

February 24, 2023

Subject: Management Discussion & Analysis for the year ended 31 December 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 year ended December 31, 2022, which have been audited by our certified public accountant as follows:

Consolidated Income Statements (MB.)	Year 2022	Year 2021	Change	
			MB.	%
Revenues from sales and services	1,219.66	1,025.98	193.68	18.88
Other revenues	22.63	20.15	2.48	12.31
Total revenues	1,242.29	1,046.13	196.16	18.75
Costs of sales and services	873.26	713.71	159.55	22.36
Distribution costs	113.16	107.57	5.59	5.20
Administrative expenses	141.82	132.50	9.32	7.03
Finance costs	2.30	2.31	(0.01)	(0.43)
Total cost and operating expenses	1,130.54	956.09	174.45	18.25
Profit before income tax	111.75	90.04	21.71	24.11
Income tax	22.90	17.81	5.09	28.58
Profit for the period	88.85	72.23	16.62	23.01
Non-Controlling Interests	0.07	(0.04)	0.11	(275.00)
Profit attributable to parent company	88.78	72.27	16.51	22.84
Gross profit margin (%)	28.40%	30.44%		
Net profit margin (%)	7.15%	6.90%		

The company had sales and service revenue of 1,219.66 MB. in Y2022 increased by 193.68 MB. or 18.88% compared to the Y2021 with sales and service revenue of 1,025.98 MB. from gradually delivering outstanding goods and services order as of 2021 and COVID-19 pandemic situation improved. Other income increased by 2.48 MB. or 12.31% from office and warehouse rental income, interest revenue and income from dividends. Costs of sales and services increased by 159.55 MB. or 22.36% which is slightly increase to the revenue from sales and services. Gross profit margin decreased 2.04% due to inflation and increased cost of products and logistics costs related to THB depreciation in 2022 and geopolitical conflicts. Distribution costs increased 5.59 MB. or 5.20% and administrative expenses increase 9.32 MB. or 7.03% from the travelling and exhibition expenses have increased from last year COVID-19 obstacle and allowance for expected credit losses have increased compiling to credit loss model.



In Y2022, the Company has revenue from sales and services and gross profit margin by segments as follows.

Revenue from Sales and Services (MB.)	Year 2022	Year 2021	Change	
			MB.	%
Fire protection products and projects	559.74	423.94	135.80	32.03
Air-conditioning and sanitary products	55.70	47.85	7.85	16.41
Refrigeration systems	230.34	197.35	32.99	16.72
Digital printing systems	366.65	351.90	14.75	4.19
Building IoT products and solutions	7.23	4.94	2.29	46.36
Total	1,219.66	1,025.98	193.68	18.88

Gross Profit Margin (%)	Year 2022	Year 2021
Fire protection products and projects	24.61	26.55
Air-conditioning and sanitary products	27.85	29.48
Refrigeration systems	25.09	27.45
Digital printing systems	36.41	36.90
Building IoT products and solutions	25.63	31.78
Total	28.40	30.44

The company has net profit attributable to parent company of 88.78 MB in Y2022 increased by 16.51 MB. or 22.84% comparing with the Y2021 with net profit of 72.27 MB. from increased sales and services revenue, competency to maintain gross profit margin and manage SG&A expenses. The gross profit margin in Y2022 was 28.40%, compared to 30.44%. The company has a net profit margin in Y2022 and Y2021 of 7.15% and 6.90% respectively.

Sincerely Yours,

.....
 (Mr. Thammanoon Tripetchr)
 Chief Executive Officer