



007/2565

13th May 2022

Subject : Management Discussion & Analysis of Performance Results for the three-month ended 31 March 2022

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 three-month ended 31 March 2021 based on audited financial statement as below.

Profit (Loss) Statement For The Three-Month Period Ended 31 March 2022

(Unit in Million Baht)	Consolidated F/S				Separated F/S			
	3 Month 22	3 Month 21	Variance	Percentage	3 Month 22	3 Month 21	Variance	Percentage
Sales & Service Revenue	578.1	424.6	153.5	36.1%	562.2	417.1	145.1	34.8%
Other Revenue	8.6	5.4	3.2	58.7%	8.6	5.4	3.2	59.8%
Gain from Foreign Currency Exchange and Fair Value Adjustment of Financial Derivatives	12.7	33.9	(21.2)	-62.6%	10.4	18.7	(8.3)	-44.3%
Total Revenue	599.4	464.0	135.4	29.2%	581.3	441.1	140.1	31.8%
Cost of Goods Sold & Service	420.7	344.5	76.2	22.1%	401.0	341.5	59.5	17.4%
<i>% of Total Revenue</i>	<i>70.2%</i>	<i>74.3%</i>	<i>-4.1%</i>		<i>69.0%</i>	<i>77.4%</i>	<i>-8.4%</i>	
Selling, Distribution, & Admin Expenses	35.2	47.3	(12.1)	-25.5%	30.8	41.4	(10.6)	-25.7%
Allowance for doubtful accounts (reversal)	(0.6)		(0.6)		(1.5)		(1.5)	
Allowance for Inventory Devaluation (Reversal)	3.2	(11.7)	15.0	-127.7%	2.8	(11.7)	14.5	-123.5%
Loss from Foreign Currency Exchange and Fair Value Adjustment of Financial Derivatives		24.3	(24.3)	-100.0%		24.3	(24.3)	-100.0%
SG&A Expenses	37.8	59.8	(22.0)	-36.8%	32.1	54.0	(21.9)	-40.6%
<i>% of Total Revenue</i>	<i>6.3%</i>	<i>12.9%</i>	<i>-6.6%</i>		<i>5.5%</i>	<i>12.2%</i>	<i>-6.7%</i>	
Financial Expenses	(3.5)	(4.7)	1.2	26.3%	(1.7)	(3.6)	2.0	54.3%
Earning before Tax (EBT)	137.4	54.9	82.5	150.1%	146.5	42.1	104.5	248.3%
Benefits (Expenses) from Income Tax	(32.2)	2.3	(34.6)	-1480.6%	(32.3)	2.3	(34.6)	-1481.2%
Profit (Loss) for The Period	105.2	57.3	47.9	83.6%	114.3	44.4	69.9	157.3%

In Q1 2022 and 2021, total revenue is 599.4M and 464.0M respectively, an increase of 135.4M or 29.2%.

Total Revenue

In Q1 2022nd 2021, total revenue is 599.4M and 464.0M respectively, an increase of 135.4M or 29.2%. Revenue from sales and services accounted for 578.1M, an increase of 153.5M or 36.1%

The company smoothly navigated through logistics challenges in both acquiring sufficient number of shipping containers as well as negotiating lower sea freight cost. As a result, Asia & Middle East zone revenue increase from 219.5M to

315.3M or 95.8M increase. South America zone also continued to experience sales growth with the revenue increase from 67.5M to 107.8M or 40.3M.

In Q1 2022 and 2021, total cost of goods sold and service is 70.2% and 74.3% respectively, an improvement of 4.1%

Cost of Goods Sold and Service

In Q1 2022 and 2021, total cost of goods sold and service is 420.7M and 344.5M respectively, an increase of 76.2M or 22.1%. As a percentage of total revenue, the cost of goods sold and service is 70.2%, an improvement of 4.1%

The improvement can be attributed 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 since April 2021 and therefore avoid the rise in material cost (during the first quarter of 2022, the company also able to negotiate the same type of contracts for acquiring raw materials before Russia declare the war on Ukraine.) Lastly, the company also experienced productivity improvement and reduction in cost of poor in operations.

In Q1 2022 and 2021, total SG&A expenses is 37.8M and 59.8M respectively, an improvement of 22.0M.

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

In Q1 2022 and 2021, total SG&A expenses is 37.8M and 59.8M respectively, an improvement of 22.0M. As a percentage of total revenue, the SG&A expenses is 6.3%, an improvement of 6.6%.

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

In Q1 2022 the company posted a net profit of 105.2M, an increase of 57.3M vs a net profit of 47.9M in 2021 or an increase of 83.6%.

Net Profit

In Q1 2022 the company posted a net profit of 105.2M, an increase of 47.9M vs a net profit of 57.3M in 2021 or an increase of 83.6%

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, improvement in operation productivity, and decrease in cost of poor as stated above.

Financial Position (in comparison to as of 31 December 2021)

Overall financial position of the Company as of 31 March 2022, compared to the statement of financial position as of 31 December 2021, the balance of total assets which were 3,180.3M and 3,131.5M, respectively, an increase of 48.8M due to the following reasons;

As of 31 March 2022, total assets were 3,180.3M, an increase of 48.8M from the balance as of 31 December 2021 at 3,131.5M.

Total Assets

As of 31 March 2022, total assets were 3,180.3M, an increase of 48.8M from the balance as of 31 December 2021 at 3,131.5M.

Major drivers for increase are increase in trade account receivable related to growth in export sales and increase in inventory to support future sales.

Total liabilities decreased by 54.5M from 1,322.5M million as of 31 December 2021 to 1,268.0M as of 31 March 2022.

Total Liabilities

Total liabilities increased by 54.5M from 1,322.5M million as of 31 December 2021 to 1,268.0M as of 31 March 2022.

Decrease in short term liabilities is related to payments made to financial institution on matured short-term loans.

Shareholders' Equity

As of 31 March 2022, total shareholders' equity was 1,912.3M, an increase of 103.3M from 1,809.0M as of 31 December 2021.

Status Update for Subsidiary in India

For subsidiary in India, Q1 2022 revenue is 36.0M INR, an increase of 17.2M INR or 91.3%. The four Maruti Suzuki projects (Y1K, YFG, YTA, and YXA) launch date was postponed to within Q2 2022 from Q1 2022 while electric motorcycles project with 22 motors was brought forward from within Q3 2022 to Q2 2022. Annual revenue is estimated to be approximately 300 – 400M INR after all projects are launched

Please be informed accordingly.

Yours sincerely,

Mr. Sompol Tanadumrongsak
Managing Director