



008/2565

10th Aug 2022

Subject : Management Discussion & Analysis of Performance Results of the Second Quarter and Year to Date 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 second quarter and year to date ended 30 June 2022 based on audited financial statement as below.

Profit (Loss) Statement For The Six-Month Period Ended 30 June 2022

(Unit in Million Baht)	Consolidated F/S				Separated F/S			
	6 Month 22	6 Month 21	Variance	Percentage	6 Month 22	6 Month 21	Variance	Percentage
Sales & Service Revenue	1,221.5	965.4	256.2	26.5%	1,175.4	950.9	224.5	23.6%
Other Revenue	18.3	11.4	6.9	60.6%	18.3	11.3	6.9	61.0%
Gain (Loss) from Foreign Currency Exchange Rate	54.1	38.7	15.4	39.8%	50.5	22.8	27.7	121.1%
Total Revenue	1,293.8	1,015.4	278.4	27.4%	1,244.2	985.1	259.1	26.3%
Cost of Goods Sold & Service	874.7	749.9	124.7	16.6%	823.7	730.3	93.4	12.8%
<i>% of Total Revenue</i>	67.6%	73.9%	-6.3%		66.2%	74.1%	-7.9%	
Selling, Distribution, & Admin Expenses	94.0	110.4	(16.5)	-14.9%	84.0	100.7	(16.7)	-16.6%
Allowance for doubtful accounts (reversal)	4.5	2.3	2.2	98.0%	3.3	2.3	1.0	44.1%
Allowance for Inventory Devaluation (Reversal)	7.6	(13.4)	21.0	-156.6%	7.3	(13.4)	20.7	-154.5%
Loss (Gain) from Fair Value Adjustment of Financial Derivatives	45.5	26.4	19.1	72.5%	45.5	26.4	19.1	72.5%
SG&A Expenses	151.6	125.7	25.9	20.6%	140.1	116.0	24.1	20.8%
<i>% of Total Revenue</i>	11.7%	12.4%	-0.7%		11.3%	11.8%	-0.5%	
Financial Expenses	(7.3)	(8.2)	0.9	10.9%	(3.4)	(7.2)	3.8	52.7%
Earning before Tax (EBT)	260.3	131.6	128.7	97.8%	277.0	131.6	145.4	110.5%
Benefits (Expenses) from Income Tax	(53.3)	(13.1)	(40.2)	306.3%	(53.3)	(13.2)	(40.1)	304.2%
Profit (Loss) for The Period	207.0	118.4	88.5	74.7%	223.6	118.4	105.3	88.9%

For the six-month period ended, the financial performance of the company when comparing to prior year are as below;

- 278.4M growth in total revenue or 27.4%
- 6.3% improvement in cost of goods sold & service as a % of total revenue
- 0.7% increase in SG&A expenses as a % of total revenue
- 88.5M increase in net profit for the period or an improvement of 74.7%

Profit (Loss) Statement For The Three-Month Period Ended 30 June 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	643.4	540.8	102.7	19.0%	613.2	533.8	79.4	14.9%
Other Revenue	9.6	5.9	3.7	62.4%	9.6	5.9	3.7	62.2%
Gain (Loss) from Foreign Currency Exchange Rate	46.8	4.7	42.0	885.8%	45.5	4.2	41.4	986.5%
Total Revenue	699.9	551.4	148.4	26.9%	668.4	543.9	124.5	22.9%
Cost of Goods Sold & Service	453.9	405.4	48.5	12.0%	422.7	388.9	33.9	8.7%
<i>% of Total Revenue</i>	<i>64.9%</i>	<i>73.5%</i>	<i>-8.7%</i>		<i>63.2%</i>	<i>71.5%</i>	<i>-8.2%</i>	
Selling, Distribution, & Admin Expenses	58.8	58.9	(0.1)	-0.1%	53.2	59.3	(6.1)	-10.2%
Allowance for doubtful accounts (reversal)	5.2	6.6	(1.4)	-21.7%	4.8	2.3	2.5	105.8%
Allowance for Inventory Devaluation (Reversal)	4.3	(1.7)	6.0	-357.5%	4.6	(1.7)	6.2	-370.2%
Loss (Gain) from Fair Value Adjustment of Financial								
Derivatives	50.9	2.1	48.8	2325.7%	50.9	2.1	48.8	2325.7%
SG&A Expenses	119.2	65.9	53.3	80.9%	113.5	62.0	51.5	83.0%
<i>% of Total Revenue</i>	<i>17.0%</i>	<i>11.9%</i>	<i>5.1%</i>		<i>17.0%</i>	<i>11.4%</i>	<i>5.6%</i>	
Financial Expenses	(3.9)	(3.5)	(0.3)	9.6%	(1.7)	(3.6)	1.8	51.1%
Earning before Tax (EBT)	122.9	76.6	46.2	60.4%	130.4	89.5	41.0	45.8%
Benefits (Expenses) from Income Tax	(21.1)	(15.5)	(5.6)	36.3%	(21.1)	(15.5)	(5.6)	35.8%
Profit (Loss) for The Period	101.8	61.2	40.6	66.4%	109.4	74.0	35.4	47.9%

In Q2 2022 and Q2 2021, total revenue is 699.9M and 551.4M respectively, an increase of 148.4M or 26.9%.

Total Revenue

In Q2 2022 and Q2 2021, total revenue is 699.9M and 551.4M respectively, an increase of 148.4M or 26.9%. Revenue from sales and services accounted for 643.4M, an increase of 102.7M or 19.0%

The main drivers for revenue increase are related to weakened exchange rate of Thai Baht vs US Dollar and continuous growth in Asia & Middle East region as well as FPI India subsidiary while there is a declined in Africa region due to severe weakened local exchange rate vs US dollar in Egypt, Algeria, and Libya put off customers from importing goods on a temporary basis.

In Q2 2022 and Q2 2021, total cost of goods sold and service as a percentage of sales is 64.9% and 73.5% respectively, an 8.7% improvement.

Cost of Goods Sold and Service

In Q2 2022 and Q2 2021, total cost of goods sold and service is 453.9M and 405.4M respectively, an increase of 48.5M or 64.9% vs 73.5% of sales, an 8.7% improvement.

The company has been procuring plastic pellets in local currency and therefore do not experience significant increase in cost driven by strong US dollar.

In Q2 2022 and Q2 2021, total SG&A expenses is 119.2M and 65.9M respectively, an increase of 53.3M.

In Q2 2022 the company posted a net profit of 101.8M, an increase of 40.6M vs a net profit of 61.2M in Q2 2021 or an increase of 66.4%.

As of 30 June 2022, total assets were 3,435.0M, an increase of 303.5M from the balance as of 31 December 2021 at 3,131.5M.

Total liabilities increased by 85.9M from 1,322.5M million as of 31 December 2021 to 1,408.4M as of 30 June 2022.

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

In Q2 2021 and Q2 2020, total SG&A expenses is 119.2M and 65.9M respectively, an increase of 53.3.0M or 17.0% vs 11.9% of sales, an 5.1% increase.

Major drivers on the increase are related to loss on fair value adjustment of financial derivatives and increase in allowance for inventory devaluation.

Net Profit

In Q2 2021 the company posted a net profit of 101.8M, an increase of 40.6M vs a net profit of 61.2M in Q2 2021 or an increase of 66.4%

Major drivers for improvement are overall business growth while the benefit from weakened exchange rate was offset by the loss on fair value adjustment of financial derivatives.

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

Overall financial position of the Company as of 30 June 2022, compared to the statement of financial position as of 31 December 2021, the balance of total assets which were 3,435.0M and 3,131.5M, respectively, an increase of 303.5M, due to the following reasons;

Total Assets

As of 30 June 2022, total assets were 3,435.0M, a decrease of 303.5M from the balance as of 31 December 2021 at 3,131.5M.

Major drivers are driven by increased in account receivable as customers in some countries are requesting the delay of payment due to severe weakening of their local currency vs US dollar as well as an increase in raw material and trading goods inventory as the company procured additional materials to mitigate risk from commodity cost fluctuation causes by Russia vs Ukraine war.

Total Liabilities

Total liabilities increased by 85.9M from 1,322.5M million as of 31 December 2021 to 1,408.4M as of 30 June 2022.

An increase in short term liabilities is driven by the additional raw material and trading goods procurement activities

Shareholders' Equity

As of 31 June 2022, total shareholders' equity was 2,026.6M, an increase of 217.6M from 1,809.0M as of 31 December 2021. This is entirely due to 124.5M profit from 2022 operations.

Status Update for Subsidiary in India

For subsidiary in India, Q2 2022 revenue is 68.0M INR, an increase of 52.3M INR (Maruti Suzuki 50.6M INR and 22 Motors 13.0M INR) or 332.6%. However, the subsidiary is still experiencing operating losses as raw material cost actualization of Maruti Suzuki is still in process. Annual revenue is estimated to be approximately 300 – 400M INR after the factory's production is fully ramped up.

Please be informed accordingly.

Yours sincerely,

Mr. Sompol Tanadumrongsak
Managing Director