

November 12, 2021

Subject: Management Discussion & Analysis for the three-month period ended September 30, 2021

To: The President  
The Stock Exchange of Thailand

Harn Engineering Solutions Public Company and its subsidiaries ("The Company") would like to provide information on the Company's operating results of the three-month period ended September 30, 2021, which have been reviewed by our certified public accountant as follows:

Consolidated Income Statements (MB.)	Q3/2021	Q2/2021	Q3/2020	% Change	
				QoQ	YoY
Revenues from sales and services	235.16	259.74	287.52	(9.46)	(18.21)
Other revenues	5.79	2.97	3.13	94.95	84.98
<b>Total revenues</b>	<b>240.95</b>	<b>262.71</b>	<b>290.65</b>	<b>(8.28)</b>	<b>(17.10)</b>
Costs of sales and services	166.26	178.22	206.14	(6.71)	(19.35)
Distribution costs	25.07	28.36	25.57	(11.60)	(1.96)
Administrative expenses	36.33	32.25	36.70	12.65	(1.01)
Finance costs	0.62	0.63	0.01	(1.59)	6,100.00
<b>Total cost and operating expenses</b>	<b>228.28</b>	<b>239.46</b>	<b>268.42</b>	<b>(4.67)</b>	<b>(14.95)</b>
<b>Profit before income tax</b>	<b>12.67</b>	<b>23.25</b>	<b>22.23</b>	<b>(45.51)</b>	<b>(43.00)</b>
Income tax	2.53	4.74	4.32	(46.62)	(41.44)
<b>Net profit</b>	<b>10.14</b>	<b>18.51</b>	<b>17.91</b>	<b>(45.22)</b>	<b>(43.38)</b>
Sub Non-Controlling Interests	(0.06)	(0.10)	0.02	(40.00)	(400.00)
<b>Profit attributable to parent company</b>	<b>10.20</b>	<b>18.61</b>	<b>17.89</b>	<b>(45.19)</b>	<b>(42.98)</b>
<b>Gross profit margin (%)</b>	<b>29.30%</b>	<b>31.38%</b>	<b>28.31%</b>		
<b>Net profit margin (%)</b>	<b>4.21%</b>	<b>7.05%</b>	<b>6.16%</b>		

The company had sales and service revenue of 235.16 MB. in Q3/2021 decreased by 52.36 MB. or 18.21% compared to the Q3/2020 with sales and service revenue of 287.52 MB. The company's operations has been affected by the coronavirus (COVID-19) pandemic and construction site closure during August to September causing some customers to delay orders and / or postponing goods delivery. However, the company has considerable amount of backlog order. It is expected to deliver substantial amount in Q4/2021 and 2022. Other income increased by 2.66 MB. or 84.98% from the increase in dividend income, gain on property fund investments, foreign exchange gain and the relief measure from the Thai government to heal the impact caused by the Covid-19 situation. The Company was able to maintain a similar overall gross profit margin of 29.30% in Q3/2021 compared to 28.31% in Q3/2020. The following data represents segment sales and service revenue along with gross profit.



Revenue from Sales and Services (MB.)	Q3/2021	Q2/2021	Q3/2020	% Change	
				QoQ	YoY
Fire protection products and projects	94.95	102.00	122.76	(6.91)	(22.65)
Air-conditioning and sanitary products	10.68	12.95	17.38	(17.53)	(38.55)
Refrigeration systems	47.38	44.94	47.98	5.43	(1.25)
Digital printing systems	81.11	98.89	97.73	(17.98)	(17.01)
Building IoT products and solutions	1.04	0.96	1.67	8.33	(37.72)
<b>Total</b>	<b>235.16</b>	<b>259.74</b>	<b>287.52</b>	<b>(9.46)</b>	<b>(18.21)</b>

Gross Profit Margin (%)	Q3/2021	Q2/2021	Q3/2020
Fire protection products and projects	23.72	26.65	25.39
Air-conditioning and sanitary products	25.27	32.47	28.77
Refrigeration systems	29.48	31.20	30.20
Digital printing systems	36.31	36.37	31.26
Building IoT products and solutions	26.10	13.89	9.73
<b>Total</b>	<b>29.30</b>	<b>31.38</b>	<b>28.31</b>

The company has net profit of 10.20 MB in Q3/2021. decreased by 7.69 MB. or 42.98% comparing to the Q3/2020 with net profit of 17.89 MB. The main reasons are decrease in revenue from sales and services and the company has some portion of fixed costs such as salary and employee benefits, building and warehouse, depreciation. The company has a net profit margin in Q3/2021 and Q3/2020 of 4.21% and 6.16% respectively.

Sincerely Yours,

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 (Mr.Wirat Sukchai)  
 Chief Executive Officer

