



FPI 002/2567

27<sup>th</sup> February 2024

Subject: Management Discussion & Analysis of Performance Results of the Full Year 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 year ended 31 December 2023 based on audited financial statement as below.

(Unit in Million Baht)	Consolidated F/S				Separated F/S			
	12 Month 23	12 Month 22	Variance	Percentage	12 Month 23	12 Month 22	Variance	Percentage
Sales & Service Revenue	2,472.1	2,637.5	(165.4)	-6.3%	2,308.0	2,511.7	(203.7)	-8.1%
Other Revenue	40.9	42.3	(1.4)	-3.4%	43.2	41.2	2.0	4.8%
<b>Total Revenue</b>	<b>2,513.0</b>	<b>2,679.8</b>	<b>(166.8)</b>	<b>-6.2%</b>	<b>2,351.2</b>	<b>2,552.9</b>	<b>(201.7)</b>	<b>-7.9%</b>
<b>Cost of Goods Sold &amp; Service</b>	<b>1,711.5</b>	<b>1,867.7</b>	<b>(156.3)</b>	<b>-8.4%</b>	<b>1,579.9</b>	<b>1,731.3</b>	<b>(151.5)</b>	<b>-8.7%</b>
% of Total Revenue	68.1%	69.7%	-1.6%		67.2%	67.8%	-0.6%	
Selling, Distribution, & Admin Expenses	220.1	203.4	16.6	8.2%	189.3	182.6	6.7	3.7%
Loss on exchange-net	53.0	59.2	(6.2)	-10.4%	53.4	59.7	(6.3)	-10.5%
Gain arising from change in fair value of derivatives	(2.7)	(10.3)	7.5	-73.4%	(2.7)	(10.3)	7.5	-73.4%
Allowance for expected credit losses	9.4	13.8	(4.5)	-32.2%	10.8	12.1	(1.3)	-10.4%
Allowance for devaluation of inventories	16.2	15.1	1.2	7.6%	15.7	14.3	1.3	9.3%
<b>SG&amp;A Expenses</b>	<b>295.9</b>	<b>281.2</b>	<b>14.7</b>	<b>5.2%</b>	<b>266.5</b>	<b>258.5</b>	<b>8.0</b>	<b>3.1%</b>
% of Total Revenue	11.8%	10.5%	1.3%		11.3%	10.1%	1.2%	
<b>Financial Expenses</b>	<b>(32.7)</b>	<b>(18.3)</b>	<b>(14.4)</b>	<b>78.8%</b>	<b>(29.7)</b>	<b>(16.7)</b>	<b>(13.0)</b>	<b>78.1%</b>
<b>Earning before Tax (EBT)</b>	<b>472.9</b>	<b>512.6</b>	<b>(39.7)</b>	<b>-7.7%</b>	<b>475.1</b>	<b>546.4</b>	<b>(71.3)</b>	<b>-13.0%</b>
Benefits (Expenses) from Income Tax	(98.9)	(104.0)	5.2	5.0%	(93.4)	(104.1)	10.7	10.3%
<b>Profit (Loss) for The Period</b>	<b>374.0</b>	<b>408.6</b>	<b>(34.5)</b>	<b>-8.5%</b>	<b>381.7</b>	<b>442.3</b>	<b>(60.6)</b>	<b>-13.7%</b>
% of Total Revenue	14.9%	15.2%	-0.4%		16.2%	17.3%	-1.1%	

**In 2023 and 2022, total revenue is 2,513M and 2,679.8M respectively, a decrease of 166.8M or -6.2%.**

#### **Total Revenue**

In 2023 and 2022, total revenue is 2,513M and 2,679.8M respectively, a decrease of 166.8M or -6.2%. Revenue from sales and services accounted for 2,472.1M, a decrease of 165.4M or -6.3%

The main drivers for revenue decrease are related to lower sales in Q1 due to relocation of machinery and lower sales in domestic and Asia & Middle East zone due to China suppliers back in business post-COVID. The shortfall was partly compensated by the growth in Africa, South America, and Europe zones.

**In 2023 and 2022, total cost of goods sold and service is 68.1% and 69.7% respectively, an improvement of 1.6%**

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

In 2023 and 2022, total cost of goods sold and service is 1,711.5M and 1,867.7M respectively, a decrease of 156.3M. As a percentage of total revenue, the cost of goods sold and service is 68.1%, an improvement of 1.6%

The main improvement drivers are related to increase in gross profit driven by cost control in Thailand 0.6% and higher sales in India achieving 37% revenue growth YoY.

**In 2023 and 2022, total SG&A expenses is 295.9M and 281.2M respectively, an increase of 14.7M.**

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

In 2023 and 2022, total SG&A expenses is 295.9M and 281.2M respectively, an increase of 14.7M. As a percentage of total revenue, the SG&A expenses is 11.8%, an increase of 1.3%.

The main drivers are related to increase in logistic cost as an impact from Russia and Ukraine war. The higher expenses are partly compensated by improvement in expected credit loss. FX Loss and Devaluation of inventory are increased slightly.

**In 2023 the company posted a net profit of 374M, a decrease of 34.5M vs a net profit of 408.6M in 2022.**

#### **Net Profit**

In 2023 the company posted a net profit of 374M, a decrease of 34.5M vs a net profit of 408.6M in 2022. Net profit of total revenue at 14.9% a decrease of 0.4%

Major drivers are decrease of sales from Thailand in Q1, higher freight cost, higher financial expense due to interest rate increased, with improvement in cost control, Expected credit loss and improvement in bottom line of FPI India.

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

Overall financial position of the Company as of 31 December 2023, compared to the statement of financial position as of 31 December 2022, total assets which were 3,547.9M and 3,719.2M, respectively, a decrease of 171.3M due to the following reasons:

**As of 31 December 2023, total assets were 3,547.9M, a decrease of 171.3M from the balance as of 31 December 2022 at 3,719.2M.**

**Total liabilities decreased by 333.4M from 1,600.2M million as of 31 December 2022 to 1,266.8M as of 31 December 2023.**

#### **Total Assets**

As of 31 December 2023, total assets were 3,547.9M, a decrease of 171.3M from the balance as of 31 December 2021 at 3,719.2M.

Major drivers are decrease in Cash & cash equivalent (to minimize financing cost), increase in PPE and decrease in trade receivable, inventory, and intangible assets.

#### **Total Liabilities**

Total liabilities decreased by 333.4M from 1,600.2M million as of 31 December 2022 to 1,266.8M as of 31 December 2023.

Major drivers are decrease in short term loan (in line with decrease in Cash & cash equivalents) and trade payable, but increase in long-term loan supporting investment in PPE.

#### **Shareholders' Equity**

As of 31 December 2023, total shareholders' equity was 2,281M, an increase of 162M from 2,119M as of 31 December 2022. This is entirely due to gain from 2023 profit from operations offset by dividend paid.

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

For subsidiary in India, 2023 revenue is 391M INR with an increase of 105M INR or 37%, with MSIL as the major customer and resulting in improved gross profit. Although with significant improvement from previous year, the subsidiary just achieved break-even due to shortfall caused by power supply issue in Q1. For 2024, FPI India target a significant growth with new projects secured with Toyota Kirloskar Motor in India.

Please be informed accordingly.

Yours sincerely,

Mr. Sompol Tanadumrongsak  
Managing Director