

November 13, 2023

Subject: Management Discussion &amp; Analysis for the three-month period ended 30 September 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 of the three-month period ended September 30, 2023, which have been reviewed by our certified public accountant as follows:

Consolidated Income Statements (MB.)	Q3/2023	Q2/2023	Q3/2022	% Change	
				QoQ	YoY
Revenues from sales and services	340.43	331.45	328.83	2.71	3.53
Other revenues	2.27	2.32	3.09	(2.16)	(26.54)
<b>Total revenues</b>	<b>342.70</b>	<b>333.77</b>	<b>331.92</b>	<b>2.68</b>	<b>3.25</b>
Costs of sales and services	239.41	229.69	232.18	4.23	3.11
Distribution costs	27.89	29.55	28.69	(5.62)	(2.79)
Administrative expenses	38.73	35.94	35.33	7.76	9.62
Finance costs	0.50	0.52	0.57	(3.85)	(12.28)
<b>Total cost and operating expenses</b>	<b>306.53</b>	<b>295.70</b>	<b>296.77</b>	<b>3.66</b>	<b>3.29</b>
<b>Profit before income tax</b>	<b>36.17</b>	<b>38.07</b>	<b>35.15</b>	<b>(4.99)</b>	<b>2.90</b>
Income tax	7.18	7.83	6.72	(8.30)	6.85
<b>Profit for the period</b>	<b>28.99</b>	<b>30.24</b>	<b>28.43</b>	<b>(4.13)</b>	<b>1.97</b>
Sub Non-Controlling Interests	(0.24)	(0.18)	0.05	33.33	(580.00)
<b>Profit attributable to parent company</b>	<b>29.23</b>	<b>30.42</b>	<b>28.38</b>	<b>(3.91)</b>	<b>3.00</b>
<b>Gross profit margin (%)</b>	<b>29.68%</b>	<b>30.70%</b>	<b>29.39%</b>		
<b>Net profit margin (%)</b>	<b>8.46%</b>	<b>9.06%</b>	<b>8.57%</b>		

The company had sales and service revenue of 340.43 MB. in Q3/2023 increased by 11.60 MB. or 3.53% compared to the Q3/2022 with sales and service revenue of 328.83 MB. from the continuous recovery of domestic economic activities and delivering goods to previously delayed projects. Costs of sales and services increased by 7.23 MB. or 3.11% , the increase in cost of sales and services was less than the increase in sales and service income in proportion. As a result, the gross profit margin increased by 0.29% from selling price adjustment to match with higher costs. Distribution costs decreased 0.80 MB. or 2.79% from fully depreciated demonstration printing machines. Administrative expenses increased by 3.40 MB. or 9.62% from increase salary, employee benefits and allowance for expected credit losses have increased compiling to credit loss model.



In Q3/2023, the Company has revenue from sales and services and gross profit margin by segments as follows.

Revenue from Sales and Services (MB.)	Q3/2023	Q2/2023	Q3/2022	% Change	
				QoQ	YoY
Fire protection products and projects	168.91	171.22	151.89	(1.35)	11.21
Air-conditioning and sanitary products	14.26	17.68	19.07	(19.34)	(25.22)
Refrigeration systems	65.65	57.17	62.28	14.83	5.41
Digital printing systems	91.10	84.72	92.96	7.53	(2.00)
Building IoT products and solutions	0.51	0.66	2.63	(22.73)	(80.61)
<b>Total</b>	<b>340.43</b>	<b>331.45</b>	<b>328.83</b>	<b>2.71</b>	<b>3.53</b>

Gross Profit Margin (%)	Q3/2023	Q2/2023	Q3/2022
Fire protection products and projects	27.28	28.09	26.23
Air-conditioning and sanitary products	24.96	26.57	25.67
Refrigeration systems	22.35	25.22	24.57
Digital printing systems	40.13	40.40	38.62
Building IoT products and solutions	29.08	48.72	27.20
<b>Total</b>	<b>29.68</b>	<b>30.70</b>	<b>29.39</b>

In Q3/2023, the company had a net profit attributable to the parent company of 29.23 MB., an increase of 0.85 MB. or 3.00% compared to Q3/2022 with a net profit of 28.38 MB. from sales and service increase. In particular, the Fire protection products and projects business unit had sales increased by 17.02 MB. or 11.21% compared to the year on year period and also able to increase the gross profit margin of the business unit by 1.05%, resulting in the overall company's gross profit margin for the third quarter of 2023 equal to 29.68% compared to 29.39% of the same quarter of Y2022 and the company had a net profit margin of Q3/2023 of 8.46% compared to 8.57% of Q3/2022.

Sincerely Yours,

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(Mr. Thammanoon Tripetchr)  
Chief Executive Officer

