FTI

(Function International Public Company Limited)

MANAGEMENT DISCUSSION & ANALYSIS **Q3/2026**



"All Solutions of Water"

Financial Highlights

Unit : THB Million	3Q/25	2Q/26	3Q/26	QoQ (%)	YoY (%)	9 M 25	9 M 26	YoY (%)
Operating Revenue	185.44	228.75	201.95	(0.12)	0.09	588.23	625.38	6.32%
SG&A	39.98	43.91	41.98	(0.04)	0.05	124.81	127.33	2.02%
Insurance compensation income	-	-	-	-	-	-	11.04	
Finance Cost	0.54	0.17	0.12	(0.29)	(0.78)	2.31	0.60	-74.03%
Profit (loss) for the period	12.21	99.40	20.49	(0.79)	0.68	31.32	70.13	123.91%
Profit (loss) - Owners of the parent	12.54	99.42	20.51	(0.79)	0.64	32.35	70.36	117.50%
Earnings Per Share	0.03	0.22	0.05			0.07	0.16	

Revenues from sales and services

In the third quarter of 2026, the Company recorded revenue from sales of goods and services of Baht 201.95 million, representing a decrease of Baht 26.80 million, or 11.72%, compared to the second quarter of 2026. However, revenue increased by Baht 16.51 million, or 8.90%, year-on-year compared to the third quarter of 2025.

For the nine-month period ended September 30, 2026, the Company generated revenue from sales of goods and services totaling Baht 625.38 million, an increase of Baht 37.15 million, or 6.32%, compared to the same period of the previous year.

The growth was primarily driven by higher sales across several product categories, including Commercial, Industrial, Filter Media, Aquatek, and Pumps and Valves, which increased by 3%, 2%, 20%, 35%, and 3%, respectively.

In addition, obtaining Halal certification for the Company's filter cartridges and filter media products contributed to an 11% increase in sales compared to the previous year. Sales of water filtration systems under the Aquatek brand also grew by 10%, supported by the introduction of new product models to the market.

In the third quarter of 2026, the Company recognized insurance compensation income of Baht 11.04 million in relation to the fire incident, representing an increase of Baht 1.34 million compared to the second quarter of 2026.

In the second quarter of 2026, the Company recognized insurance compensation income of Baht 78.65 million and In the first quarter of 2026 recorded expenses arising from the fire incident totaling Baht 68.94 million.

The Company subsequently received the full insurance claim proceeds in July 2026.

Costs from sales

In the third quarter of 2026, the Company's cost of sales amounted to Baht 135.59 million, representing a decrease of Baht 17.09 million, or 11.20%, compared to the second quarter of 2026. However, cost of sales increased by Baht 5.00 million, or 3.84%, compared to the third quarter of 2025, in line with the change in sales revenue.

For the nine-month period ended September 30, 2026, the Company's gross profit margin stood at 32.38%, compared to 27.76% in the corresponding period of 2025, representing an improvement of 4.61 percentage points year-on-year. This improvement was mainly attributable to the Company's effective pricing strategies and continued efforts to control raw material costs and costs associated with imported products.

Selling, General and Administrative Expenses

In the third quarter of 2026, the Company's selling and administrative expenses amounted to Baht 41.98 million, representing a decrease of Baht 1.93 million, or 4.40%, compared to the second quarter of 2026. However, expenses increased by Baht 2.00 million, or 5.00%, compared to the third quarter of 2025.

For the nine-month period ended September 30, 2026, the Company's selling and administrative expenses totaled Baht 127.33 million, an increase of Baht 2.52 million, or 2.02%, compared to the corresponding period of 2025.

The increase was primarily attributable to higher selling expenses, particularly sales commissions, which increased in line with revenue growth, as well as higher marketing expenditures associated with strengthening the Aquatek brand. These increases were partially offset by lower administrative expenses, mainly due to reduced travel expenses related to overseas trade exhibitions, as well as lower amortization expenses for the construction costs of distributor outlets.

Finance Costs

In the third quarter of 2026, the Company's finance costs amounted to Baht 0.12 million, representing a decrease of Baht 0.05 million, or 29.41%, compared to the second quarter of 2026. Finance costs also declined by Baht 0.42 million, or 77.78%, compared to the third quarter of 2025.

For the nine-month period ended September 30, 2026, finance costs totaled Baht 0.60 million, a decrease of Baht 1.71 million, or 74.03%, compared to the corresponding period of the previous year. This reduction was primarily attributable to more effective cash flow and liquidity management, together with improved inventory management, which reduced the Company's reliance on financial institution borrowings to finance inventory purchases.

Net Profit

In the third quarter of 2026, the Company reported a net profit of Baht 20.49 million, a decrease of Baht 78.91 million, or 79.39%, compared to the second quarter of 2026. Nevertheless, net profit increased by Baht 8.28 million, or 67.81%, compared to the third quarter of 2025. The quarter-on-quarter decline was primarily attributable to the recognition of insurance compensation income of Baht 78.65 million in the second quarter of 2026 in connection with the fire incident.

For the nine-month period ended September 30, 2026, the Company recorded a net profit of Baht 70.13 million, an increase of Baht 38.81 million, or 123.91%, compared to the corresponding period of the previous year. This improvement was driven by strong operating performance, effective pricing strategies, disciplined control over product costs and finance costs, as well as the recognition of insurance compensation income of Baht 11.04 million.

Statements of financial position

Total Assets

As of September 30, 2026, the Company's total assets amounted to Baht 917.47 million, representing an increase of Baht 22.71 million from December 31, 2025. The increase was mainly attributable to an increase in cash on hand of Baht 86.55 million, trade receivables of Baht 7.90 million, and advances for goods of Baht 15.54 million. These increases were partially offset by a decrease in inventories of Baht 75.86 million and a decrease in property, plant and equipment of Baht 12.44 million, primarily due to depreciation.

Total Liabilities

As of September 30, 2026, the Company's total liabilities amounted to Baht 138.45 million, representing a decrease of Baht 31.24 million from December 31, 2025. The decrease was mainly attributable to a reduction in short-term borrowings of Baht 47.65 million and income tax payable of Baht 0.76 million. These decreases were partially offset by an increase in trade payables of Baht 14.09 million and advances received from customers of Baht 2.85 million.

Shareholders' Equity

As of September 30, 2026, the Company's total shareholders' equity amounted to Baht 779.02 million, representing an increase of Baht 53.95

million from December 31, 2025. The increase was mainly attributable to net profit from operations of Baht 70.13 million and the conversion of machinery into capital of a subsidiary amounting to Baht 1.82 million. These increases were partially offset by dividend payments of Baht 17.99 million.

Cash Flow

For the nine-month period ended September 30, 2026, the Company reported net cash provided by operating activities of Baht 156.69 million. This primarily comprised cash generated from operations of Baht 99.46 million, proceeds from fire insurance compensation of Baht 76.34 million, and corporate income tax paid of Baht 19.19 million.

Net cash used in investing activities amounted to Baht 5.31 million, mainly attributable to the acquisition of land, buildings, and equipment.

Net cash used in financing activities totaled Baht 64.84 million, primarily comprising repayments of loans from financial institutions of Baht 47.65 million, dividend payments of Baht 17.99 million, and interest payments of Baht 0.60 million.

As a result, the Company's cash and cash equivalents as of September 30, 2026, stood at Baht 169.41 million, representing an increase of Baht 73.25 million from the beginning of the period.