share of the company at 19.61 and the debt to equity ratio (D / E ratio) at 0.31.

Cash Flow

As at December 31, 2020, the Company had net cash generated from operating activities around 180.37 million baht, increased about 23.72 million baht. The net cash used in investing activities was around 235.20 million baht, increased about 82.25 million baht mainly from the investment in debt instruments. However, there was no cash paid for financing activities in the period.

As at December 31, 2020; the Company had cash and cash equivalents at 850.27 million baht, increased around 247.49 million baht compared to the same period last year.

The Company's measures toward the COVID-19 epidemic

According to the COVID-19 epidemic, the Company has implemented the measures to manage the business risk to maintain the Company's performance by controlling and reducing the production cost including raw material, manpower and expenses, as well as reviewing the budget forecast to strictly control the investment budget and cash flow. Moreover, the Company has closely coordinated with the customers, suppliers and all stakeholders to share information in order to prepare the corresponding production plan and operate effectively.

Pleased be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)
Chairman

(Mr. Katsunori Ito)
President