

Subject: Management Discussion and Analysis for the Third Quarter and Nine-month period Ended September 30, 2023

Dear Managing Directors,

The Stock Exchange of Thailand,

S.C.L. Motor Parts Company Limited (Public) (“the Company”) would like to provide an overview of its performance for the third quarter and ninth month ended September 30, 2023, as follows:

- The Company is engaged in the distribution of automotive parts, serving as a comprehensive center for a wide range of automotive components, covering more than 167,000 items, including genuine parts for various automobile brands and replacement parts.
- The net profit for the third quarter and ninth month ended September 30, 2023, amounted to 19.84 million Baht, resulting in a net profit margin of 1.78%.

Overview of the Company's Performance:

For the third quarter ended September 30, 2023, the Company achieved a net profit of 8.06 million Baht, a decrease of 0.03 million Baht or 0.37%, compared to the same period in the previous year.

Quarterly Profit and Loss Statement for Unit: Million Baht	Quarter 3/2023 Ended September 30, 2023	Quarter 3/2022 Ended September 30, 2022	Change	
			Amount	%
Revenue from Sales	376.99	357.11	19.88	5.57
Cost of Goods Sold (COGS)	(333.74)	(318.99)	14.75	4.62
Gross Profit	43.25	38.12	5.13	13.46
Other Income	0.31	0.28	0.03	10.71
Selling and Distribution Expenses	(8.62)	(8.06)	0.56	6.95
Administrative Expenses	(20.63)	(18.47)	2.16	11.69
Operating Profit (Profit before Financial Expenses)	14.31	11.87	2.44	20.56
Financial Income	0.20	0.84	(0.64)	(76.19)
Financial Expenses	(4.70)	(2.57)	2.13	82.88
Profit Before Tax	9.81	10.14	(0.33)	(3.25)
Income Tax Expenses	(1.75)	(2.05)	(0.30)	(14.63)
Net Profit	8.06	8.09	(0.03)	(0.37)

1. **Revenue from Sales** for the third quarter ended September 30, 2023, amounted to 376.99 million Baht, an increase of 19.88 million Baht or 5.57% compared to the same period in the previous year. The main reasons for this increase were the sales of Genuine Parts products and Replacement Parts products, together with the return of various business operations to normalcy and the continuous domestic marketing efforts.
2. **Cost of Goods Sold** for the third quarter ended September 30, 2023, amounted to 333.74 million Baht, an increase of 14.75 million Baht or 4.62% compared to the same period in the previous year. The main reason for this increase was the rebates and discounts received from product owners, which were higher in 2023 when compared to 2022. This resulted in an increase in an initial profit margin rate of 11.47%, an increase from the previous year's rate of 10.67%. Additionally, the Company reversed provisions for aging inventory due to the sale of some non-moving inventory items during the period.
3. **Other Income** for the third quarter ended September 30, 2023, amounted to 0.31 million Baht, an increase of 0.03 million Baht or 10.71% compared to the same period in the previous year. The main reason for this increase is the unrealized exchange rate gains that had not materialized during this period.
4. **Selling and Distribution Expenses** for the third quarter ended September 30, 2023, amounted to 8.62 million Baht, an increase of 0.56 million Baht or 6.95% compared to the same period in the previous year. The expense increase was related to the increased number of employees, salary adjustments, and promotional expenses.
5. **Administrative Expenses** for the third quarter ended September 30, 2023, amounted to 20.63 million Baht, an increase of 2.16 million Baht or 11.69% compared to the same period in the previous year. The expense increase was related to the increased number of employees and salary adjustments, as well as expenses for preparing for the initial public offering (IPO) in the Stock Exchange of Thailand.
6. **Net Profit** for the third quarter ended September 30, 2023, amounted to 8.06 million Baht, a decrease of 0.03 million Baht or 0.37% compared to the same period in the previous year.

The Overall Company Performance for the nine-month period ended September 30, 2023, resulted in a net profit of 19.84 million Baht. This represents a decrease compared to the same period in the previous year, which had a net profit of 11.32 million Baht, a decrease of 36.32%.

Profit and Loss Statement for the Nine-month Period for Unit: Million Baht	Quarter 3/2023 Ended September 30, 2023	Quarter 3/2022 Ended September 30, 2022	Change	
			Amount	%
Revenue from Sales	1,115.10	1,022.62	92.48	9.04
Cost of Goods Sold (COGS)	(991.91)	(904.94)	86.97	9.61
Gross Profit	123.19	117.68	5.51	4.68
Other Income	0.73	4.14	(3.41)	(82.37)
Selling and Distribution Expenses	(26.80)	(23.05)	3.75	16.27
Administrative Expenses	(61.65)	(53.94)	7.71	14.29
Operating Profit (Profit before Financial Expenses)	35.47	44.83	(9.36)	(20.88)
Financial Income	1.19	2.10	(0.91)	(43.33)
Financial Expenses	(12.05)	(6.82)	5.23	76.61
Profit Before Tax	24.61	40.11	(15.50)	(38.64)
Income Tax Expenses	(4.77)	(8.95)	(4.18)	(46.70)
Net Profit	19.84	31.16	(11.32)	(36.32)

1. **Revenue from Sales** for the nine-month period ended September 30, 2023, amounted to 1,115.10 million Baht, an increase of 92.48 million Baht or 9.04% compared to the same period in the previous year. Revenue from sales of the Company can be further categorized as follows:
 - 1.1. **Revenue from Sales of Genuine Parts** amounted to 983.81 million Baht, an increase of 75.60 million Baht or 8.32% compared to the same period in the previous year. The main reason for this increase is the gradual easing of the COVID-19 pandemic and the return of various business activities to normal.
 - 1.2. **Revenue from Sales of Replacement Parts** amounted to 129.90 million Baht, an increase of 16.48 million Baht or 14.53% compared to the same period in the previous year. The main reason for this increase was due to the domestic marketing efforts.
2. **Cost of Goods Sold** for the nine-month period ended September 30, 2023, amounted to 991.91 million Baht, an increase of 86.97 million Baht or 9.61% compared to the same period in the previous year. The main reason for this increase was the rebates and discounts received from product owners, which were higher in 2023 compared to 2022. This resulted in an increase in gross profit of 11.05%, a decrease from the previous year's (11.51%).
3. **Other Income** for the nine-month period ended September 30, 2023, amounted to 0.73 million Baht, a decrease of 3.41 million Baht or 82.37% compared to the same period in the previous year. The main reason for this decrease is that the Company did not have any asset sales during this period.

4. **Selling and Distribution Expenses** for the nine-month period ended September 30, 2023, amounted to 26.80 million Baht, an increase of 3.75 million Baht or 16.27% compared to the same period in the previous year. The expense increase was related to the increased number of employees, salary adjustments, and promotional expenses.
5. **Administrative Expenses** for the nine-month period ended September 30, 2023, amounted to 61.65 million Baht, an increase of 7.71 million Baht or 14.29% compared to the same period in the previous year. The expense increase was related to the increased number of employees and salary adjustments, as well as expenses for preparing for the initial public offering (IPO) in the Stock Exchange of Thailand.
6. **Net Profit** for the nine-month period ended September 30, 2023, amounted to 19.84 million Baht, a decrease of 11.32 million Baht or 36.32% compared to the same period in the previous year.

Financial Position of the Company

Statement of Financial Position Period Unit: Million Baht	As of September 30, 2023	As of September 30, 2022	Change	
			Amount	%
Current Assets	889.04	857.35	31.69	3.70
Non-Current Assets	202.55	181.63	20.92	11.52
Total Assets	1,091.59	1,038.98	52.61	5.06
Current Liabilities	868.34	785.26	83.08	10.58
Non-Current Liabilities	11.37	11.68	(0.31)	(2.65)
Total Liabilities	879.71	796.94	82.77	10.39
Equity	211.88	242.04	(30.16)	(12.46)
Total Liabilities and Equity	1,091.59	1,038.98	52.61	5.06

1. Total Assets
 - As of September 30, 2023, the Company had total assets of 1,091.59 million Baht, an increase of 52.61 million Baht or 5.06% from the end of 2022. The primary reason for this increase was the growth in trade and other receivables, as well as an increase in other current assets.
2. Total Liabilities
 - As of September 30, 2023, the Company had total liabilities of 879.71 million Baht, an increase of 82.77 million Baht or 10.39%, from the end of 2022. The primary reasons for this increase were an increase in short-term loans from financial institutions, and an increase in trade payables and other liabilities.
3. Equity
 - As of September 30, 2023, the Company's equity amounted to 211.88 million Baht, a decrease of 30.16 million Baht or 12.46%, from the end of 2022. The primary reason for this decrease was the dividend payouts by the Company.