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9<sup>th</sup> Nov 2022

Subject : Management Discussion & Analysis of Performance Results of the Third 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 third quarter and year to date ended 30 September 2022 based on audited financial statement as below.

**Profit (Loss) Statement For The Nine-Month Period Ended 30 September 2022**

(Unit in Million Baht)	Consolidated F/S				Separated F/S			
	9 Month 22	9 Month 21	Variance	Percentage	9 Month 22	9 Month 21	Variance	Percentage
Sales & Service Revenue	1,930.9	1,493.6	437.3	29.3%	1,834.1	1,463.9	370.2	25.3%
Other Revenue	30.3	18.1	12.2	67.4%	29.2	20.8	8.4	40.1%
Gain from Foreign Currency Exchange and Fair Value Adjustment of Financial Derivatives	64.4	40.9	23.5	57.5%	62.8	23.9	38.9	162.7%
<b>Total Revenue</b>	<b>2,025.6</b>	<b>1,552.6</b>	<b>473.0</b>	<b>30.5%</b>	<b>1,926.0</b>	<b>1,508.6</b>	<b>417.4</b>	<b>27.7%</b>
<b>Cost of Goods Sold &amp; Service</b>	<b>1,383.6</b>	<b>1,106.2</b>	<b>277.4</b>	<b>25.1%</b>	<b>1,281.0</b>	<b>1,076.6</b>	<b>204.4</b>	<b>19.0%</b>
<i>% of Total Revenue</i>	<i>68.3%</i>	<i>71.3%</i>	<i>-2.9%</i>		<i>66.5%</i>	<i>71.4%</i>	<i>-4.9%</i>	
Selling, Distribution, & Admin Expenses	147.4	195.7	(48.3)	-24.7%	133.0	179.9	(46.9)	-26.1%
Allowance for doubtful accounts (reversal)	11.5	(6.0)	17.5	-292.4%	10.1	(5.8)	15.9	-273.3%
Allowance for Inventory Devaluation (Reversal)	11.4	(11.7)	23.1	-196.9%	10.7	(11.9)	22.6	-189.9%
Loss from Foreign Currency Exchange and Fair Value Adjustment of Financial Derivatives	54.8	35.6	19.2	53.9%	54.8	35.6	19.2	53.9%
<b>SG&amp;A Expenses</b>	<b>225.1</b>	<b>213.6</b>	<b>11.6</b>	<b>5.4%</b>	<b>208.5</b>	<b>197.8</b>	<b>10.7</b>	<b>5.4%</b>
<i>% of Total Revenue</i>	<i>11.1%</i>	<i>13.8%</i>	<i>-2.6%</i>		<i>10.8%</i>	<i>13.1%</i>	<i>-2.3%</i>	
<b>Financial Expenses</b>	<b>(13.0)</b>	<b>(12.1)</b>	<b>(0.9)</b>	<b>7.0%</b>	<b>(11.9)</b>	<b>(9.1)</b>	<b>(2.9)</b>	<b>31.5%</b>
<b>Earning before Tax (EBT)</b>	<b>403.9</b>	<b>220.6</b>	<b>183.3</b>	<b>83.1%</b>	<b>424.6</b>	<b>225.1</b>	<b>199.5</b>	<b>88.6%</b>
Benefits (Expenses) from Income Tax	(80.4)	(32.4)	(48.0)	147.9%	(80.5)	(32.6)	(47.9)	147.2%
<b>Profit (Loss) for The Period</b>	<b>323.5</b>	<b>188.2</b>	<b>135.3</b>	<b>71.9%</b>	<b>344.1</b>	<b>192.6</b>	<b>151.6</b>	<b>78.7%</b>

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

- 473.0M growth in total revenue or 30.5%
- 2.9% improvement in cost of goods sold & service as a % of total revenue
- 2.6% improvement in SG&A expenses as a % of total revenue
- 135.3M increase in net profit for the period or an improvement of 71.9%

**Profit (Loss) Statement For The Three-Month Period Ended 30 September 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	709.4	528.2	181.2	34.3%	658.6	513.0	145.6	28.4%
Other Revenue	12.1	6.8	5.3	78.9%	11.0	9.5	1.4	15.2%
Gain from Foreign Currency Exchange and Fair								
Value Adjustment of Financial Derivatives	10.3	2.2	8.1	370.5%	12.3	1.1	11.2	1067.0%
<b>Total Revenue</b>	<b>731.8</b>	<b>537.2</b>	<b>194.6</b>	<b>36.2%</b>	<b>681.8</b>	<b>523.6</b>	<b>158.3</b>	<b>30.2%</b>
<b>Cost of Goods Sold &amp; Service</b>	<b>508.9</b>	<b>356.3</b>	<b>152.6</b>	<b>42.8%</b>	<b>457.3</b>	<b>346.3</b>	<b>111.0</b>	<b>32.0%</b>
<i>% of Total Revenue</i>	<i>69.5%</i>	<i>66.3%</i>	<i>3.2%</i>		<i>67.1%</i>	<i>66.1%</i>	<i>0.9%</i>	
Selling, Distribution, & Admin Expenses	53.4	83.0	(29.5)	-35.6%	49.0	76.9	(27.9)	-36.3%
Allowance for doubtful accounts (reversal)	7.0	(6.0)	13.0	-216.7%	6.7	(5.8)	12.5	-215.6%
Allowance for Inventory Devaluation (Reversal)	3.8	1.6	2.2	131.4%	3.4	1.5	1.9	124.4%
Loss from Foreign Currency Exchange and Fair								
Value Adjustment of Financial Derivatives	9.3	9.3	0.1	0.7%	9.3	9.3	0.1	0.7%
<b>SG&amp;A Expenses</b>	<b>73.6</b>	<b>87.9</b>	<b>(14.3)</b>	<b>-16.3%</b>	<b>68.4</b>	<b>81.8</b>	<b>(13.4)</b>	<b>-16.4%</b>
<i>% of Total Revenue</i>	<i>10.1%</i>	<i>16.4%</i>	<i>-6.3%</i>		<i>10.0%</i>	<i>15.6%</i>	<i>-5.6%</i>	
<b>Financial Expenses</b>	<b>(5.7)</b>	<b>(3.9)</b>	<b>(1.7)</b>	<b>44.7%</b>	<b>(8.5)</b>	<b>(1.9)</b>	<b>(6.6)</b>	<b>350.9%</b>
<b>Earning before Tax (EBT)</b>	<b>143.6</b>	<b>89.1</b>	<b>54.6</b>	<b>61.3%</b>	<b>147.6</b>	<b>93.5</b>	<b>54.1</b>	<b>57.8%</b>
Benefits (Expenses) from Income Tax	(27.1)	(19.3)	(7.8)	40.3%	(27.1)	(19.4)	(7.8)	40.1%
<b>Profit (Loss) for The Period</b>	<b>116.5</b>	<b>69.8</b>	<b>46.8</b>	<b>67.0%</b>	<b>120.5</b>	<b>74.2</b>	<b>46.3</b>	<b>62.4%</b>

**In Q3 2022 and Q3 2021, total revenue is 731.8M and 537.2M respectively, an increase of 194.6M or 36.2%.**

**Total Revenue**

In Q3 2022 and Q3 2021, total revenue is 731.8M and 537.2M respectively, an increase of 194.6M or 36.2%. Revenue from sales and services accounted for 709.4M, an increase of 181.2M or 34.3%

The main drivers for revenue increase are related to weakened exchange rate of Thai Baht vs US Dollar as well as 50% to 75% reduction in sea freight. Sales continue to grow in Asia & Middle East and South America region (especially in Saudi Arabia where the company together with Thai government visited the country in Q3) FPI India subsidiary also experience significant sales growth as forecasted. However, 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 Q3 2022 and Q3 2021, total cost of goods sold and service as a percentage of sales is 69.5% and 66.3% respectively, an increase of 3.2%.

In Q3 2022 and Q3 2021, total SG&A expenses is 73.6M and 87.9M respectively, a 14.3M improvement.

In Q3 2022 the company posted a net profit of 116.5M, an increase of 46.8M vs a net profit of 69.8M in Q3 2021 or an increase of 67.0%.

As of 30 September 2022, total assets were 3,673.0M, an increase of 541.5M from the balance as of 31 December 2021 at 3,131.5M.

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

In Q3 2022 and Q3 2021, total cost of goods sold and service is 508.9M and 356.3M respectively, an increase of 152.6M or 69.5% vs 66.3% of sales, an increase of 3.2%.

The main drivers for the cost increase are related to changes in booking method of freight expenses accrual and delayed cost actualization in FPI India.

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

In Q3 2021 and Q3 2020, total SG&A expenses is 73.6M and 87.9M respectively, an increase of 14.3M or 10.1% vs 16.4% of sales, an improvement of 6.3%.

Major driver on the improvement is related to changes in booking method of freight expenses accrual offset by rising expected credit loss due to strengthened US Dollar.

#### **Net Profit**

In Q3 2021 the company posted a net profit of 116.5M, an increase of 46.8M vs a net profit of 69.8M in Q3 2021 or an increase of 67.0%

Major drivers for sales growth are weakened exchange rate of Thai Baht vs US Dollar and 50% to 75% reduction in sea freight.

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

Overall financial position of the Company as of 30 September 2022, compared to the statement of financial position as of 31 December 2021, the balance of total assets which were 3,673.0M and 3,131.5M, respectively, an increase of 541.5M, due to the following reasons;

#### **Total Assets**

As of 30 September 2022, total assets were 3,673.0M, an increase of 541.5M 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 increased by 309.3M from 1,322.5M million as of 31 December 2021 to 1,631.8M as of 30 September 2022.**

#### **Total Liabilities**

Total liabilities increased by 309.3M from 1,322.5M million as of 31 December 2021 to 1,631.8M as of 30 September 2022.

An increase in short term liabilities is driven by the additional raw material and trading goods procurement activities as well as the need for short term cash reserve for working capital while waiting for the delayed customer payments.

#### **Shareholders' Equity**

As of 30 September 2022, total shareholders' equity was 2,040.9M, an increase of 231.9M from 1,809.0M as of 31 December 2021. The increase is driven by the net incremental profit from 2022 operations after paying off dividend.

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

For subsidiary in India, Q3 2022 revenue is 112.9M INR, an increase of 78.0M INR (Maruti Suzuki 95.7M INR) or 224.0%. Year to date revenue is 221.2M INR. However, the subsidiary is still experiencing operating losses as 13M INR raw material cost actualization of Maruti Suzuki is still in process. Annual revenue is estimated to be approximately 400 – 500M INR after the factory's production is fully ramped up.

Please be informed accordingly.

Yours sincerely,

Mr. Sompol Tanadumrongsak  
Managing Director