



*For Immediate Release*

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## **Standard Motor Products, Inc. Announces**

### **Third Quarter 2023 Results and Quarterly Dividend**

New York, NY, October 27, 2023.....Standard Motor Products, Inc. (NYSE: SMP), a leading automotive parts manufacturer and distributor, reported today its consolidated financial results for the three and nine months ended September 30, 2023.

Net sales for the third quarter of 2023 were \$386.4 million, compared to consolidated net sales of \$381.4 million during the comparable quarter in 2022. Earnings from continuing operations for the third quarter of 2023 were \$24.9 million or \$1.12 per diluted share, compared to \$23.1 million or \$1.06 per diluted share in the third quarter of 2022. Excluding non-operational gains and losses identified on the attached reconciliation of GAAP and non-GAAP measures, earnings from continuing operations for the third quarter of 2023 were \$24.7 million or \$1.11 per diluted share, compared to \$22.9 million or \$1.05 per diluted share in the third quarter of 2022.

Consolidated net sales for the nine months ended September 30, 2023, were \$1.07 billion, compared to consolidated net sales of \$1.06 billion during the comparable period in 2022.

Earnings from continuing operations for the nine months ended September 30, 2023, were \$55.9

million or \$2.52 per diluted share, compared to \$64.5 million or \$2.91 per diluted share in the comparable period of 2022. Excluding non-operational gains and losses identified on the attached reconciliation of GAAP and non-GAAP measures, earnings from continuing operations for the nine months ended September 30, 2023 and 2022 were \$56.6 million or \$2.55 per diluted share and \$64.3 million or \$2.90 per diluted share, respectively.

Mr. Eric Sills, Standard Motor Products' Chief Executive Officer and President stated, "We are pleased with our third quarter results as our sales rebounded after a sluggish second quarter with the return of hot summer weather. Overall, sales increased 1.3% over last year's strong third quarter, while year-to-date we are roughly flat compared to 2022. The third quarter was again influenced by the recent bankruptcy of a large aftermarket customer, and while the business has since been acquired by other SMP accounts, we believe it will take some time to return to historical demand as the business gets fully digested."

By segment, Vehicle Control sales were down 3.4% in the quarter against a difficult comparison of nearly 6% growth last year, and are relatively flat on a year-to-date basis. The segment was negatively impacted by the previously discussed customer bankruptcy, as well as by certain 2022 customer pipeline orders that did not recur this year.

Thanks to a warm summer, Temperature Control sales increased 5.3% on top of the record sales experienced during the same quarter last year. However, a cool spring caused a slow start to the season, and we remain down slightly by 1.0% year-to-date against a difficult comparison.

Our Engineered Solutions segment sales increased 8.4% in the quarter due to solid demand from our existing customers as well as new business wins. Our team continues to foster relationships

and bid on new business opportunities as we gain traction with our expanded customer base and take advantage of cross-selling opportunities.

Looking at profitability, consolidated non-GAAP operating margins were 9.1% in the quarter, 30 basis points better than the 8.8% in the third quarter last year. Our margin improvement benefited from measures to offset inflationary pressures, including price and cost containment actions, and we will continue to try to find ways to drive margin performance going forward. During the quarter, our operating income was impacted by a \$4.0 million (or 100 basis point) increase in customer factoring program expense over last year due to elevated interest rates. On the bottom line, Adjusted EBITDA and earnings per share were up primarily due to the higher sales performance in Temperature Control and Engineered Solutions, despite headwinds from the impact of higher interest rates both on our customer factoring programs and on our borrowings.

From a cash flow perspective, we were pleased with the impact of our initiatives on reducing both our inventory and borrowing levels. At quarter-end, our inventory was \$479.8 million, down from \$528.7 million at year-end 2022 and \$534.3 million in last year's third quarter. Additionally, our total debt at quarter-end stood at \$147.6 million as we paid down \$75.6 million in the third quarter.

Regarding our full year expectations for 2023, we anticipate top line sales growth to be flat to low-single digit, and our Adjusted EBITDA to be approximately 9.5% of revenue. This outlook considers higher expense related to customer factoring programs that will be roughly \$48-\$50 million at current implied rates, as well as the impact of startup costs and duplicate overhead expense associated with the new distribution center discussed last quarter.

The Board of Directors has approved payment of a quarterly dividend of 29 cents per share on the common stock outstanding, which will be paid on December 1, 2023 to stockholders of record on November 15, 2023.

In closing, Mr. Sills commented, “Moving into the last quarter of the year there continue to be near-term headwinds including inflationary pressures, interest rate uncertainty, and increasing economic challenges facing consumers. That said, aftermarket fundamentals remain strong, and continued progress in our new Engineered Solutions segment presents exciting opportunities. We want to thank all our employees for our current success and helping us achieve our goals for the future.”

### ***Conference Call***

Standard Motor Products, Inc. will hold a conference call at 11:00 AM, Eastern Time, on Friday October 27, 2023. This call will be webcast and can be accessed on our website at [www.smpcorp.com](http://www.smpcorp.com) and clicking on the [SMP 3Q 2023](#) Earnings Webcast link. Investors may also listen to the call by dialing 800-245-3047 (domestic) or 203-518-9783 (international). Our playback will be made available for dial in immediately following the call. For those choosing to listen to the replay by webcast, the link should be active on our website within 24 hours after the call. The playback number is 888-269-5331(domestic) or 402-220-7327 (international). The participant passcode is 94640.

*Under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Standard Motor Products cautions investors that any forward-looking statements made by the company, including those that may be made in this press release, are based on management's expectations at the time they are made, but they are subject to risks and uncertainties that may cause actual results, events or performance to differ materially from those contemplated by such forward looking statements. Among the factors that could cause actual results, events or performance to differ materially from those risks and uncertainties discussed in this press release are those detailed from time-to-time in prior press releases and in the company's filings with the Securities and Exchange Commission, including the company's annual report on Form 10-K and quarterly reports on Form 10-Q. By making these forward-looking statements, Standard Motor Products undertakes no obligation or intention to update these statements after the date of this release.*

## STANDARD MOTOR PRODUCTS, INC. Consolidated Statements of Operations

(In thousands, except per share amounts)

|  | THREE MONTHS ENDED<br>SEPTEMBER 30, |                 | NINE MONTHS ENDED<br>SEPTEMBER 30, |                  |
|--|-------------------------------------|-----------------|------------------------------------|------------------|
|  | 2023                                | 2022            | 2023                               | 2022             |
|  | (Unaudited)                         |                 | (Unaudited)                        |                  |
| NET SALES  | \$ 386,413                          | \$ 381,373      | \$ 1,067,516                       | \$ 1,063,616     |
| COST OF SALES  | <u>271,653</u>                      | <u>274,589</u>  | <u>760,220</u>                     | <u>770,641</u>   |
| GROSS PROFIT   | 114,760                             | 106,784         | 307,296                            | 292,975          |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSES               | 79,781                              | 73,199          | 223,257                            | 204,551          |
| RESTRUCTURING AND INTEGRATION EXPENSES                   | 177                                 | -               | 1,383                              | 44               |
| OTHER INCOME, NET  | <u>4</u>                            | <u>30</u>       | <u>74</u>                          | <u>43</u>        |
| OPERATING INCOME   | 34,806                              | 33,615          | 82,730                             | 88,423           |
| OTHER NON-OPERATING INCOME, NET                          | 1,732                               | 1,513           | 2,759                              | 4,889            |
| INTEREST EXPENSE   | <u>3,621</u>                        | <u>3,656</u>    | <u>10,766</u>                      | <u>6,282</u>     |
| EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES         | 32,917                              | 31,472          | 74,723                             | 87,030           |
| PROVISION FOR INCOME TAXES                               | <u>7,995</u>                        | <u>8,280</u>    | <u>18,656</u>                      | <u>22,407</u>    |
| EARNINGS FROM CONTINUING OPERATIONS                      | 24,922                              | 23,192          | 56,067                             | 64,623           |
| LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES    | <u>(18,200)</u>                     | <u>(14,294)</u> | <u>(28,201)</u>                    | <u>(17,076)</u>  |
| NET EARNINGS   | 6,722                               | 8,898           | 27,866                             | 47,547           |
| NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTEREST     | <u>63</u>                           | <u>52</u>       | <u>152</u>                         | <u>129</u>       |
| NET EARNINGS ATTRIBUTABLE TO SMP (a)                     | <u>\$ 6,659</u>                     | <u>\$ 8,846</u> | <u>\$ 27,714</u>                   | <u>\$ 47,418</u> |
| <br>   |                                     |                 |                                    |                  |
| <u>NET EARNINGS ATTRIBUTABLE TO SMP</u>                  |                                     |                 |                                    |                  |
| EARNINGS FROM CONTINUING OPERATIONS                      | \$ 24,859                           | \$ 23,140       | \$ 55,915                          | \$ 64,494        |
| LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES    | <u>(18,200)</u>                     | <u>(14,294)</u> | <u>(28,201)</u>                    | <u>(17,076)</u>  |
| TOTAL  | <u>\$ 6,659</u>                     | <u>\$ 8,846</u> | <u>\$ 27,714</u>                   | <u>\$ 47,418</u> |
| <br>   |                                     |                 |                                    |                  |
| <u>NET EARNINGS PER COMMON SHARE ATTRIBUTABLE TO SMP</u> |                                     |                 |                                    |                  |
| BASIC EARNINGS FROM CONTINUING OPERATIONS                | \$ 1.14                             | \$ 1.08         | \$ 2.58                            | \$ 2.97          |
| DISCONTINUED OPERATION                                   | <u>(0.83)</u>                       | <u>(0.67)</u>   | <u>(1.30)</u>                      | <u>(0.79)</u>    |
| NET EARNINGS PER COMMON SHARE - BASIC                    | <u>\$ 0.31</u>                      | <u>\$ 0.41</u>  | <u>\$ 1.28</u>                     | <u>\$ 2.18</u>   |
| <br>   |                                     |                 |                                    |                  |
| DILUTED EARNINGS FROM CONTINUING OPERATIONS              | \$ 1.12                             | \$ 1.06         | \$ 2.52                            | \$ 2.91          |
| DISCONTINUED OPERATION                                   | <u>(0.82)</u>                       | <u>(0.66)</u>   | <u>(1.27)</u>                      | <u>(0.77)</u>    |
| NET EARNINGS PER COMMON SHARE - DILUTED                  | <u>\$ 0.30</u>                      | <u>\$ 0.40</u>  | <u>\$ 1.25</u>                     | <u>\$ 2.14</u>   |
| <br>   |                                     |                 |                                    |                  |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES                 | 21,727,119                          | 21,427,393      | 21,675,699                         | 21,719,281       |
| WEIGHTED AVERAGE NUMBER OF COMMON AND DILUTIVE SHARES    | 22,253,723                          | 21,847,602      | 22,198,131                         | 22,153,348       |

(a) "SMP" refers to Standard Motor Products, Inc. and subsidiaries.

## STANDARD MOTOR PRODUCTS, INC.

### Segment Revenues and Operating Profit

(In thousands)

|   | THREE MONTHS ENDED<br>SEPTEMBER 30, |              |  |                   | NINE MONTHS ENDED<br>SEPTEMBER 30, |             |  |                     |              |  |                   |              |
|---|-------------------------------------|--------------|--|-------------------|------------------------------------|-------------|--|---------------------|--------------|--|-------------------|--------------|
|   | 2023                                | (Unaudited)  |  | 2022              | 2023                               | (Unaudited) |  | 2022                |              |  |                   |              |
| <b><u>Revenues</u></b>                                    |                                     |              |  |                   |                                    |             |  |                     |              |  |                   |              |
| Engine Management (Ignition, Emissions and Fuel Delivery) | \$ 113,188                          |              |  | \$ 117,750        | \$ 342,860                         |             |  | \$ 338,480          |              |  |                   |              |
| Electrical and Safety                                     | 62,049                              |              |  | 63,867            | 166,720                            |             |  | 173,178             |              |  |                   |              |
| Wire sets and other                                       | 15,700                              |              |  | 16,082            | 49,723                             |             |  | 49,076              |              |  |                   |              |
| <b>Vehicle Control</b>                                    | <b>190,937</b>                      |              |  | <b>197,699</b>    | <b>559,303</b>                     |             |  | <b>560,734</b>      |              |  |                   |              |
| AC System Components                                      | 96,794                              |              |  | 90,341            | 216,995                            |             |  | 219,323             |              |  |                   |              |
| Other Thermal Components                                  | 26,849                              |              |  | 27,080            | 76,128                             |             |  | 76,793              |              |  |                   |              |
| <b>Temperature Control</b>                                | <b>123,643</b>                      |              |  | <b>117,421</b>    | <b>293,123</b>                     |             |  | <b>296,116</b>      |              |  |                   |              |
| Commercial Vehicle  | 16,253                              |              |  | 19,299            | 62,852                             |             |  | 60,253              |              |  |                   |              |
| Construction / Agriculture                                | 13,643                              |              |  | 10,971            | 34,541                             |             |  | 33,177              |              |  |                   |              |
| Light Vehicle   | 24,667                              |              |  | 21,409            | 71,181                             |             |  | 70,523              |              |  |                   |              |
| All Other   | 17,270                              |              |  | 14,574            | 46,516                             |             |  | 42,813              |              |  |                   |              |
| <b>Engineered Solutions</b>                               | <b>71,833</b>                       |              |  | <b>66,253</b>     | <b>215,090</b>                     |             |  | <b>206,766</b>      |              |  |                   |              |
| <b>Revenues</b>   | <b>\$ 386,413</b>                   |              |  | <b>\$ 381,373</b> | <b>\$ 1,067,516</b>                |             |  | <b>\$ 1,063,616</b> |              |  |                   |              |
| <b><u>Gross Margin</u></b>                                |                                     |              |  |                   |                                    |             |  |                     |              |  |                   |              |
| Vehicle Control   | \$ 60,865                           | 31.9%        |  | \$ 60,350         | 30.5%                              |             |  | \$ 179,446          | 32.1%        |  | \$ 169,502        | 30.2%        |
| Temperature Control                                       | 37,785                              | 30.6%        |  | 35,105            | 29.9%                              |             |  | 83,452              | 28.5%        |  | 83,908            | 28.3%        |
| Engineered Solutions                                      | 16,110                              | 22.4%        |  | 11,329            | 17.1%                              |             |  | 44,398              | 20.6%        |  | 39,565            | 19.1%        |
| All Other   | -                                   |              |  | -                 |                                    |             |  | -                   |              |  | -                 |              |
| <b>Gross Margin</b>                                       | <b>\$ 114,760</b>                   | <b>29.7%</b> |  | <b>\$ 106,784</b> | <b>28.0%</b>                       |             |  | <b>\$ 307,296</b>   | <b>28.8%</b> |  | <b>\$ 292,975</b> | <b>27.5%</b> |
| <b><u>Selling, General &amp; Administrative</u></b>       |                                     |              |  |                   |                                    |             |  |                     |              |  |                   |              |
| Vehicle Control   | \$ 42,752                           | 22.4%        |  | \$ 39,229         | 19.8%                              |             |  | \$ 124,308          | 22.2%        |  | \$ 111,947        | 20.0%        |
| Temperature Control                                       | 24,624                              | 19.9%        |  | 21,716            | 18.5%                              |             |  | 61,736              | 21.1%        |  | 55,834            | 18.9%        |
| Engineered Solutions                                      | 8,832                               | 12.3%        |  | 8,027             | 12.1%                              |             |  | 25,222              | 11.7%        |  | 24,866            | 12.0%        |
| All Other   | 3,573                               |              |  | 4,227             |                                    |             |  | 11,991              |              |  | 11,904            |              |
| <b>Selling, General &amp; Administrative</b>              | <b>\$ 79,781</b>                    | <b>20.6%</b> |  | <b>\$ 73,199</b>  | <b>19.2%</b>                       |             |  | <b>\$ 223,257</b>   | <b>20.9%</b> |  | <b>\$ 204,551</b> | <b>19.2%</b> |
| <b><u>Operating Income</u></b>                            |                                     |              |  |                   |                                    |             |  |                     |              |  |                   |              |
| Vehicle Control   | \$ 18,113                           | 9.5%         |  | \$ 21,121         | 10.7%                              |             |  | \$ 55,138           | 9.9%         |  | \$ 57,555         | 10.3%        |
| Temperature Control                                       | 13,161                              | 10.6%        |  | 13,389            | 11.4%                              |             |  | 21,716              | 7.4%         |  | 28,074            | 9.5%         |
| Engineered Solutions                                      | 7,278                               | 10.1%        |  | 3,302             | 5.0%                               |             |  | 19,176              | 8.9%         |  | 14,699            | 7.1%         |
| All Other   | (3,573)                             |              |  | (4,227)           |                                    |             |  | (11,991)            |              |  | (11,904)          |              |
| <b>Subtotal</b>   | <b>\$ 34,979</b>                    | <b>9.1%</b>  |  | <b>\$ 33,585</b>  | <b>8.8%</b>                        |             |  | <b>\$ 84,039</b>    | <b>7.9%</b>  |  | <b>\$ 88,424</b>  | <b>8.3%</b>  |
| Restructuring & Integration                               | (177)                               | 0.0%         |  | -                 | 0.0%                               |             |  | (1,383)             | -0.1%        |  | (44)              | 0.0%         |
| Other Income, Net   | 4                                   | 0.0%         |  | 30                | 0.0%                               |             |  | 74                  | 0.0%         |  | 43                | 0.0%         |
| <b>Operating Income</b>                                   | <b>\$ 34,806</b>                    | <b>9.0%</b>  |  | <b>\$ 33,615</b>  | <b>8.8%</b>                        |             |  | <b>\$ 82,730</b>    | <b>7.7%</b>  |  | <b>\$ 88,423</b>  | <b>8.3%</b>  |

## STANDARD MOTOR PRODUCTS, INC.

### Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

|   | THREE MONTHS ENDED<br>SEPTEMBER 30, |                  | NINE MONTHS ENDED<br>SEPTEMBER 30, |                   |                   |                   |                   |
|---|-------------------------------------|------------------|------------------------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2023                                | 2022             | 2023                               | 2022              |                   |                   |                   |
|   | (Unaudited)                         |                  | (Unaudited)                        |                   |                   |                   |                   |
| <b><u>EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u></b>                   |                                     |                  |                                    |                   |                   |                   |                   |
| GAAP EARNINGS FROM CONTINUING OPERATIONS  | \$ 24,859                           | \$ 23,140        | \$ 55,915                          | \$ 64,494         |                   |                   |                   |
| RESTRUCTURING AND INTEGRATION EXPENSES  | 177                                 | -                | 1,383                              | 44                |                   |                   |                   |
| CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD                       | (312)                               | (249)            | (312)                              | (249)             |                   |                   |                   |
| INCOME TAX EFFECT RELATED TO RECONCILING ITEMS  | (46)                                | -                | (360)                              | (11)              |                   |                   |                   |
| NON-GAAP EARNINGS FROM CONTINUING OPERATIONS  | <u>\$ 24,678</u>                    | <u>\$ 22,891</u> | <u>\$ 56,626</u>                   | <u>\$ 64,278</u>  |                   |                   |                   |
| <b><u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u></b> |                                     |                  |                                    |                   |                   |                   |                   |
| GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS                              | \$ 1.12                             | \$ 1.06          | \$ 2.52                            | \$ 2.91           |                   |                   |                   |
| RESTRUCTURING AND INTEGRATION EXPENSES  | -                                   | -                | 0.06                               | -                 |                   |                   |                   |
| CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD                       | (0.01)                              | (0.01)           | (0.01)                             | (0.01)            |                   |                   |                   |
| INCOME TAX EFFECT RELATED TO RECONCILING ITEMS  | -                                   | -                | (0.02)                             | -                 |                   |                   |                   |
| NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS                          | <u>\$ 1.11</u>                      | <u>\$ 1.05</u>   | <u>\$ 2.55</u>                     | <u>\$ 2.90</u>    |                   |                   |                   |
| <b><u>OPERATING INCOME</u></b>  |                                     |                  |                                    |                   |                   |                   |                   |
| GAAP OPERATING INCOME   | \$ 34,806                           | \$ 33,615        | \$ 82,730                          | \$ 88,423         |                   |                   |                   |
| RESTRUCTURING AND INTEGRATION EXPENSES  | 177                                 | -                | 1,383                              | 44                |                   |                   |                   |
| OTHER INCOME, NET   | (4)                                 | (30)             | (74)                               | (43)              |                   |                   |                   |
| NON-GAAP OPERATING INCOME   | <u>\$ 34,979</u>                    | <u>\$ 33,585</u> | <u>\$ 84,039</u>                   | <u>\$ 88,424</u>  |                   |                   |                   |
| <b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>  |                                     |                  |                                    |                   |                   |                   |                   |
| GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES                                   | \$ 32,917                           | \$ 31,472        | \$ 74,723                          | \$ 87,030         | \$ 86,025         | \$ 111,817        | \$ 98,332         |
| DEPRECIATION AND AMORTIZATION   | 7,332                               | 7,002            | 21,461                             | 20,895            | 28,864            | 27,978            | 28,298            |
| INTEREST EXPENSE  | 3,621                               | 3,656            | 10,766                             | 6,282             | 15,101            | 6,954             | 10,617            |
| EBITDA  | <u>43,870</u>                       | <u>42,130</u>    | <u>106,950</u>                     | <u>114,207</u>    | <u>129,990</u>    | <u>146,749</u>    | <u>137,247</u>    |
| RESTRUCTURING AND INTEGRATION EXPENSES  | 177                                 | -                | 1,383                              | 44                | 3,230             | 270               | 1,891             |
| CUSTOMER BANKRUPTCY CHARGE  | -                                   | -                | -                                  | -                 | 7,002             | -                 | 7,002             |
| ONE-TIME ACQUISITION COSTS  | -                                   | -                | -                                  | -                 | -                 | 105               | -                 |
| SPECIAL ITEMS   | 177                                 | -                | 1,383                              | 44                | 10,232            | 375               | 8,893             |
| EBITDA WITHOUT SPECIAL ITEMS  | <u>\$ 44,047</u>                    | <u>\$ 42,130</u> | <u>\$ 108,333</u>                  | <u>\$ 114,251</u> | <u>\$ 140,222</u> | <u>\$ 147,124</u> | <u>\$ 146,140</u> |

MANAGEMENT BELIEVES THAT NON-GAAP EARNINGS FROM CONTINUING OPERATIONS AND NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS WHICH ARE ATTRIBUTABLE TO SMP, AND NON-GAAP OPERATING INCOME AND EBITDA WITHOUT SPECIAL ITEMS, EACH OF WHICH ARE NON-GAAP MEASUREMENTS AND ARE ADJUSTED FOR SPECIAL ITEMS, ARE MEANINGFUL TO INVESTORS BECAUSE THEY PROVIDE A VIEW OF THE COMPANY WITH RESPECT TO ONGOING OPERATING RESULTS. SPECIAL ITEMS REPRESENT SIGNIFICANT CHARGES OR CREDITS THAT ARE IMPORTANT TO AN UNDERSTANDING OF THE COMPANY'S OVERALL OPERATING RESULTS IN THE PERIODS PRESENTED. SUCH NON-GAAP MEASUREMENTS ARE NOT RECOGNIZED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND SHOULD NOT BE VIEWED AS AN ALTERNATIVE TO GAAP MEASURES OF PERFORMANCE.

# STANDARD MOTOR PRODUCTS, INC.

## Reconciliation of GAAP and Non-GAAP Measures by Segments

(In thousands)

|   | THREE MONTHS ENDED SEPTEMBER 30, 2023 |                     |                                     |                   |                  |
|---|---------------------------------------|---------------------|-------------------------------------|-------------------|------------------|
|   | Vehicle Control                       | Temperature Control | Engineered Solutions<br>(Unaudited) | All Other         | Consolidated     |
| <b>OPERATING INCOME</b>                               |                                       |                     |                                     |                   |                  |
| GAAP OPERATING INCOME                                 | \$ 18,071                             | \$ 13,054 0         | \$ 7,254 0                          | \$ (3,573)        | \$ 34,806        |
| RESTRUCTURING AND INTEGRATION EXPENSES                | 45                                    | 107                 | 25                                  | -                 | 177              |
| OTHER INCOME, NET                                     | (3)                                   | - 0                 | (1) 0                               | -                 | (4)              |
| NON-GAAP OPERATING INCOME                             | <u>\$ 18,113</u>                      | <u>\$ 13,161</u>    | <u>\$ 7,278</u>                     | <u>\$ (3,573)</u> | <u>\$ 34,979</u> |
| <b>EBITDA WITHOUT SPECIAL ITEMS</b>                   |                                       |                     |                                     |                   |                  |
| GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES | \$ 15,702                             | \$ 12,780 0         | \$ 8,078 0                          | \$ (3,643)        | \$ 32,917        |
| DEPRECIATION AND AMORTIZATION                         | 3,482                                 | 908 0               | 2,450 0                             | 492               | 7,332            |
| INTEREST EXPENSE                                      | 2,563                                 | 942 0               | 620 0                               | (504)             | 3,621            |
| EBITDA  | <u>21,747</u>                         | <u>14,630</u>       | <u>11,148</u>                       | <u>(3,655)</u>    | <u>43,870</u>    |
| RESTRUCTURING AND INTEGRATION EXPENSES                | 45                                    | 107 0               | 25 0                                | -                 | 177              |
| SPECIAL ITEMS   | 45                                    | 107                 | 25                                  | -                 | 177              |
| EBITDA WITHOUT SPECIAL ITEMS                          | <u>\$ 21,792</u>                      | <u>\$ 14,737</u>    | <u>\$ 11,173</u>                    | <u>\$ (3,655)</u> | <u>\$ 44,047</u> |
| % of Net Sales  | 11.4%                                 | 11.9%               | 15.6%                               |                   | 11.4%            |

(In thousands)

|   | THREE MONTHS ENDED SEPTEMBER 30, 2022 |                     |                                     |                   |                  |
|---|---------------------------------------|---------------------|-------------------------------------|-------------------|------------------|
|   | Vehicle Control                       | Temperature Control | Engineered Solutions<br>(Unaudited) | All Other         | Consolidated     |
| <b>OPERATING INCOME</b>                               |                                       |                     |                                     |                   |                  |
| GAAP OPERATING INCOME                                 | \$ 21,151                             | \$ 13,389 0         | \$ 3,302 0                          | \$ (4,227)        | \$ 33,615        |
| RESTRUCTURING AND INTEGRATION EXPENSES                | -                                     | -                   | -                                   | -                 | -                |
| OTHER INCOME, NET                                     | (30)                                  | - 0                 | - 0                                 | -                 | (30)             |
| NON-GAAP OPERATING INCOME                             | <u>\$ 21,121</u>                      | <u>\$ 13,389</u>    | <u>\$ 3,302</u>                     | <u>\$ (4,227)</u> | <u>\$ 33,585</u> |
| <b>EBITDA WITHOUT SPECIAL ITEMS</b>                   |                                       |                     |                                     |                   |                  |
| GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES | \$ 18,745                             | \$ 12,351 0         | \$ 4,650 0                          | \$ (4,274)        | \$ 31,472        |
| DEPRECIATION AND AMORTIZATION                         | 3,511                                 | 661 0               | 2,424 0                             | 406               | 7,002            |
| INTEREST EXPENSE                                      | 2,748                                 | 788 0               | 202 0                               | (82)              | 3,656            |
| EBITDA  | <u>25,004</u>                         | <u>13,800</u>       | <u>7,276</u>                        | <u>(3,950)</u>    | <u>42,130</u>    |
| RESTRUCTURING AND INTEGRATION EXPENSES                | -                                     | - 0                 | - 0                                 | -                 | -                |
| SPECIAL ITEMS   | -                                     | -                   | -                                   | -                 | -                |
| EBITDA WITHOUT SPECIAL ITEMS                          | <u>\$ 25,004</u>                      | <u>\$ 13,800</u>    | <u>\$ 7,276</u>                     | <u>\$ (3,950)</u> | <u>\$ 42,130</u> |
| % of Net Sales  | 12.6%                                 | 11.8%               | 11.0%                               |                   | 11.0%            |

MANAGEMENT BELIEVES THAT NON-GAAP OPERATING INCOME AND EBITDA WITHOUT SPECIAL ITEMS, EACH OF WHICH ARE NON-GAAP MEASUREMENTS AND ARE ADJUSTED FOR SPECIAL ITEMS, ARE MEANINGFUL TO INVESTORS BECAUSE THEY PROVIDE A VIEW OF THE COMPANY WITH RESPECT TO ONGOING OPERATING RESULTS. SPECIAL ITEMS REPRESENT SIGNIFICANT CHARGES OR CREDITS THAT ARE IMPORTANT TO AN UNDERSTANDING OF THE COMPANY'S OVERALL OPERATING RESULTS IN THE PERIODS PRESENTED. SUCH NON-GAAP MEASUREMENTS ARE NOT RECOGNIZED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND SHOULD NOT BE VIEWED AS AN ALTERNATIVE TO GAAP MEASURES OF PERFORMANCE.

# STANDARD MOTOR PRODUCTS, INC.

## Reconciliation of GAAP and Non-GAAP Measures by Segments

(In thousands)

|   | NINE MONTHS ENDED SEPTEMBER 30, 2023 |                     |                                     |                    |                   |
|---|--------------------------------------|---------------------|-------------------------------------|--------------------|-------------------|
|   | Vehicle Control                      | Temperature Control | Engineered Solutions<br>(Unaudited) | All Other          | Consolidated      |
| <b>OPERATING INCOME</b>                               |                                      |                     |                                     |                    |                   |
| GAAP OPERATING INCOME                                 | \$ 54,719                            | \$ 20,938           | \$ 19,064                           | \$ (11,991)        | \$ 82,730         |
| RESTRUCTURING AND INTEGRATION EXPENSES                | 484                                  | 778                 | 121                                 | -                  | 1,383             |
| OTHER INCOME, NET                                     | (65)                                 | -                   | (9)                                 | -                  | (74)              |
| NON-GAAP OPERATING INCOME                             | <u>\$ 55,138</u>                     | <u>\$ 21,716</u>    | <u>\$ 19,176</u>                    | <u>\$ (11,991)</u> | <u>\$ 84,039</u>  |
| <b>EBITDA WITHOUT SPECIAL ITEMS</b>                   |                                      |                     |                                     |                    |                   |
| GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES | \$ 47,994                            | \$ 19,144           | \$ 19,611                           | \$ (12,026)        | \$ 74,723         |
| DEPRECIATION AND AMORTIZATION                         | 10,267                               | 2,439               | 7,417                               | 1,338              | 21,461            |
| INTEREST EXPENSE                                      | 7,608                                | 2,677               | 1,616                               | (1,135)            | 10,766            |
| EBITDA  | <u>65,869</u>                        | <u>24,260</u>       | <u>28,644</u>                       | <u>(11,823)</u>    | <u>106,950</u>    |
| RESTRUCTURING AND INTEGRATION EXPENSES                | 484                                  | 778                 | 121                                 | -                  | 1,383             |
| SPECIAL ITEMS   | 484                                  | 778                 | 121                                 | -                  | 1,383             |
| EBITDA WITHOUT SPECIAL ITEMS                          | <u>\$ 66,353</u>                     | <u>\$ 25,038</u>    | <u>\$ 28,765</u>                    | <u>\$ (11,823)</u> | <u>\$ 108,333</u> |
| <i>% of Net Sales</i>                                 | <i>11.9%</i>                         | <i>8.5%</i>         | <i>13.4%</i>                        |                    | <i>10.1%</i>      |

(In thousands)

|   | NINE MONTHS ENDED SEPTEMBER 30, 2022 |                     |                                     |                    |                   |
|---|--------------------------------------|---------------------|-------------------------------------|--------------------|-------------------|
|   | Vehicle Control                      | Temperature Control | Engineered Solutions<br>(Unaudited) | All Other          | Consolidated      |
| <b>OPERATING INCOME</b>                               |                                      |                     |                                     |                    |                   |
| GAAP OPERATING INCOME                                 | \$ 57,554                            | \$ 28,074           | \$ 14,699                           | \$ (11,904)        | \$ 88,423         |
| RESTRUCTURING AND INTEGRATION EXPENSES                | 44                                   | -                   | -                                   | -                  | 44                |
| OTHER INCOME, NET                                     | (43)                                 | -                   | -                                   | -                  | (43)              |
| NON-GAAP OPERATING INCOME                             | <u>\$ 57,555</u>                     | <u>\$ 28,074</u>    | <u>\$ 14,699</u>                    | <u>\$ (11,904)</u> | <u>\$ 88,424</u>  |
| <b>EBITDA WITHOUT SPECIAL ITEMS</b>                   |                                      |                     |                                     |                    |                   |
| GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES | \$ 54,039                            | \$ 28,895           | \$ 16,178                           | \$ (12,082)        | \$ 87,030         |
| DEPRECIATION AND AMORTIZATION                         | 10,419                               | 2,083               | 7,177                               | 1,216              | 20,895            |
| INTEREST EXPENSE                                      | 4,676                                | 1,354               | 487                                 | (235)              | 6,282             |
| EBITDA  | <u>69,134</u>                        | <u>32,332</u>       | <u>23,842</u>                       | <u>(11,101)</u>    | <u>114,207</u>    |
| RESTRUCTURING AND INTEGRATION EXPENSES                | 44                                   | -                   | -                                   | -                  | 44                |
| SPECIAL ITEMS   | 44                                   | -                   | -                                   | -                  | 44                |
| EBITDA WITHOUT SPECIAL ITEMS                          | <u>\$ 69,178</u>                     | <u>\$ 32,332</u>    | <u>\$ 23,842</u>                    | <u>\$ (11,101)</u> | <u>\$ 114,251</u> |
| <i>% of Net Sales</i>                                 | <i>12.3%</i>                         | <i>10.9%</i>        | <i>11.5%</i>                        |                    | <i>10.7%</i>      |

MANAGEMENT BELIEVES THAT NON-GAAP OPERATING INCOME AND EBITDA WITHOUT SPECIAL ITEMS, EACH OF WHICH ARE NON-GAAP MEASUREMENTS AND ARE ADJUSTED FOR SPECIAL ITEMS, ARE MEANINGFUL TO INVESTORS BECAUSE THEY PROVIDE A VIEW OF THE COMPANY WITH RESPECT TO ONGOING OPERATING RESULTS. SPECIAL ITEMS REPRESENT SIGNIFICANT CHARGES OR CREDITS THAT ARE IMPORTANT TO AN UNDERSTANDING OF THE COMPANY'S OVERALL OPERATING RESULTS IN THE PERIODS PRESENTED. SUCH NON-GAAP MEASUREMENTS ARE NOT RECOGNIZED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND SHOULD NOT BE VIEWED AS AN ALTERNATIVE TO GAAP MEASURES OF PERFORMANCE.

# STANDARD MOTOR PRODUCTS, INC.

## Condensed Consolidated Balance Sheets

(In thousands)

|  | SEPTEMBER<br>2023<br><u>(Unaudited)</u> | SEPTEMBER<br>2022<br><u>(Unaudited)</u> | DECEMBER<br>2022<br><u></u> |
|--|---|---|-----------------------------|
| <b><u>ASSETS</u></b>                               |   |   |                             |
| CASH AND CASH EQUIVALENTS                          | \$ 28,485                               | \$ 17,525                               | \$ 21,150                   |
| ACCOUNTS RECEIVABLE, GROSS                         | 213,925                                 | 236,342                                 | 173,013                     |
| ALLOWANCE FOR EXPECTED CREDIT LOSSES               | 5,872                                   | 5,900                                   | 5,375                       |
| ACCOUNTS RECEIVABLE, NET                           | <u>208,053</u>                          | <u>230,442</u>                          | <u>167,638</u>              |
| INVENTORIES  | 479,788                                 | 534,310                                 | 528,715                     |
| UNRETURNED CUSTOMER INVENTORY                      | 21,847                                  | 21,485                                  | 19,695                      |
| OTHER CURRENT ASSETS                               | 24,240                                  | 25,911                                  | 25,241                      |
| TOTAL CURRENT ASSETS                               | <u>762,413</u>                          | <u>829,673</u>                          | <u>762,439</u>              |
| PROPERTY, PLANT AND EQUIPMENT, NET                 | 113,012                                 | 104,199                                 | 107,148                     |
| OPERATING LEASE RIGHT-OF-USE ASSETS                | 99,067                                  | 47,168                                  | 49,838                      |
| GOODWILL   | 134,382                                 | 130,727                                 | 132,087                     |
| OTHER INTANGIBLES, NET                             | 94,324                                  | 99,756                                  | 100,504                     |
| DEFERRED INCOME TAXES                              | 36,455                                  | 34,484                                  | 33,658                      |
| INVESTMENT IN UNCONSOLIDATED AFFILIATES            | 22,909                                  | 42,648                                  | 41,745                      |
| OTHER ASSETS                                       | 37,368                                  | 30,071                                  | 27,510                      |
| TOTAL ASSETS                                       | <u>\$ 1,299,930</u>                     | <u>\$ 1,318,726</u>                     | <u>\$ 1,254,929</u>         |
| <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b> |   |   |                             |
| CURRENT PORTION OF REVOLVING CREDIT FACILITY       | \$ 47,400                               | \$ 52,100                               | \$ 50,000                   |
| CURRENT PORTION OF TERM LOAN AND OTHER DEBT        | 5,026                                   | 6,036                                   | 5,031                       |
| ACCOUNTS PAYABLE                                   | 103,237                                 | 103,894                                 | 89,247                      |
| ACCRUED CUSTOMER RETURNS                           | 48,556                                  | 53,857                                  | 37,169                      |
| ACCRUED CORE LIABILITY                             | 19,778                                  | 23,845                                  | 22,952                      |
| ACCRUED REBATES                                    | 46,329                                  | 42,378                                  | 37,381                      |
| PAYROLL AND COMMISSIONS                            | 31,718                                  | 37,539                                  | 31,361                      |
| SUNDRY PAYABLES AND ACCRUED EXPENSES               | 71,298                                  | 54,215                                  | 49,990                      |
| TOTAL CURRENT LIABILITIES                          | <u>373,342</u>                          | <u>373,864</u>                          | <u>323,131</u>              |
| LONG-TERM DEBT                                     | 95,170                                  | 211,400                                 | 184,589                     |
| NONCURRENT OPERATING LEASE LIABILITY               | 88,186                                  | 38,618                                  | 40,709                      |
| ACCRUED ASBESTOS LIABILITIES                       | 73,962                                  | 63,820                                  | 63,305                      |
| OTHER LIABILITIES                                  | 23,797                                  | 20,637                                  | 22,157                      |
| TOTAL LIABILITIES                                  | <u>654,457</u>                          | <u>708,339</u>                          | <u>633,891</u>              |
| TOTAL SMP STOCKHOLDERS' EQUITY                     | 629,348                                 | 599,387                                 | 610,020                     |
| NONCONTROLLING INTEREST                            | 16,125                                  | 11,000                                  | 11,018                      |
| TOTAL STOCKHOLDERS' EQUITY                         | <u>645,473</u>                          | <u>610,387</u>                          | <u>621,038</u>              |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY         | <u>\$ 1,299,930</u>                     | <u>\$ 1,318,726</u>                     | <u>\$ 1,254,929</u>         |

**STANDARD MOTOR PRODUCTS, INC.**  
**Condensed Consolidated Statements of Cash Flows**

(In thousands)

|   | NINE MONTHS ENDED<br>SEPTEMBER 30, |           |
|---|------------------------------------|-----------|
|   | 2023                               | 2022      |
|   | (Unaudited)                        |           |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u>   |                                    |           |
| NET EARNINGS  | \$ 27,866                          | \$ 47,547 |
| ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: |                                    |           |
| DEPRECIATION AND AMORTIZATION   | 21,461                             | 20,895    |
| LOSS FROM DISCONTINUED OPERATIONS, NET OF TAXES   | 28,201                             | 17,076    |
| OTHER   | 4,701                              | 8,828     |
| CHANGE IN ASSETS AND LIABILITIES:   |                                    |           |
| ACCOUNTS RECEIVABLE   | (38,850)                           | (51,887)  |
| INVENTORY   | 54,286                             | (75,300)  |
| ACCOUNTS PAYABLE  | 15,852                             | (31,844)  |
| PREPAID EXPENSES AND OTHER CURRENT ASSETS   | 2,916                              | (6,270)   |
| SUNDRY PAYABLES AND ACCRUED EXPENSES  | 12,345                             | 3,807     |
| OTHER   | 4,115                              | (8,327)   |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES   | 132,893                            | (75,475)  |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>   |                                    |           |
| ACQUISITIONS OF AND INVESTMENTS IN BUSINESSES   | (3,954)                            | -         |
| CASH ACQUIRED IN STEP ACQUISITION   | 6,779                              | -         |
| CAPITAL EXPENDITURES  | (17,977)                           | (19,499)  |
| OTHER INVESTING ACTIVITIES  | 95                                 | 12        |
| NET CASH USED IN INVESTING ACTIVITIES   | (15,057)                           | (19,487)  |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>   |                                    |           |
| NET CHANGE IN DEBT  | (92,149)                           | 141,457   |
| PURCHASE OF TREASURY STOCK  | -                                  | (29,656)  |
| DIVIDENDS PAID  | (18,846)                           | (17,602)  |
| PAYMENTS OF DEBT ISSUANCE COSTS   | -                                  | (2,128)   |
| OTHER FINANCING ACTIVITIES  | (2)                                | (54)      |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES   | (110,997)                          | 92,017    |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH   | 496                                | (1,285)   |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  | 7,335                              | (4,230)   |
| CASH AND CASH EQUIVALENTS at beginning of period  | 21,150                             | 21,755    |
| CASH AND CASH EQUIVALENTS at end of period  | \$ 28,485                          | \$ 17,525 |