



FPI 006/2566

12th May 2023

Subject : Management Discussion & Analysis of Performance Results for the three-month ended 31 March 2023

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 2023 based on audited financial statement as below.

Profit (Loss) Statement For The Three-Month Period Ended 31 March 2023

(Unit in Million Baht)	Consolidated F/S		Separated F/S	
	3 Month 23	3 Month 22	3 Month 23	3 Month 22
Sales & Service Revenue	505.6	578.1	483.9	562.2
Other Revenue	6.8	8.6	6.8	8.6
Total Revenue	512.5	586.7	490.8	570.9
Cost of Goods Sold & Service	359.3	420.7	334.2	401.0
<i>% of Total Revenue</i>	<i>70.1%</i>	<i>71.7%</i>	<i>68.1%</i>	<i>70.2%</i>
Selling, Distribution, & Admin Expenses	51.7	35.2	45.5	30.8
Gain from Foreign Currency Exchange and Fair Value	1.4	(7.3)	2.5	(5.0)
Adjustment of Financial Derivatives				
Loss from Foreign Currency Exchange and Fair Value	13.6	(5.4)	13.6	(5.4)
Adjustment of Financial Derivatives				
Allowance for doubtful accounts (reversal)	1.6	(0.6)	0.9	(1.5)
Allowance for Inventory Devaluation (Reversal)	3.4	3.2	4.7	2.8
SG&A Expenses	71.8	25.1	67.2	21.7
<i>% of Total Revenue</i>	<i>14.0%</i>	<i>4.3%</i>	<i>13.7%</i>	<i>3.8%</i>
Financial Expenses	(7.3)	(3.5)	(6.2)	(1.7)
Earning before Tax (EBT)	74.1	137.4	83.2	146.5
Benefits (Expenses) from Income Tax	(17.6)	(32.2)	(16.2)	(32.3)
Profit (Loss) for The Period	56.6	105.2	67.0	114.3

In Q1 2023 and 2022, total revenue is 512.5M and 586.7M respectively, a decrease of 74.2M or 12.7%.

Total Revenue

In Q1 2023 and 2022, total revenue is 512.5M and 586.7M respectively, a decrease of 74.2M or 12.7%. Revenue from sales and services accounted for 505.6M, a decrease of 72.4M or 12.5%

The main reasons of revenue decrease were:

1. Stop production for injection mainly for bumpers for 15-20 days during January 5-20 that why cost increase a lot. Revenue in February & March were close to previous year.
2. This year Ramadan start from March 22 - April 21, so our main market for Middle East dropped 24% due to Ramadan.
3. In 2022, freight to South America was contracted at 50% lower than market price. Hence, sales were abnormally high during last year.

In Q1 2023 and 2022, total cost of goods sold and service is 70.1% and 71.7% respectively, an improvement of 1.6%

Cost of Goods Sold and Service

In Q1 2023 and 2022, total cost of goods sold and service is 359.3M and 420.7M respectively, a decrease of 61.5M or 14.6% As a percentage of total revenue, the cost of goods sold and service is 70.1%, an improvement of 1.6%

Cost of goods sold reduce mainly for stop production to increase our injection capacity during January, so cost per pcs increase a lot. After the new machine installation, cost of overhead per pcs dropped due to more production output in March that is main reason for cost decrease.

In Q1 2023 and 2022, total SG&A expense is 71.8M and 25.1M respectively, an increase of 46.7M.

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

In Q1 2023 and 2022, total SG&A expense is 71.8M and 25.1M respectively, an increase of 46.7M. As a percentage of total revenue, the SG&A expenses is 14.0%.

The main drivers are Fair value of Derivatives negative 15.0M (last year positive 12.7M), ERP Application write-off 4M, additional provision on long aging receivable and inventory 2.4M, and tax refund in prior year 2.3M.

In Q1 2023 the company posted a net profit of 56.6M, a decrease of 48.6M vs a net profit of 105.2M in 2022 or a decrease of 46.2%.

Net Profit

In Q1 2023 the company posted a net profit of 56.6M, a decrease of 48.6M vs a net profit of 105.2M in 2022 or a decrease of 46.2%

Major drivers are the decrease of sales in January and therefore, gross margin. February and March business are close to prior year level.

Financial Position (in comparison to as of 31 December 2022)

Overall financial position of the Company as of 31 March 2023, compared to the statement of financial position as of 31 December 2022, the balance of total assets which were 3,590.0M and 3,719.2M, respectively, a decrease of 128M due to the following reasons;

As of 31 March 2023, total assets were 3,590.0M, a decrease of 129.2M from the balance as of 31 December 2022 at 3,719.2M.

Total Assets

As of 31 March 2023, total assets were 3,590.0M, a decrease of 129.2M from the balance as of 31 December 2022 at 3,719.2M.

Major drivers for decrease are in Cash & cash equivalents 97.5M, Trade account receivable 21.9M and inventory 17.8 and increase in property and equipment 44.9M.

Total liabilities decreased by 185.5M from 1,600.2M million as of 31 December 2022 to 1,414.7M as of 31 March 2023.

Total Liabilities

Total liabilities decreased by 185.5M from 1,600.2M million as of 31 December 2022 to 1,414.7M as of 31 March 2023.

Decrease in short term liabilities 117.4M, Trade account payable 92.7M and increase in Long-term loan 22.4M.

Shareholders' Equity

As of 31 March 2023, total shareholders' equity was 2,175.4M, a decrease of 56.4M from 2,119.0M as of 31 December 2022.

Status Update for Subsidiary in India

For subsidiary in India, Q1 2023 revenue is 52.3M INR, an increase of 12.1M INR or 39.%, but still far below plan. The main reason was electricity issue but resolved by use diesel generator from January until March 25. For the rest of the year, sales are expected to recover the shortfall in Q1.

Please be informed accordingly.

Yours sincerely,
Fortune Parts Industry Public Company Limited

Mr. Sompol Tanadumrongsak
Managing Director