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May 11<sup>th</sup>, 2020

Subject: Management Discussion and Analysis for Quarter 2/FY2020

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 Quarter2/FY2020 (ended March 31<sup>st</sup>, 2020) of the Company and its subsidiaries, as follows:

(unit: million baht)	Q2/FY2020	Q2/FY2019	change	%YoY
Total Revenues	1,327.01	1,390.26	(63.25)	-4.55%
Cost of Sales and Services	1,098.32	1,224.50	(126.18)	-10.30%
Selling and Administrative Expenses	105.74	104.66	1.08	1.03%
EBIT	122.95	61.10	61.85	101.23%
Net Profit	99.49	50.78	48.71	95.92%
Basic Earnings per Share	0.52	0.25	0.27	95.92%

### Performance Report

The epidemic of COVID-19 affects the supply and demand of both domestic and foreign. The global and Thai economy are slowdown, which impacts on the decrease in the production of Thai automobiles and motorcycles. The Company, as the 1<sup>st</sup> Tier and 2<sup>nd</sup> Tier rubber part manufacturer, starts to get impact slightly. This result in the sales and production costs of the company and the subsidiaries during the 2nd quarter of the fiscal year 2020 (1 January 2020 to 31 March 2020) as follows;

1. The company's total revenue decreased by 63.25 million baht or 4.55% from the same period last year. This is a result of the decrease in production of cars and motorcycles following the consumer demand. However, the company has dividends income around 22.10 million baht.
2. The cost of sales and services decreased by 126.18 million baht or 10.30% from the same period last year, mainly due to the reduction of raw material costs following the significant drop of oil price during March.
3. Selling and administrative expenses increased by 1.08 million baht or 1.03% from the same period last year.



Overall, in Q2/FY2020, the Company had net profit around 99.49 million baht, increased around 48.71 million baht or 95.92% comparing to the same period last year, and had earnings per share at 0.52 baht.

## Financial Status

As of 31 March 2020, the company had total assets of 4,712.98 million baht, decreased by 135.80 million baht compared to 30 September 2019 mainly due to the decrease of cash and cash equivalents, and trade and other receivables.

The total liabilities of the company were 1,208.68 million baht, decreased by 59.02 million baht compared to 30 September 2019 mainly due to the decrease of trade and other payables.

In this regard, the Company has shareholders' equity of 3,504.30 million baht, decreased by 76.78 million baht, resulting in the book value per share of the company at 17.62 and the debt to equity ratio (D / E ratio) at 0.34.

## Cash Flow

As of March 31<sup>st</sup>, 2020, the Company had net cash generated from operating activities around 239.25 million baht, increased about 160.80 million baht. The net cash used in investing activities was around 162.20 million baht, decreased about 123.11 million baht. The net cash used in financing activities was around 186.37 million baht from the payments for treasury shares.

As of March 31<sup>st</sup>, 2020, the Company had cash and cash equivalents at 489.89 million baht, decreased around 109.31 million baht compared to March 31<sup>st</sup>, 2019.

Pleased be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)  
Executive Chairman

(Mr. Katsunori Ito)  
President