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November 13, 2023

Subject: Management Discussion & Analysis (MD&A) for the Financial Statements of the 3rd Quarter of Fiscal Year 2023 Ended as of September 30, 2023

To: The President
The Stock Exchange of Thailand

AAPICO Hitech Public Company Limited (“the Company”) would like to explain the consolidated financial statements of the Company for the 3rd quarter of fiscal year 2023 ended as of September 30th, 2023, which can be summarized as follows:

1) Profit & Loss Analysis : Q3 2023 (3 Months)

(Unit : Million Baht unless otherwise stated)	Q3 2023	Q3 2022	Change	
			Amount	% Change
Total Revenues	7,792	7,550	242	3.2%
Sales and service income	7,624	7,300	324	4.4%
Gains on Exchange rate	69	175	-106	-60.3%
Other Income	99	75	24	30.8%
Cost of Sales and Services	6,729	6,486	243	3.7%
Gross Profit	895	813	82	10.1%
Gross Profit Margin (%)	11.7%	11.1%	0.6%	
SG&A Expenses	457	456	1	0.2%
EBIT before share of profit (loss) from Investment in Associates and Joint Venture	607	608	-1	-0.2%
Share of profit (loss) from Investment in Associates and Joint Venture	81	152	-71	-46.9%
EBIT	688	760	-72	-9.6%
Interest Income	4	3	1	48.7%
Finance cost	-124	-86	-38	43.7%
Income tax expenses	-74	-68	-6	8.4%
Net profit (loss) Attributable to Equity Holders	501.0	601	-100	-16.6%
Net profit (loss) Attributable to Equity Holders Margin (%)	6.4%	8.0%	-1.6%	
Net profit (loss) attributable to equity holders (Exclude Gain (Loss) on exchange rate)	432	426	6	1.3%
Net profit (loss) attributable to equity holders Margin (%) (Exclude Gain (Loss) on exchange rate)	5.6%	5.8%	-0.2%	
EBITDA	1,031	1,036	-5	-0.5%

Total revenue increased by 3.2% year-on-year. Sales and service income increased by 4.4% attributable to 6.7% increase in automotive parts businesses and 1.1% decrease in dealership businesses respectively. It is noteworthy that our revenue growth outperformed the industry growth in terms of production volume which declined 6.0% due to the following reasons:

1) Automotive Parts Business; Higher order, new product launch in Q3 last year now exported to Argentina and South Africa in addition to production for Thai market at the start, continued order from overseas customer and management's effort to diversify into higher value product range are the main driver for higher revenue. We report growth in all our key markets; Thailand, Portugal and China grew 3.6%, 7.1% and 12.7% year-on-year respectively.

2) Car Dealerships and Services Center Business; Higher sales in the dealership business in Malaysia was driven by opening of a new Proton showroom in October 2022 and Proton's new model launches in 2023. However, the increased sales of Malaysia dealership was offset by lower sales of Thailand Dealership due to tighter lending policy of auto financing provider.

Cost of sales and services increased in accordance with higher sales. Gross profit increased 10.1% from Baht 813.4 million in Q3 2022 to Baht 895.2 million in Q3 2023. Gross profit margin increased from 11.1% in Q3 2022 to 11.7% in Q3 2023 thanks to higher order, new products and continued order from overseas customer for auto parts manufacturing business.

Selling and administrative expenses increased by 0.2% from Baht 455.5 million in Q3 2022 to Baht 456.5 million in Q3 2023.

Core operating profit (defined as Earnings before Interests and Taxes exclude interest income, gain (loss) on exchange rate and other irregular items) reached Baht 618.2 million in Q3 2023; a 5.6% increase from that of Q3 2022 of Baht 585.7 million. The increase in core operating profit was mainly due to increased volume and product mix of automotive parts business.

Gain on foreign currency exchange rate was Baht 69.3 million in Q3 2023, compared to a gain on foreign currency exchange of Baht 174.8 million in Q3 2022, caused by depreciation of Thai Baht. Gain on foreign currency exchange was mainly associated with the USD loan related to loan to SGAH and was non-cash in nature.

Share of profit (loss) from investment in associates and joint venture was at Baht 80.8 million in Q3 2023, compared to Baht 152.3 million in Q3 2022. The reduction mainly came from the following reasons:

1. No share of profit from Hyundai Motor (Thailand) (AH holds 20%) which stopped the business operation since Hyundai Motor Group has started the business operation in Thailand under Hyundai Mobility (Thailand) since 1 April 2023 onward.
2. The company has invested in a newly established JV company, namely Purem AAPICO in Thailand and Malaysia. Malaysia operation has just started the production in late of September while Thailand operation will start the production in December. Therefore, Purem AAPICO reported launch cost during this pre-operating period.

Net profit (loss) attributable to equity holders was Baht 501.0 million, compared to net profit of Baht 600.7 million in Q3 2022. Net profit margin decreased from 8.0% in Q3 2022 to 6.4% in Q3 2023 due to decreased share of profit from investment in associates and joint ventures amount of Baht 71.5 million and higher finance cost and tax expenses.

Net profit (loss) attributable to equity holders excluding gain (loss) on foreign currency exchange rate was Baht 431.7 million, compared to Baht 425.9 million in Q3 2022. Excluding gain (loss) on foreign exchange, net profit margin decreased from 5.8% in Q3 2022 to 5.6% in Q3 2023 due to decreased share of profit from investment in associates and joint ventures. Net profit excluding share of profit from investment in associates and joint ventures increased strongly from Baht 273.6 million in Q3 2022 to Baht 350.8 million in Q3 2023. This reflects our strong and improving core operations.

2) Profit & Loss Analysis : 9M 2023 (9 Months)

(Unit : Million Baht unless otherwise stated)	January - September		Change	
	2023	2022	Amount	% Change
Total Revenues	23,308	20,707	2,601	12.6%
Sales and Service Income	22,903	20,175	2,728	13.5%
Gains on Exchange rate	145	300	-155	-51.7%
Other Income	261	232	29	12.4%
Cost of Sales and Services	20,209	17,994	2,215	12.3%
Gross Profit	2,694	2,181	513	23.5%
Gross Profit Margin (%)	11.8%	10.8%	1.0%	
SG&A Expenses	1,343	1,260	83	6.6%
EBIT before share of profit (loss) from Investment in Associates and Joint Venture	1,756	1,453	303	20.9%
Share of profit (loss) from Investment in Associates and Joint Venture	235	357	-122	-34.0%
EBIT	1,991	1,809	182	10.1%
Interest Income	11	7	4	70.4%
Finance cost	-326	-244	-82	33.3%
Income tax expenses	-211	-139	-72	51.4%
Net profit (loss) Attributable to Equity Holders	1,473	1,413	60	4.2%
Net profit (loss) Attributable to Equity Holders Margin (%)	6.3%	6.8%	-0.5%	
Net profit (loss) attributable to equity holders (Exclude Gain (Loss) on exchange rate)	1,328	1,113	215	19.3%
Net profit (loss) attributable to equity holders Margin (%) (Exclude Gain (Loss) on exchange rate)	5.7%	5.5%	0.2%	
EBITDA	2,955	2,654	301	11.3%

Total revenue increased by 12.6% year-on-year. Sales and service income increased by 13.5%; automotive parts businesses increased by 12.1% and dealership businesses increased by 17.4%. Increase in total revenue was attributable to increase in customer orders from existing clients, new products. Dealership businesses contributed higher growth in 9M 2023 due to opening of a Ford and a Proton showroom in Thailand and Malaysia.

Cost of sales and services increased in accordance with higher sales. Gross profit increased by 23.5% from Baht 2,180.9 million for 9M 2022 to Baht 2,693.7 million for 9M 2023. Gross profit margin increased from 10.8% for 9M 2022 to 11.8% for 9M 2023.

Selling and administrative expenses increased slightly by 6.6% from Baht 1,260.1 million for 9M 2022 to Baht 1,343.1 million for 9M 2023 while our revenue increased by 12.6%. SG&A in terms of % to revenue improved from 6.1% in for 9M 2022 to 5.8% for 9M 2023.

Core Operating Profit (defined as Earnings before Interests and Taxes exclude interest income, gain (loss) on exchange rate and other irregular items) for 9M 2023 was also notable at Baht 1,846.6 million, compared to 1,509.1 million in 9M 2022.

Gain on foreign currency exchange rate was at Baht 144.8 million for 9M 2023, compared to a gain on exchange rate of Baht 300.1 million for 9M 2022. 9M 2023 exchange gain is lower by Baht 155.3 million vs. 9M 2022. Gain on exchange rate was non-cash and mainly associated with the USD loan related to the SGAH transaction.

Share of profit (loss) from investment in associates and joint venture was at Baht 235.4 million for 9M 2023, compared to Baht 356.5 million for 9M 2022. The reduction mainly came from no share of profit from Hyundai Motor (Thailand) which stopped the business operation since Hyundai Motor Group has started the business operation in Thailand under Hyundai Mobility (Thailand) in April 2023. Therefore, for 9M 2023, the company received the share of profit from Hyundai Motor (Thailand) only in Q1 2023.

Net profit (loss) attributable to equity holders was Baht 1,472.8 million (6.3%) for 9M 2023, compared to the net profit of Baht 1,412.9 million (6.8%) for 9M 2022. The Company's net profit in terms of absolute amount has improved by 4.2% compared to 9M 2022.

Net profit (loss) attributable to equity holders excluding gain (loss) on foreign currency exchange rate was Baht 1,327.9 million (5.7%) for 9M 2023, compared to Baht 1,112.8 million (5.5%) for 9M 2022; representing a 19.3% increase.

3) **Financial Position Analysis**

(Unit : Million Baht)	September 2023	December 2022	Change	
			Amount	% Change
Total Assets	26,242.4	25,469.0	773.3	3.0%
Total Liabilities	15,050.7	15,539.5	-488.9	-3.1%
Total Equities	11,191.7	9,929.5	1,262.2	12.7%

For Q3 2023, the Company's **total assets** increased by Baht 773.3 million, largely attributable to increase in trade account receivables and PPE (property, plant, and equipments). **Total liabilities** decreased by Baht 488.9 million,

largely attributable to decreased long-term loan and debentures. **Total shareholders' equity** increased by Baht 1,262.2 million driven by increase of profit during the period.

4) **Key Financial Performance**

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Return on equity (ROE)	17.1%	20.1%	20.7%	20.3%	18.7%
Return on asset (ROA)	6.5%	7.7%	8.1%	8.1%	7.3%
Interest bearing Debt / Equity (IBD/Equity)	0.8	0.8	0.7	0.6	0.6

Return on equity (ROE) and Return on assets (ROA) as of Q3 2023 were at 18.7% and 7.3% respectively. The Company's profitability indicators improved from those of Q3 2022 in line with improved profitability. Interest bearing debts to equity (IBD/Equity) ratio improved to 0.6 times as at Q3 2023 from 0.8 times in Q3 2022.

5) **Thailand Automotive Industry**

(Unit: Cars)	Quarter 3			January – September		
	2023	2022	% Change	2023	2022	% Change
Production	464,459	493,926	-6.0%	1,385,971	1,364,037	1.6%
Domestic	180,739	206,391	-12.4%	586,870	633,687	-7.4%
Export	293,083	256,800	14.1%	821,899	706,444	16.3%

Total vehicle production volume in Q3 2023 decreased by 6.0% to 464,459 units, compared to 493,926 units for the same period last year. Meanwhile, the export volume experienced a notable increase of 14.1%, reaching 293,083 units. The primary export markets include the Middle East, Europe, North America, Central and South America. Nonetheless, the domestic demand for vehicles witnessed a decrease of 12.4%, reaching 180,739 units. This decline can be attributed to heightened stringency in the auto loan approval process, particularly concerning pickup trucks. This increased rigor is a response to the mounting household debt, higher interest rates, and weakened purchasing power among consumers.

For the period of January to September, total vehicle production volume increased by 1.6% year-on-year to 1,385,971 units. Export volume increased by 16.3% to 821,899 units. However, domestic demand decreased by 7.4% to 586,870 units.

The Federation of Thai Industries (FTI) revised the forecast of car production for 2023 to be at 1,850,000 units which were divided into production for exporting of 1,050,000 units and production for domestic sale of 80,000 units.

2022 was our good year. Our performance improved significantly. Total revenue increased 35.2% from that in 2021 to Baht 28,348 million while our core net profit increased 119.4% from 2021 to Baht 1,761 million respectively. This was largely attributable to significantly higher volume from our major customers, new car model launches, new product launches, increase of EV related products and Kaizen activities implemented to reduce the fixed cost of the company during the COVID period. For this year, with continued growing orders on hand, we expect the momentum to continue and our 2023 performance is expected to be better than 2022. This is

reflected in our 9M 2023 revenue and core net profit of Baht 23,308 million and Baht 1,328 million respectively which is much better than in 9M 2022 of Baht 20,707 million and Baht 1,113 million.

In summary, our revenue growth for 9M 2023 VS 9M 2022 is 12.6%. The Thailand car production growth for 9M 2023 VS 9M 2022 is 1.6%. Hence, we can say our performance is on track and stable.

Yours sincerely,



(Mr. Yeap Swee Chuan)
Chairman and President