



FPI 007/2566

11th August 2023

Subject : Management Discussion & Analysis of Performance Results of the Second Quarter and Year to Date 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 second quarter and year to date ended 30 June 2023 based on audited financial statement as below.

Profit (Loss) Statement For The Six-Month Period Ended 30 June 2023

(Unit in Million Baht)	Consolidated F/S				Separated F/S			
	6 Month 23	6 Month 22	Variance	Percentage	6 Month 23	6 Month 22	Variance	Percentage
Sales & Service Revenue	1,156.5	1,221.5	(65.0)	-5.3%	1,084.4	1,175.4	(91.1)	-7.7%
Other Revenue	14.2	18.3	(4.1)	-22.3%	14.2	18.3	(4.1)	-22.3%
Total Revenue	1,170.7	1,239.8	(69.1)	-5.6%	1,098.6	1,193.7	(95.1)	-8.0%
Cost of Goods Sold & Service	799.3	874.7	(75.3)	-8.6%	737.0	823.7	(86.7)	-10.5%
% of Total Revenue	68.3%	70.5%	-2.3%		67.1%	69.0%	-1.9%	
Selling, Distribution, & Admin Expenses	104.0	94.0	10.1	10.7%	91.3	84.0	7.3	8.6%
Gain from Foreign Currency Exchange and Fair Value								
Adjustment of Financial Derivatives	(32.6)	(54.1)	21.5	-39.7%	(33.3)	(50.5)	17.2	-34.1%
Allowance for doubtful accounts (reversal)	8.9	4.5	4.4	96.0%	8.4	3.3	5.0	150.5%
Allowance for Inventory Devaluation (Reversal)	7.8	7.6	0.2	2.6%	7.7	7.3	0.4	5.5%
Loss from Foreign Currency Exchange and Fair Value								
Adjustment of Financial Derivatives	64.9	45.5	19.4	42.7%	64.9	45.5	19.4	42.7%
SG&A Expenses	153.0	97.5	55.5	56.9%	139.0	89.6	49.4	55.1%
% of Total Revenue	13.1%	7.9%	5.2%		12.7%	7.5%	5.1%	
Financial Expenses	(15.3)	(7.3)	(8.0)	108.7%	(13.4)	(3.4)	(10.0)	294.7%
Earning before Tax (EBT)	203.0	260.3	(57.2)	-22.0%	209.1	277.0	(67.9)	-24.5%
Benefits (Expenses) from Income Tax	(43.6)	(53.3)	9.7	18.2%	(40.9)	(53.3)	12.4	23.2%
Profit (Loss) for The Period	159.4	207.0	(47.5)	-23.0%	168.2	223.6	(55.5)	-24.8%

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

- 69.1M decrease in total revenue or -5.6%.
- 2.3% improvement in cost of goods sold & service as % of total revenue.
- 5.2% increase in SG&A expenses as % of total revenue
- 47.5M decrease in net profit for the period or -23%

Profit (Loss) Statement For The Three-Month Period Ended 30 June 2023

(Unit in Million Baht)	Consolidated F/S				Separated F/S			
	3 Month 23	3 Month 22	Variance	Percentage	3 Month 23	3 Month 22	Variance	Percentage
Sales & Service Revenue	650.9	643.4	7.4	1.2%	600.4	613.2	(12.8)	-2.1%
Other Revenue	7.4	9.6	(2.3)	-23.7%	7.4	9.6	(2.3)	-23.7%
Total Revenue	658.2	653.1	5.2	0.8%	607.8	622.8	(15.1)	-2.4%
Cost of Goods Sold & Service	440.1	453.9	(13.9)	-3.1%	402.8	422.7	(19.9)	-4.7%
% of Total Revenue	66.9%	69.5%	-2.6%		66.3%	67.9%	-1.6%	
Selling, Distribution, & Admin Expenses	52.3	58.8	(6.5)	-11.0%	45.8	53.2	(7.4)	-14.0%
Gain from Foreign Currency Exchange and Fair Value	(32.6)	(46.8)	14.2	-30.3%	(33.3)	(45.5)	12.3	-26.9%
Adjustment of Financial Derivatives								
Loss from Foreign Currency Exchange and Fair Value	49.9	50.9	(1.0)	-2.0%	48.8	50.9	(2.1)	-4.1%
Adjustment of Financial Derivatives								
Allowance for doubtful accounts (reversal)	7.3	5.2	2.1	41.5%	7.4	4.8	2.6	54.4%
Allowance for Inventory Devaluation (Reversal)	4.3	4.3	0.0	0.2%	3.0	4.6	(1.5)	-33.6%
SG&A Expenses	81.3	72.4	8.9	12.2%	71.8	67.9	3.9	5.7%
% of Total Revenue	12.3%	11.1%	1.3%		11.8%	10.9%	0.9%	
Financial Expenses	(8.0)	(3.9)	(4.1)	105.9%	(7.2)	(1.7)	(5.5)	314.0%
Earning before Tax (EBT)	128.9	122.9	6.0	4.9%	125.9	130.4	(4.5)	-3.5%
Benefits (Expenses) from Income Tax	(26.0)	(21.1)	(5.0)	23.6%	(24.7)	(21.1)	(3.6)	17.2%
Profit (Loss) for The Period	102.9	101.8	1.1	1.1%	101.2	109.4	(8.2)	-7.5%

In Q2 2023 and Q2 2022, total revenue is 658.2M and 653.1M respectively, an increase of 5.1M or 0.8%.

Total Revenue

In Q2 2023 and Q2 2022, total revenue is 658.2M and 653.1M respectively, an increase of 5.1M or 0.8%. Revenue from sales and services accounted for 650.9M, an increase of 7.4M or 1.2%

The main drivers for revenue increase are related to continuous growth in South America and Africa with Algeria allowing import again, as well as a record revenue in FPI India INR123M with 89% growth from prior year while there is a decline in other regions.

In Q2 2023 and Q2 2022, total cost of goods sold and service as a percentage of sales is 66.9% and 69.5% respectively, an 2.6% improvement.

Cost of Goods Sold and Service

In Q2 2023 and Q2 2022, total cost of goods sold and service is 440M and 454M respectively, a decrease of 14M or 66.9% vs 69.5% of sales, a 2.6% improvement.

The company has been procuring plastic pellets in local currency and therefore do not experience significant increase in cost driven by stronger US dollar, covering higher electricity cost. Moreover, FPI India negotiated lower material cost based on higher volume.

In Q2 2023 and Q2 2022, total SG&A expenses is 81.3M and 72.4M respectively, an increase of 8.9M.

In Q2 2023 the company posted a net profit of 102.9M, an increase of 1.1M vs a net profit of 101.8M in Q2 2022 or an increase of 1.1%.

As of 30 June 2023, total assets were 3,682M, a decrease of 37M from the balance as of 31 December 2022 at 3,719M.

Total liabilities decreased by 78M from 1,600M million as of 31 December 2022 to 1,522M as of 30 June 2023.

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

In Q2 2023 and Q2 2022, total SG&A expenses is 81.3M and 72.4M respectively, an increase of 8.9M or 12.3% vs 11.1% of sales, a 1.2% increase.

Major drivers on the increase are related to higher loss on Foreign Exchange and fair value adjustment of financial derivatives and increase in allowance for doubtful accounts.

Net Profit

In Q2 2023 the company posted a net profit of 102.9M, an increase of 1.1M vs a net profit of 101.8M in Q2 2022 or an increase of 1.1%

Major drivers for improvement are overall business improved driven by better cost control, Net Profit of FPI India for the first quarter in 4 years, and offset partly by the loss on foreign exchange.

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

Overall financial position of the Company as of 30 June 2023, compared to the statement of financial position as of 31 December 2022, the balance of total assets which were 3,682M and 3,719M, respectively, a decrease of 37M, due to the following reasons.

Total Assets

As of 30 June 2023, total assets were 3,682M, a decrease of 37M from the balance as of 31 December 2022 at 3,719M.

Major drivers are driven by decreased in Cash & cash equivalent and inventories, offsetting partly by increase in plant and machinery.

Total Liabilities

Total liabilities decreased by 78M from 1,600M million as of 31 December 2022 to 1,522M as of 30 June 2023.

The decrease is mainly driven by less Trade Accounts Payable of raw material and trading goods procurement activities.

Shareholders' Equity

As of 30 June 2023, total shareholders' equity was 2,159M, an increase of 40M from 2,119M as of 31 December 2022. This is entirely due to 161M profit from 2023 operations netted by dividend paid.

Status Update for Subsidiary in India

For subsidiary in India, Q2 2023 revenue is 123M INR, an increase of 58M INR or 89% from prior year mainly from Maruti Suzuki. With significant growth and material cost negotiation on increased volume, the subsidiary achieved Net Profit THB 5.9M for the first quarter in 4 years. 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