



No. FTE 006/2020

13 November 2020

Subject Management Discussion and Analysis for the third quarter ended September 30, 2020

Attention The President  
The Stock Exchange of Thailand

Attachment Report and interim financial statement for the third quarter ended September 30, 2020

Firetrade Engineering Public Company Limited (“the Company”) would like to report the operating result according to the Company’s consolidated financial statement of the Company and its subsidiary for the third quarter ended September 30, 2020 which the details are as follows:

Unit: million Baht	For 3-month period (July-Sep)			
	2020	2019	Change	% Increase (Decrease)
Revenue from sale of goods	141.37	179.08	(37.71)	(21.06)
Revenue from project works and services	79.87	70.44	9.43	13.39
<b>Total Revenue from Sale and Services</b>	<b>221.24</b>	<b>249.52</b>	<b>(28.28)</b>	<b>(11.33)</b>
Cost of sales of goods	100.46	127.52	(27.06)	(21.22)
Cost of project works and services	67.86	59.11	8.75	14.80
<b>Total Costs of Sales and Services</b>	<b>168.32</b>	<b>186.63</b>	<b>(18.31)</b>	<b>(9.81)</b>
<b>Gross Profit</b>	<b>52.92</b>	<b>62.89</b>	<b>(9.97)</b>	<b>(15.85)</b>
Other incomes	1.56	1.97	(0.41)	(20.81)
Distribution costs	18.55	19.69	(1.14)	(5.79)
Administrative expenses	19.29	15.10	4.19	27.75
Finance costs	0.62	0.00	0.62	100.00
Tax expense	3.15	5.92	(2.77)	(46.79)
<b>Profit for the period</b>	<b>12.87</b>	<b>24.15</b>	<b>(11.28)</b>	<b>(46.71)</b>
<b>Net Profit - attributable to equity holders of the parent</b>	<b>12.87</b>	<b>24.15</b>	<b>(11.28)</b>	<b>(46.71)</b>
Gross Profit Margin (%)	<b>23.92</b>	<b>25.20</b>		
Net Profit Margin (%)	<b>5.78</b>	<b>9.60</b>		

Unit: million Baht	For 9-month period (Jan-Sep)			
	2020	2019	Change	% Increase (Decrease)
Revenue from sale of goods	426.47	510.74	(84.27)	(16.50)
Revenue from project works and services	235.36	230.66	4.70	2.04
<b>Total Revenue from Sale and Services</b>	<b>661.83</b>	<b>741.40</b>	<b>(79.57)</b>	<b>(10.73)</b>
Cost of sales of goods	301.42	362.34	(60.92)	(16.81)
Cost of project works and services	197.43	184.46	12.97	7.03
<b>Total Costs of Sales and Services</b>	<b>498.85</b>	<b>546.80</b>	<b>(47.95)</b>	<b>(8.77)</b>
<b>Gross Profit</b>	<b>162.98</b>	<b>194.60</b>	<b>(31.62)</b>	<b>(16.25)</b>
Other incomes	4.40	9.63	(5.23)	(54.31)
Distribution costs	53.81	56.27	(2.46)	(4.37)
Administrative expenses	63.62	50.45	13.17	26.11
Finance costs	1.03	0.00	1.03	100.00
Tax expense	9.56	19.33	(9.77)	(50.54)
<b>Profit for the period</b>	<b>39.36</b>	<b>78.18</b>	<b>(38.82)</b>	<b>(49.65)</b>
<b>Net Profit - attributable to equity holders of the parent</b>	<b>39.36</b>	<b>78.18</b>	<b>(38.82)</b>	<b>(49.65)</b>
Gross Profit Margin (%)	<b>24.63</b>	<b>26.25</b>		
Net Profit Margin (%)	<b>5.91</b>	<b>10.41</b>		

**Remark:** 1) Net profit margin is calculated from the net profit attributable to equity holders of the parent on consolidated financial statement.  
2) Decimal numbers shown in this management discussion and analysis are likely to be different from the Company’s financial statement due to the rounding to 2-digit decimal and unit changed to million baht



### **Revenue from Sales and Services**

For 3-month period ended September 30, 2020, the Company's revenue from sales and services was THB 221.24 million, decreased by THB 28.28 million or equivalent to 11.33 percent, and for 9-month period ended September 30, 2020, the Company's revenue from sales and services was THB 661.83 million, decreased by THB 79.57 million or equivalent to 10.73 percent compared to the same period of last year. Revenue from sale of goods was decreased due to the impact of the Coronavirus disease 2019 pandemic. Revenue from project works and services increased from preventive maintenance of fire protection equipment and related fire protection systems.

### **Gross Profit and Gross Profit Margin**

For 3-month period ended September 30, 2020, the Company's gross profit was THB 52.92 million or equivalent to the gross profit margin of 23.92 percent, and for 9-month period ended September 30, 2020, the Company's gross profit was THB 162.98 million or equivalent to the gross profit margin of 24.63 percent compared to the same period of last year. The decreased in gross profit and gross profit margin were a consequence of the fact that the Company revenue as mentioned earlier, while the other costs were increased.

### **Other income**

For 3-month period ended September 30, 2020, the Company's other income were THB 1.56 million, decreased by THB 0.41 million or equivalent to 20.81 percent, and for 9-month period ended September 30, 2020, the Company's other income were THB 4.40 million, decreased by THB 5.23 million or equivalent to 54.31 percent compared to the same period of last year. Because in 2019 and 2020, the Company using the cash received from the Initial Public Offering (IPO) to buy land for the construction a warehouse with an area of approximately 9 rai, resulting in a decreased in interest income.

### **Distribution costs and Administrative Expenses**

For 3-month period ended September 30, 2020, the Company's distribution costs and administrative expenses were THB 37.84 million, increased by THB 3.05 million or equivalent to 8.77 percent, and for 9-month period ended September 30, 2020, the Company's distribution costs and administrative expenses were THB 117.43 million, increased by THB 10.71 million or equivalent to 10.04 percent compared to the same period of last year. Increases in such expenses resulted the Company has set aside allowance for doubtful accounts for debtors who have tracked debt and overdue debt over 1 year. The Company has adopted revised TFRS and new TFRS which are effective for the accounting, and depreciation and amortization of assets were increased.

### **Finance costs**

For 3-month period ended September 30, 2020, and for 9-month period ended September 30, 2020, the Company's finance costs was THB 1.03 million. The finance costs arise from lease liabilities has adopted TFRS 16 Leases requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.



### Net Profit and Net Profit Margin

For 3-month period ended September 30, 2020 the Company's net profit attributable to equity holders of the parent was THB 12.87 million which was equal to the net profit margin of 5.78 percent, and for 9-month period ended September 30, 2020, the Company's net profit attributable to equity holders of the parent was THB 39.36 million which was equal to the net profit margin of 5.91 percent. Net Profit and net profit margin were decreased as mentioned earlier.

Please be informed accordingly,

Yours sincerely,

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(Mr. Taksin Tantipijit)

Managing Director

Firetrade Engineering Public Company Limited