

February 28, 2024

Subject: Management Discussion & Analysis for the year ended 31 December 2023

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 for the year ended December 31, 2023, which have been audited by our certified public accountant as follows:

| Consolidated Income Statements (MB.) | Year 2023 | Year 2022 | Change | |
|--|-----------------|-----------------|--------------|--------------|
| | | | MB. | % |
| Revenues from sales and services | 1,299.62 | 1,219.66 | 79.96 | 6.56 |
| Other revenues | 26.61 | 22.63 | 3.98 | 17.59 |
| Total revenues | 1,326.23 | 1,242.29 | 83.94 | 6.76 |
| Costs of sales and services | 908.61 | 873.26 | 35.35 | 4.05 |
| Distribution costs | 113.84 | 113.16 | 0.68 | 0.60 |
| Administrative expenses | 158.83 | 141.82 | 17.01 | 11.99 |
| Finance costs | 2.93 | 2.30 | 0.63 | 27.39 |
| Total cost and operating expenses | 1,184.21 | 1,130.54 | 53.67 | 4.75 |
| Profit before income tax | 142.02 | 111.75 | 30.27 | 27.09 |
| Income tax | 28.85 | 22.90 | 5.95 | 25.98 |
| Profit for the year | 113.17 | 88.85 | 24.32 | 27.37 |
| Sub Non-Controlling Interests | (0.87) | 0.07 | (0.94) | (1,342.86) |
| Profit attributable to parent company | 114.04 | 88.78 | 25.26 | 28.45 |
| Gross profit margin (%) | 30.09% | 28.40% | | |
| Net profit margin (%) | 8.53% | 7.15% | | |

The company had sales and service revenue of 1,299.62 MB. in Y2023 increased by 79.96 MB. or 6.56% compared to the Y2022 with sales and service revenue of 1,219.66 MB. from the continuous recovery of domestic economic activities and delivering goods to previously delayed projects. Other income increased by 3.98 MB. or 17.59% from realise gain from exchange rates, dividend income and office building rental income. Costs of sales and services increased by 35.35 MB. or 4.05% , the increase in cost of sales and services was less than the increase in sales and service income in proportion. The gross profit margin increased by 1.69% from selling price adjustment to match with higher costs.

Distribution costs increased 0.68 MB. or 0.60% as revenue increased. Administrative expenses increased by 17.01 MB. or 11.99% from increase salary, employee benefits, unrealized fair value adjustment for investment and office building expenses.



In Y2023, the Company has revenue from sales and services and gross profit margin by segments as follows.

| Revenue from Sales and Services (MB.) | Year 2023 | Year 2022 | Change | |
|--|-----------------|-----------------|--------------|-------------|
| | | | MB. | % |
| Fire protection products and projects | 643.83 | 559.74 | 84.09 | 15.02 |
| Air-conditioning and sanitary products | 59.88 | 55.70 | 4.18 | 7.50 |
| Refrigeration systems | 247.32 | 230.34 | 16.98 | 7.37 |
| Digital printing systems | 346.55 | 366.65 | (20.10) | (5.48) |
| Building IoT products and solutions | 2.04 | 7.23 | (5.19) | (71.78) |
| Total | 1,299.62 | 1,219.66 | 79.96 | 6.56 |

| Gross Profit Margin (%) | Year 2023 | Year 2022 |
|--|--------------|--------------|
| Fire protection products and projects | 27.20 | 24.61 |
| Air-conditioning and sanitary products | 26.32 | 27.85 |
| Refrigeration systems | 25.34 | 25.09 |
| Digital printing systems | 39.45 | 36.41 |
| Building IoT products and solutions | 35.54 | 25.63 |
| Total | 30.09 | 28.40 |

In Y2023, the company had a net profit attributable to the parent company of 114.04 MB., an increase of 25.26 MB. or 28.45% compared to Y2022 with a net profit of 88.78 MB. from sales and service increase. In particular, the Fire protection products and projects business unit had sales increased by 84.09 MB. or 15.02% compared to the previous year and also able to increase the gross profit margin of the business unit by 2.59%, resulting in the overall company's gross profit margin for the Y2023 equal to 30.09% compared to 28.40% of the Y2022. According to, the company still maintains a stable gross profit margin, adjust product sales prices accordingly to risen cost of goods and service and also efficient cost and risk management, resulting in company had a net profit margin of Y2023 of 8.53% compared to 7.15% of Y2022.

Sincerely Yours,

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 (Mr. Thammanoon Tripetchr)
 Chief Executive Officer

