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 November 12th, 2024

Subject: Management Discussion & Analysis (MD&A) for the Financial Statements of the 3rd Quarter of Fiscal Year 2024 Ended as of September 30th, 2024

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 2024 ended as of September 30th, 2024, which can be summarized as follows:

1) Profit & Loss Analysis : Q3 2024 (3 Months)

(Unit : Million Baht unless otherwise stated)	Q3 2024	Q3 2023	Change	
			Amount	% Change
Total Revenues	6,615.2	7,792.0	-1,176.8	-15.1%
Sales and service income	6,529.9	7,624.0	-1,094.1	-14.4%
Gains on Exchange rate	0.0	69.3	-69.3	-100.0%
Other Income	85.3	98.7	-13.4	-13.6%
Cost of Sales and Services	5,956.7	6,728.8	-772.2	-11.5%
Gross Profit	573.2	895.2	-322.0	-36.0%
Gross Profit Margin (%)	8.8%	11.7%	-2.9%	
SG&A Expenses	442.2	456.5	-14.3	-3.1%
Loss on Exchange Rate	7.2	0.0	7.2	N/A
EBIT before share of profit (loss) from Investment in Associates and Joint Venture	209.1	606.7	-397.6	-65.5%
Share of profit (loss) from Investment in Associates and Joint Venture	80.0	80.8	-0.8	-1.0%
EBIT	289.1	687.5	-398.4	-57.9%
Finance income	21.0	4.0	17.1	431.9%
Finance cost	-91.3	-123.6	32.2	-26.1%
Tax expenses	-17.1	-73.8	56.7	-76.8%
Net profit (loss) Attributable to Equity Holders	204.8	501.0	-296.1	-59.1%
Net profit (loss) Attributable to Equity Holders Margin (%)	3.1%	6.4%	-3.3%	
Net profit (loss) attributable to equity holders (Exclude Gain (Loss) on exchange rate)	212.1	431.7	-219.6	-50.9%
Net profit (loss) attributable to equity holders Margin (%) (Exclude Gain (Loss) on exchange rate)	3.2%	5.6%	-2.4%	

Total revenue decreased by 15.1% year-on-year. Sales and service income decreased by 14.4%, with 19.4% decrease in automotive parts businesses and 0.8% decrease in dealership businesses.

1) Automotive Parts Business; Thailand car production decreased by 21.0% in Q3 2024. Our Thailand operation decreased slightly more than the industry volume due to higher proportion of pick-up truck business which experienced a higher decline than passenger cars. Portugal and China sales revenue also decreased by 3.7% and 9.6% respectively while Malaysia operations, which the company acquired 60% shareholding in Aapico Avee during July 2023, reported an increase of 83.8%.

2) Car Dealerships Business; Malaysia dealership business reported a 10.4% growth in revenue driven by higher sales of Proton. However, Thailand dealership business reported a 18.3% decline in revenues due to slower sales caused by sluggish domestic car market in Thailand. Thailand domestic car sales dropped 27.7% in Q3 2024 as tight lending policy of auto financing providers continues to persist. The company reorganized dealership business in Thailand to optimize portfolio of car brands. Starting in November 2024, the company will operate dealerships for Mitsubishi and MG. As part of this optimization, operations for the Ford dealership in Thailand ceased in October 2024.

Cost of sales and services decreased in accordance with lower sales. Gross profit decreased by 36.0% from Baht 895.2 million in Q3 2023 to Baht 573.2 million in Q3 2024. Gross profit margin decreased from 11.7% in Q3 2023 to 8.8% in Q3 2024 due to lower production volume in automotive parts manufacturing business.

Selling and administrative expenses decreased by 3.1% from Baht 456.5 million in Q3 2023 to Baht 442.2 million in Q3 2024.

Loss on foreign currency exchange rate was Baht 7.2 million in Q3 2024, compared to a gain on foreign currency exchange of Baht 69.3 million in Q3 2023, due to appreciation of Thai Baht in Q3 2024. Loss on foreign currency exchange in Q3 2024 was related with the account receivable in USD. However, Gain on foreign currency exchange for Q3 2023 was mainly associated with the USD loan related to the SGAH transaction and was non-cash in nature.

Share of profit (loss) from investment in associates and joint venture was at Baht 80.0 million in Q3 2024, compared to Baht 80.8 million in Q3 2023. The major differences include 1) In Q3 2023, the profit sharing include profit sharing of Sakthi Auto Component Limited (SACL, India operation) Baht of 53.7 million, however, the company sold the investment in SACL (67.6%) on 29 December 2023. Therefore, no profit sharing from SACL recorded in Q3 2024. 2) Purem AAPICO, JV company, which transitioned from losses of Baht 36.7 Million in Q3 2023 to profit of Baht 27.6 Million in Q3 2024 following the start of production in February 2024. Purem AAPICO's performance offset the profit-sharing that was forfeited from the sale of SACL.

Finance income and Finance cost was Baht 21.0 million and Baht 91.3 million in Q3 2024, compared to Baht 4.0 million and Baht 123.6 million in Q3 2023 respectively. The increase of finance income mainly came from proceeds from sales of Sakthi Auto Component Limited (SACL, India Operation) which maintains as USD deposits in the UK. Net finance cost showed considerable reduction to Baht 70.3 million, compared to Baht 119.6 million in Q3 2023 in thanks to effort to reduce net interest bearing debt.

Net profit (loss) attributable to equity holders and Net Profit Margin (%) was Baht 204.8 million, compared to net profit of Baht 501.0 million in Q3 2023. Net profit margin decreased from 6.4% in Q3 2023 to 3.1% in Q3 2024 due predominantly to downturn of car production in Thailand.

Net profit (loss) attributable to equity holders excluding gain (loss) on foreign currency exchange rate and Net Profit Margin excluding F/X (%) was Baht 212.1 million, compared to Baht 431.7 million in Q3 2023. Excluding foreign currency exchange rate, net profit margin decreased from 5.6% in Q3 2023 to 3.2% in Q3 2024.

2) Profit & Loss Analysis : 9M 2024 (9 Months)

(Unit : Million Baht unless otherwise stated)	January - September		Change	
	2024	2023	Amount	% Change
Total Revenues	20,681.9	23,307.9	-2,626.0	-11.3%
Sales and service income	20,418.7	22,902.5	-2,483.8	-10.8%
Gains on exchange rate	14.3	144.8	-130.5	-90.1%
Other income	248.9	260.6	-11.6	-4.5%
Cost of sales and services	18,581.8	20,208.9	-1,627.0	-8.1%
Gross Profit	1,836.9	2,693.7	-856.8	-31.8%
Gross Profit Margin (%)	9.0%	11.8%	-2.8%	
SG&A expenses	1,358.1	1,343.1	15.0	1.1%
EBIT before share of profit (loss) from investment in associates and joint venture	742.0	1,756.0	-1,014.0	-57.7%
Share of profit (loss) from investment in associates and joint venture	174.1	235.4	-61.3	-26.0%
EBIT	916.1	1,991.4	-1,075.3	-54.0%
Finance income	81.3	11.2	70.2	629.3%
Finance cost	-308.5	-325.6	17.1	-5.3%
Tax expenses	-70.3	-210.9	140.6	-66.7%
Net profit (loss) attributable to equity holders	627.1	1,472.8	-845.7	-57.4%
Net profit (loss) attributable to equity holders Margin (%)	3.0%	6.3%	-3.3%	
Net profit (loss) attributable to equity holders (Exclude Gain (Loss) on exchange rate)	612.8	1,327.9	-715.2	-53.9%
Net profit (loss) attributable to equity holders Margin (%) (Exclude Gain (Loss) on exchange rate)	3.0%	5.7%	-2.7%	

Total revenue decreased by 11.3% year-on-year. Sales and service income decreased by 10.8%; automotive parts businesses decreased by 16.0% while dealership businesses increased by 3.1%. The decrease in total revenue was attributable to decrease in customer orders from existing clients. However, the decline in revenue was less than the decline in Thailand car production which reduced 18.6% during the period of Jan to Sep 2024 due to geographic diversification. Revenue from dealership business slightly increased due to strong revenue from Malaysia Dealership while revenue from Thailand dealership declined from sluggish car market.

Cost of sales and services decreased in accordance with lower sales. Gross profit decreased by 31.8% from Baht 2,693.7 million for 9M 2023 to Baht 1,836.9 million for 9M 2024 and gross profit margin decreased from 11.8% for 9M 2023 to 9.0% for 9M 2024 respectively. The decrease in gross profit and gross margin was due to lower production volume of automotive parts manufacturing business, mainly in Thailand and accounting effect from inventory reduction of Portugal operation which was recorded during 2nd quarter 2024.

Selling and administrative expenses increased by 1.1% from Baht 1,343.1 million for 9M 2023 to Baht 1,358.1 million for 9M 2024.

Gain on foreign currency exchange rate was at Baht 14.3 million for 9M 2024, compared to Baht 144.8 million for 9M 2023. Gain on exchange rate resulted from depreciation of Thai Baht at the end of 3rd quarter 2024 vs. year-end 2023. Gain on foreign currency exchange at the end of 3rd quarter 2024 was associated with the account receivable in USD. However, Gain on foreign currency exchange at the end of 3rd quarter 2023 was mainly associated with the USD loan related to the SGAH transaction and was non-cash in nature.

Share of profit (loss) from investment in associates and joint venture was at Baht 174.1 million for 9M 2024, compared to Baht 235.4 million for 9M 2023. The decrease mainly came from the disposition of 67.6% shareholding in Sakthi Auto Component Limited (SACL, India Operation) which had contributed share of profit of Baht 134.1 million for 9M 2023. However, Purem AAPICO which commenced production in February 2024 and started to contribute profit from Q2 2024, contributed profit sharing of Baht 40.8 million for 9M 2024.

Finance income and Finance cost was Baht 81.3 million and Baht 308.5 million for 9M 2024, compared to Baht 11.2 million and Baht 325.6 million for 9M 2023 respectively. The increase of finance income mainly came from proceeds from sales of SACL in December 2023 which is kept as USD deposits in the UK. Net finance cost reduced favorably to Baht 227.2 million, compared to Baht 314.4 million for 9M 2023 thanks to effort to continually reduce net interest bearing debt.

Net profit (loss) attributable to equity holders and Net Profit Margin (%) was Baht 627.1 million (3.0%) for 9M 2024, compared to the net profit of Baht 1,472.8 million (6.3%) for 9M 2023.

Net profit (loss) attributable to equity holders excluding gain (loss) on foreign currency exchange rate and Net Profit Margin excluding F/X (%) was Baht 612.8 million (3.0%) for 9M 2024, compared to Baht 1,327.9 million (5.7%) for 9M 2023.

3) Financial Position Analysis

(Unit : Million Baht)	September	December	Change	
	2024	2023	Amount	% Change
Total Assets	22,650.7	25,293.3	-2,642.6	-10.4%
Total Liabilities	11,691.2	13,976.7	-2,285.5	-16.4%
Total Equities	10,959.5	11,316.6	-357.1	-3.2%

For the Q3 2024, the Company's **total assets** decreased by Baht 2,642.6 million, largely attributable to decrease of trade account receivables and cash/cash equivalents which was used to repay bank loans and debentures. **Total liabilities** decreased by Baht 2,285.5 million primarily due to reductions in trade accounts payable, bank loans, and debentures, which the Company has repaid since the end of June 2024. **Total shareholders' equity** decreased by Baht 357.1 million, mainly due to shares repurchased.

4) Key Financial Performance

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Return on equity (ROE)	18.7%	15.8%	12.6%	9.8%	7.2%
Return on asset (ROA)	7.3%	6.2%	5.2%	4.2%	3.0%
Interest bearing Debt / Equity (IBD/Equity)	0.6	0.5	0.5	0.4	0.4

Return on equity (ROE) and Return on assets (ROA) as of Q3 2024 were at 7.2% and 3.0% respectively. The Company's profitability indicators decreased from those of Q3 2023 mainly due to lower car production. Interest bearing debts to equity (IBD/Equity) ratio was 0.4 times as at Q3 2024; improved from 0.6 times in Q3 2023 due to lower IBD.

5) Thailand Automotive Industry

(Unit: Cars)	Quarter 3			January – September		
	2024	2023	% Change	2024	2023	% Change
Production	366,786	464,459	-21.0%	1,128,026	1,385,971	-18.6%
Domestic	130,632	180,739	-27.7%	438,659	586,870	-25.3%
Export	249,847	293,083	-14.8%	768,887	821,899	-6.4%

In Q3 2024, total vehicle production volume dropped by 21.0% to 366,786 units, down from 464,459 units in the same period last year. This decline was influenced by tighter lending conditions in response to rising non-performing consumer loans including auto loans. Stricter lending practices have reduced the availability of retail financing, particularly impacting the pick-up truck segment—in which more buyers rely on financing. On the export side, Q3 2024 saw a 14.8% decline, reaching 249,847 units, reflecting economic challenges in key export markets and geopolitical tensions, including instability in the Middle East. Additionally, rising electric vehicle (EV) sales in Thailand, largely imported as complete built units (CBUs) from China, have reduced the demand for locally produced automotive parts.

From January to September, total vehicle production volume saw a year-on-year decrease of 18.6% to 1,128,026 units. Export volume fell by 6.4% to 768,887 units, while domestic demand dropped by 25.3% to 438,659 units.

The Federation of Thai Industries (FTI) forecasts total production for 2024 at 1,700,000 units, with production for export estimated at 1,150,000 units and that for domestic market at 550,000 units—representing a 7.4% decrease from 2023's levels. The FTI plans to reassess these targets in November, keeping a close watch on high household debt, which continues to weigh on Thailand's economic recovery despite potential investment growth initiatives from the Board of Investment.

The Thai automotive industry is experiencing a challenging year in 2024, with production down 18.6% over the first nine months, one of the largest drops in recent years outside of the COVID-19 impact. Recovery is expected to be gradual, potentially starting in Q3 2025, with key influences being household debt levels, tighter financing for car buyers, the shift towards electric vehicles, global demand pressures, and delays in domestic economic support due to

the postponed 2024 budget. While demand for new vehicles remains solid, it is currently delayed due to stricter financing options. It's important to emphasize that the company maintains a strong balance sheet with ample liquidity to navigate through market fluctuations. We have consistently reduced our debt, resulting in a solid leverage position with a low Interest-Bearing Debt-to-Equity ratio of 0.4 times. We expect the car industry in Thailand to improve gradually.

Yours sincerely,



(Mr. Yeap Swee Chuan)
Chairman and President