



003/2565

25<sup>th</sup> Feb 2022

Subject : Management Discussion & Analysis of Performance Results of the Full Year 2021

To : Board of Directors and President of The Stock Exchange of Thailand

Fortune Parts Industry Public Company Limited Discussion and Analysis provides an overview of the company's financial activities for the year ended 31 December 2021 based on audited financial statement as below.

**Profit (Loss) Statement For The 12 Month Period Ended 31 December 2021**

(Unit in Million Baht)	Consolidated F/S				Separated F/S			
	12 Month 21	12 Month 20	Variance	Percentage	12 Month 21	12 Month 20	Variance	Percentage
Sales & Service Revenue	2,098.1	1,806.0	292.0	16.2%	2,039.9	1,778.4	261.5	14.7%
Other Revenue	38.5	38.6	(0.1)	-0.2%	39.5	71.0	(31.4)	-44.3%
Gain from Foreign Currency Exchange and Fair								
Value Adjustment of Financial Derivatives	31.1	12.2	19.0	155.9%	13.2	22.6	(9.4)	-41.4%
<b>Total Revenue</b>	<b>2,167.7</b>	<b>1,856.8</b>	<b>311.0</b>	<b>16.7%</b>	<b>2,092.7</b>	<b>1,871.9</b>	<b>220.7</b>	<b>11.8%</b>
<b>Cost of Goods Sold &amp; Service</b>	<b>1,610.0</b>	<b>1,499.7</b>	<b>110.3</b>	<b>7.4%</b>	<b>1,550.6</b>	<b>1,468.2</b>	<b>82.4</b>	<b>5.6%</b>
% of Total Revenue	74.3%	80.8%	-6.5%		74.1%	78.4%	-4.3%	
Selling, Distribution, & Admin Expenses	161.3	163.2	(1.8)	-1.1%	143.6	151.5	(7.9)	-5.2%
Allowance for doubtful accounts (reversal)	(8.5)	13.6	(22.1)	-162.4%	(8.0)	12.8	(20.8)	-163.0%
Allowance for Inventory Devaluation (Reversal)	(7.6)	2.2	(9.7)	-444.3%	(14.3)	2.2	(16.5)	-750.4%
Loss from Foreign Currency Exchange and Fair								
Value Adjustment of Financial Derivatives	8.1	93.0	(84.9)	-91.3%	8.1	93.0	(84.9)	-91.3%
<b>SG&amp;A Expenses</b>	<b>153.4</b>	<b>272.0</b>	<b>(118.6)</b>	<b>-43.6%</b>	<b>129.4</b>	<b>259.4</b>	<b>(130.0)</b>	<b>-50.1%</b>
% of Total Revenue	7.1%	14.6%	-7.6%		6.2%	13.9%	-7.7%	
<b>Financial Expenses</b>	<b>(19.4)</b>	<b>(48.5)</b>	<b>29.1</b>	<b>59.9%</b>	<b>(10.9)</b>	<b>(16.4)</b>	<b>5.4</b>	<b>33.1%</b>
<b>Earning before Tax (EBT)</b>	<b>384.9</b>	<b>36.6</b>	<b>348.3</b>	<b>952.5%</b>	<b>401.8</b>	<b>128.0</b>	<b>273.8</b>	<b>213.9%</b>
Benefits (Expenses) from Income Tax	(55.9)	(3.7)	(52.3)	1423.9%	(56.1)	(16.8)	(39.3)	233.4%
<b>Profit (Loss) for The Period</b>	<b>329.0</b>	<b>32.9</b>	<b>296.1</b>	<b>899.9%</b>	<b>345.7</b>	<b>111.2</b>	<b>234.5</b>	<b>211.0%</b>

**In 2021 and 2020, total revenue is 2,167.7M and 1,856.8M respectively, an increase of 311.0M or 16.7%.**

**Total Revenue**

In 2021 and 2020, total revenue is 2,167.7M and 1,856.8M respectively, an increase of 311.0M or 16.7%. Revenue from sales and services accounted for 2,098.1M, an increase of 292.0M or 16.2%

The main drivers for revenue increase are related to growth in export sales especially in Asia & Middle East zone (from 902.2M to 1,042.8M or 140.6M increase) due to rising in demand driven by reduced production capacity and increased in selling price caused by energy crisis in Mainland China and South America zone (from 241.1M to 339.4M or 98.3M increase) due to favorable freight contract. The export sales for the other 3 major zones; Australia, Africa, and Europe increased by 10.5M, 14.8M, and 22.9M respectively.

**In 2021 and 2020, total cost of goods sold and service is 74.3% and 80.8% respectively, an improvement of 6.5%**

#### **Cost of Goods Sold and Service**

In 2021 and 2020, total cost of goods sold and service is 1,610.0M and 1,499.7M respectively, an increase of 110.3M or 7.4%. As a percentage of total revenue, the cost of goods sold and service is 74.3%, an improvement of 6.5%

The main improvement drivers are related to multiple factors. First, the company successfully negotiated 5-10% selling price increase with customers due to worldwide rising in commodity cost. Second, the company was able to procure the material (especially plastic, chemical, and painting materials) and some trading goods as well as lock down the price for 6-12 months in advance in April 2021 and therefore avoid the rise in material cost for the majority of 2021. Lastly, the company also experienced productivity improvement and reduction in cost of poor in operations.

**In 2021 and 2020, total SG&A expenses is 153.4M and 272.0M respectively, an improvement of 118.6M.**

#### **Selling, General, and Administrative (SG&A) Expenses**

In 2021 and 2020, total SG&A expenses is 153.4M and 272.0M respectively, an improvement of 118.6M. As a percentage of total revenue, the SG&A expenses is 7.1%, an improvement of 7.6%.

The main driver of improvement is related to reduction in loss from foreign exchange impact derivatives, improvement in long aging receivable collection, and growth in sales of long aging inventory.

**In 2021 the company posted a net profit of 329.0M, an increase of 296.1M vs a net profit of 32.9M in 2020 or an increase of 899.9%.**

#### **Net Profit**

In 2021 Thailand entity company posted a net profit of 345.7M while India entity post a net loss of 33.0M. In consolidation statement, the net profit is 329.0M an increase of 296.1M vs a net profit of 32.9.0M in 2020 or an increase of 899.9%

Major drivers for significant improvement are the increase in sales and therefore, gross margin. Company also experienced successful selling price increase, advance material procurement at favorable price. Approximately 50.0M per year cost savings is achieved through improvement in operation productivity and decrease in cost of poor by implementing bio circular green economy (BCG).

### **Financial Position (in comparison to as of 31 December 2020)**

Overall financial position of the Company as of 31 December 2021, compared to the statement of financial position as of 31 December 2020, the balance of total assets which were 3,131.5M and 2,882.6M, respectively, an increase of 248.9M due to the following reasons;

**As of 31 December 2021, total assets were 3,131.5M, an increase of 248.9M from the balance as of 31 December 2020 at 2,882.6M.**

#### **Total Assets**

As of 31 December 2021, total assets were 3,131.5M, an increase of 248.9M from the balance as of 31 December 2020 at 2,882.6M.

Major drivers for increase are increase in trade account receivable related to growth in export sales and increase in inventory to support future sales offset by cash decreased driven by payments made to payoff FPI India's long-term loan with high interest rate of approximately 10% by the cash from selling the investment in Safe Energy Holdings.

**Total liabilities increased by 40.3M from 1,322.5M million as of 31 December 2020 to 1,290.7M as of 31 December 2021.**

#### **Total Liabilities**

Total liabilities increased by 40.3M from 1,282.2M million as of 31 December 2020 to 1,322.5M as of 31 December 2021.

Increase in short term liabilities is related to increase in income tax payable due to significant improvement in operating performance.

#### **Shareholders' Equity**

As of 31 December 2021, total shareholders' equity was 1,809.0M, an increase of 208.6M from 1,600.4M as of 31 December 2020. This is entirely due to 329.0M profit from 2021 operations offset by dividend paid.

#### **Status Update for Subsidiary in India**

For subsidiary in India, 2021 revenue is 136.3M INR, an increase of 64.1M INR or 89.9%. There are four more Maruti Suzuki projects (Y1K, YFG, YTA, and YXA) to be launched by the beginning of 2022 as well as electric motorcycles project with 22 motors by the beginning of Q3 2022. Annual revenue is estimated to be approximately 300 – 400M INR after all projects are launched. With much higher expected revenue, management also expect a turn around in financial performance including positive cash flow and earnings before tax.

Please be informed accordingly.

Yours sincerely,

Mr. Sompol Tanadumrongsak  
Managing Director