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November 24, 2023

Subject: Management Discussion and Analysis for FY2023

To: Managing Director

The Stock Exchange of Thailand

Inoue Rubber (Thailand) Public Company Limited (the "Company") would like to clarify its operation results for FY2023 of the Company and its subsidiaries, as follows:

(Unit: million Baht)	FY2023	FY2022	Change	%YoY
Total Revenues	5,476.96	5,951.10	-474.14	-7.97%
Cost of Sales and Services	4,926.64	5,442.82	-516.18	-9.48%
Selling and Administration	380.19	385.90	-5.71	-1.48%
EBIT	170.13	122.38	47.75	39.02%
Net Profit	159.77	109.94	49.83	45.32%
Basic Earnings per Share	0.83	0.57	0.26	45.11%

Performance Report

The global economy is likely to improve after the decline of the inflation rate in many countries due to the direction of energy and commodity prices. However, the global economy is still at risk from the effects of tightening monetary policy from major central banks and a slowdown in world trade. Including geopolitical conflicts that are still protracted and still need to be closely watched. Moreover, the volatility of the average exchange rate is high but less than the same period last year. The Thai economy is experiencing a continued recovery in the tourism sector and domestic demand with the support of government policies. For exports, the recovery was slower than expected due to the slow recovery of the Chinese economy and the electronics cycle. These factors have the following impact on the company's and subsidiaries' sales and production costs during the fiscal year 2023 (October 1, 2022 to September 30, 2023);

1. The company's total revenue decreased by 474.14 million baht or 7.97% from last year.
2. The cost of sales and services increased by 516.18 million baht or 9.48% from last year, mainly due to the decrease of raw material costs according to demand and supply.
3. Selling and administrative expenses decreased by 5.71 million baht or 1.48% from last year.

Overall, in FY2023, the Company had net gain around 159.77 million baht, increased around 49.83 million baht or 45.32% compared to last year. The Company recorded earning per share at 0.83 baht.



Moreover, in FY2023, 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 74.44 million baht.

Financial Status

As of September 30, 2023, the company had total assets of 5,032.50 million baht, decreased by 239.85 million baht compared to September 30, 2022. The main reason is the decrease of inventory and trade and other receivables.

The total liabilities of the company were 1,103.17 million baht, decreased by 337.15 million baht compared to September 30, 2022 mainly due to the decrease of trade and other payables.

In this regard, the Company has shareholders' equity of 3,929.32 million baht, increased by 97.29 million baht from unappropriated retained earnings result from dividend payment. This results in the book value per share of the company at 20.44 baht and the debt to equity ratio (D/E ratio) at 0.28.

Cash Flow

In FY2023, the Company had net cash generated from operating activities around 536.27 million baht, increased about 195.81 million baht compared to the same period last year. The net cash used in investing activities was around 231.31 million baht, decreased about 45.03 million baht compared to the same period last year, mainly from investment in land, building and equipment. The net cash paid for financing activities around 56.11 million baht, decreased about 114.06 million baht compared to the same period last year, mainly from decrease of dividend payment.

As of September 30, 2023, the Company had cash and cash equivalents around 1,146.13 million baht, increased around 248.86 million baht compared to September 30, 2022.

The Possible Impacts on Financial Position and Performance in the Future

The overview of Thailand's economic situation from the end of 2023 until the beginning of 2024 is likely to continue to improve with the expansion of domestic consumption, from support factors to spending within the country. In 2024, we need to keep an eye on the uncertainty of government policies and the impact of the El Niño phenomenon. Including the geopolitical situation that may affect the cost of raw materials, even though headline inflation in 2023 has decreased and entered the target.

The world economy, especially the US economy, has continuously expanded, mainly in the service sector. Meanwhile, the Chinese economy is recovering slower than expected due to problems in the real estate sector that continue to depress domestic confidence and demand, along with the export sector that has not clearly recovered, which has affected the export activities of Asian countries. However, it is expected that Asian exports will gradually recover in early 2024 in line with the recovery of world demand for products. Gradually releasing inventory and the recovery of the electronic cycle This will help support the economic expansion of trading partner countries in the future. The global economy is still at risk from the effects of tightening monetary policy from major central banks and global trade, which may slow down more than



expected due to Chinese demand and protracted geopolitical conflicts. This will have implications for monetary policy and the global economy going forward.

For the dimension of production cost, there is still concern about the direction of the conflict situation between Ukraine and Russia, which is still protracted. The war between Israel and Hamas and the trade war between China and the United States all have an impact on global raw material costs.

For the year 2024, 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