

November 14, 2022

Subject: Management Discussion & Analysis for the three-month period ended 30 September 2022

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, 2022, which have been reviewed by our certified public accountant as follows:

Consolidated Income Statements (MB.)	Q3/2022	Q2/2022	Q3/2021 (Restated)	% Change	
				QoQ	YoY
Revenues from sales and services	328.83	300.47	235.16	9.44	39.83
Other revenues	3.09	2.70	5.79	14.44	(46.63)
Total revenues	331.92	303.17	240.95	9.48	37.75
Costs of sales and services	232.18	211.11	166.34	9.98	39.58
Distribution costs	28.69	27.83	25.34	3.09	13.22
Administrative expenses	35.33	34.90	36.66	1.23	(3.63)
Finance costs	0.57	0.58	0.62	(1.72)	(8.06)
Total cost and operating expenses	296.77	274.42	228.96	8.14	29.62
Profit before income tax	35.15	28.75	11.99	22.26	193.16
Income tax	6.72	5.74	2.39	17.07	181.17
Profit for the period	28.43	23.01	9.60	23.55	196.15
Sub Non-Controlling Interests	0.05	0.13	(0.06)	(61.54)	(183.33)
Profit attributable to parent company	28.38	22.88	9.66	24.04	193.79
Gross profit margin (%)	29.39%	29.74%	29.26%		
Net profit margin (%)	8.57%	7.59%	3.98%		

The company had sales and service revenue of 328.83 MB. in Q3/2022 increased by 93.67 MB. or 39.83% compared to the Q3/2021 with sales and service revenue of 235.16 MB. from gradually delivering outstanding goods and services order as of 2021 and COVID-19 pandemic situation improved. Costs of sales and services increased by 65.84 MB. or 39.58%. which is proportional to the revenue from sales and services. Gross profit margin increased 0.13%. Distribution costs increased 3.35 MB. or 13.22% and administrative expenses decrease 1.33 MB. or 3.63% from the travelling and exhibition expenses have increased from last year COVID-19 obstacle.



In Q3/2022, the Company has revenue from sales and services and gross profit margin by segments as follows.

Revenue from Sales and Services (MB.)	Q3/2022	Q2/2022	Q3/2021 (Restated)	% Change	
				QoQ	YoY
Fire protection products and projects	151.89	129.81	94.95	17.01	59.97
Air-conditioning and sanitary products	19.07	10.79	10.68	76.74	78.56
Refrigeration systems	62.28	61.16	47.38	1.83	31.45
Digital printing systems	92.96	97.24	81.11	(4.40)	14.61
Building IoT products and solutions	2.63	1.47	1.04	78.91	152.88
Total	328.83	300.47	235.16	9.44	39.83

Gross Profit Margin (%)	Q3/2022	Q2/2022	Q3/2021 (Restated)
Air-conditioning and sanitary products	25.67	28.87	25.27
Refrigeration systems	24.57	27.21	29.48
Digital printing systems	38.62	36.74	36.22
Building IoT products and solutions	27.20	46.88	26.10
Total	29.39	29.74	29.26

The cost of sales and services, distribution costs and administrative expenses in financial statements of Q3/2021 were adjusted relating to Employee Joint Investment Program period of May 2020 to April 2025 along with related income tax expense to comply with Thai Financial Reporting Standard 2 "Share Based Payment". As a result, net profit which previously reported reduced by 0.54 million baht.

The company has net profit of 28.38 MB in Q3/2022 increased by 18.72 MB. or 193.79% comparing with the Q3/2021 with net profit of 9.66 MB. from increased sales and services revenue, competency to maintain gross profit margin and manage SG&A expenses. The gross profit margin in Q3/2022 was 29.39%, compared to 29.26%. The company has a net profit margin in Q3/2022 and Q3/2021 of 8.57%

Sincerely Yours,

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(Mr. Thammanoon Tripetchr)
Chief Executive Officer