



No.FTE 001/2023

27 February 2023

Subject Management Discussion and Analysis for year ended 31 December 2022

Attention The President of  
The Stock Exchange of Thailand

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 year ended 31 December 2022 which the details are as follows:

Unit: million Baht	For the year ended December 31			
	2022	2021	Change	% Increase (Decrease)
Revenues from sales of goods	703.21	560.30	142.91	25.51
Revenues from project works and services	385.88	445.17	(59.29)	(13.32)
<b>Total Revenues from Sales and Services</b>	<b>1,089.09</b>	<b>1,005.47</b>	<b>83.62</b>	<b>8.32</b>
Cost of sales of goods	497.26	411.50	85.76	20.84
Cost of project works and services	303.33	365.15	(61.82)	(16.93)
<b>Total Costs of Sales and Services</b>	<b>800.59</b>	<b>776.65</b>	<b>23.94</b>	<b>3.08</b>
<b>Gross Profit</b>	<b>288.50</b>	<b>228.82</b>	<b>59.68</b>	<b>26.08</b>
Other incomes	5.24	5.45	(0.21)	(3.85)
Distribution costs	76.43	66.07	10.36	15.68
Administrative expenses	94.84	89.30	5.54	6.20
Finance costs	5.89	4.24	1.65	38.92
Expected credit losses	14.90	18.86	(3.96)	(21.00)
Tax expense	21.01	11.78	9.23	78.35
<b>Profit for the period</b>	<b>80.67</b>	<b>44.02</b>	<b>36.65</b>	<b>83.26</b>
<b>Gross Profit Margin (%)</b>	<b>26.49</b>	<b>22.76</b>		
<b>Net Profit Margin (%)</b>	<b>7.37</b>	<b>4.35</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.



### **Revenues from Sales and Services**

For the year ended 31 December 2022, the Company's revenues from sales and services was THB 1,089.09 million, increased by THB 83.62 million or 8.32% compared to the same period of the last year.

Revenues from Sales of goods THB 703.21 million was increased by THB 142.91 million or 25.51% compared to the same period of the last year. Due to the situation of the corona virus epidemic becomes better, it makes the construction fully moving forward for both new construction and ongoing construction work to speed up the work to be completed.

Revenues from project works and services THB 385.88 million was decreased by THB 59.29 million or 13.32% compared to the same period of the last year. Due to higher competition, the company will accept the work that has the cost within the specified criteria and focus on project cost management by increasing product groups to procure by itself instead of buying through a subcontractor. This makes the company more profitable from project work.

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

For the year ended 31 December 2022, the Company's gross profit was THB 288.50 million or equivalent to the gross profit margin of 26.49%, increased by THB 59.68 million or 26.08% compared to the same period of the last year.

The company can make a gross profit and has an increased gross profit margin. Due to the management of product costs, There is a stock adjustment before the price increase from foreign suppliers, from economic conditions and exchange rate volatility.

### **Distribution Costs and Administrative Expenses**

For the year ended 31 December 2022, the Company's distribution costs and administrative expenses were THB 171.27 million, increased by THB 15.90 million or 10.23% compared to the same period of the last year.

Distribution Costs expenses increased in the same direction as sales increases, such as commissions, transportation costs, annual return adjustments.

Administrative expenses increased from the allowance for the reduction in the value of goods resulting in loss from devaluation of goods for stocking of products. This causes some products moving slowly and become obsolete.



### Finance costs

For the year ended 31 December 2022, the Company's finance costs was THB 5.89 million, increased by THB 1.65 million or 38.92% compared to the same period of the last year.

Most of these financial costs arise from interest on short-term loans from financial institutions and type of promissory note, for the purpose of working capital in the business and lease liabilities has adopted TFRS 16 Leases.

### Expected credit losses

For the year ended 31 December 2022, the Company had an expected credit losses of THB 14.90 million, decreased by THB 3.96 million or 21% compared to the same period of the last year.

It is an allowance for credit losses, caused by the debtor's late payment. However, the company has expedited the management of debtor tracking, as well as increase the process of considering more details the credit limit of customers.

Currently, the situation of the corona virus epidemic is much better. Customers gradually pay more debts, this makes the amount of such expenses reduced.

### Net Profit and Net Profit Margin

For the year ended 31 December 2022, the Company's net profit was THB 80.67 million, increased by THB 36.65 million or 83.26% compared to the same period of the last year.

For the year 2022, the Company's net profit margin was 7.37% net profit margin for year 2021 was 4.35%, increased by 3.02% as above mentioned reason.

Please be informed accordingly,

Yours sincerely,

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(Mr. Taksin Tantipijit)

Chief Executive Officer

Firetrade Engineering Public Company Limited