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August 14, 2020

Subject: Management Discussion and Analysis for Quarter 3/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 Quarter3/FY2020 (ended June 30, 2020) of the Company and its subsidiaries, as follows:

(unit: million baht)	Q3/FY2020	Q3/FY2019	change	%YoY
Total Revenues	739.20	1,317.88	(578.68)	-43.91%
Cost of Sales and Services	679.59	1,206.22	(526.63)	-43.66%
Selling and Administrative Expenses	87.34	114.92	(27.58)	-24.00%
EBIT	(27.73)	(3.27)	(24.46)	748.01%
Net Profit (Loss)	(21.72)	(0.34)	(21.38)	6288.24%
Basic Earnings (Loss) per Share	(0.110)	(0.002)	(0.108)	6288.24%

Performance Report

The epidemic of COVID-19 affects the supply and demand of both domestic and foreign. The global and Thai economy are slowdown. The consumers have low purchasing power. Many automotive infrastructures stop their production, which leads to the decrease in the production of Thai automobiles and motorcycles. The Company, as the 1st Tier and 2nd Tier rubber part manufacturer, gets impact directly from the abovementioned situation. This affects the sales and production costs of the company and the subsidiaries during the 3rd quarter of the fiscal year 2020 (April 1, 2020 to June 30, 2020) as follows;

1. The company's total revenue decreased by 578.68 million baht or 43.91% from the same period last year. This is a result of the decrease in production of cars and motorcycles following the consumer demand.
2. The cost of sales and services decreased by 526.63 million baht or 43.66% from the same period last year, mainly due to the reduction of raw material costs following the significant drop of oil price.
3. Selling and administrative expenses decreased by 27.58 million baht or 24% from the same period last year, mainly due to the decrease of labor cost.

Overall, in Q3/FY2020, the Company had net loss around 21.72 million baht, increased around 21.38 million baht or 6,288.24% comparing to the same period last year, and had loss per share at 0.11 baht.



Financial Status

As of June 30, 2020; the company had total assets of 4,318.73 million baht, decreased by 530 million baht compared to September 30, 2019 mainly due to the decrease of trade and other receivables.

The total liabilities of the company were 849.65 million baht, decreased by 418 million baht compared to September 30, 2019 mainly due to the decrease of trade and other payables.

In this regard, the Company has shareholders' equity of 3,469.08 million baht, decreased by 112 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 0.24.

Cash Flow

As of June 30, 2020, the Company had net cash generated from operating activities around 449.78 million baht, increased about 247.56 million baht. The net cash used in investing activities was around 117.72 million baht, decreased about 195.53 million baht. The net cash used in financing activities was around 197.21 million baht, increased around 17.91 million baht mainly from the payments for treasury shares.

As of June 30, 2020; the Company had cash and cash equivalents at 734.05 million baht, increased around 201.42 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 risk from sales reduction by controlled and reduced the production cost including raw material, manpower and expenses, as well as reviewed 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. Besides, the Company has strived for the research and development in new products to support the new markets continuously, as well as has consistently paid attention on the announcement and regulations from the government sector to be ready for the cooperation.

Pleased be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)

Executive Chairman

(Mr. Katsunori Ito)

President