November 12, 2026

Subject : Management Discussion and Analysis for the 3rd quarter period ended September 30, 2026.

To : President
The Stock Exchange of Thailand

Harn Engineering Solutions Public Company Limited and its subsidiaries ("The Group") would like to provide information on the Company's operating results for the three-month period ended September 30, 2026, which have been reviewed by our certified public accountant as follows:

1. Overview of Business Operations, Economic Conditions, and Industry Environment Affecting Operations

The Thai economy in the third quarter of 2026 improved compared with the previous quarter, according to the Bank of Thailand's report dated October 30, 2026, mainly driven by continued growth in merchandise exports in line with the global technology and artificial intelligence cycle, private investment, particularly investment in Data Centers, and improved private consumption. However, businesses continued to face pressure from energy costs, geopolitical uncertainties, and competition from imported products. With respect to the Group's businesses, price competition remained intense, with increasing competition from lower-priced imported products against the standard-quality products of the manufacturers represented by the Group. Consequently, the Group continued to leverage its strengths in product quality and standards, together with marketing promotion strategies, to retain its existing customer base. In addition, the Group continued to seek new opportunities to expand its customer base. In the Fire protection products & projects business, the Group expanded its customer base from the condominium market to industrial factories and Data Centers, while investing in new businesses to diversify investments and generate returns for shareholders. This enabled the Group to remain competitive in its related industries. As a result, operating performance in the third quarter of 2026 improved compared with both the previous quarter and the same quarter of the previous year.

Overall, in the third quarter of 2026, the Group recorded total revenue of Baht 379.28 million, an increase of Baht 72.16 million, or 23.49%, while the gross profit margin was 28.57%, decreasing by 0.78 percentage points compared with the same quarter of the previous year. Other income decreased by Baht 2.80 million, or 25.90%. Distribution costs and administrative expenses increased by a combined Baht 5.25 million, and expected credit losses decreased by Baht 6.75 million. As a result, net profit attributable to owners of the parent amounted to Baht 36.79 million, an increase of Baht 14.15 million, or 62.48%, compared with the same quarter of the previous year, and an increase of Baht 19.70 million, or 115.24%, compared with the previous quarter.

2. Summary of Key Events and Developments

The Company's business operations continued as normal during the third quarter of 2026. However, the following significant events occurred in relation to the subsidiaries:

2.1 Mollisa Co., Ltd.

Mollisa Co., Ltd., the Company's third subsidiary, received project funding of Baht 2.95 million on April 20, 2026, from the Technology and Innovation Management Office for Life Sciences (Public Organization) for the project entitled "Development of an Integrated Ecosystem for Personalized Virtual Prosthetic Toes Using 3D Printing: A Practical Approach to Service Delivery and Market Expansion." In addition, Mollisa Co., Ltd. has successfully passed the certification audit for the ISO 13485 : 2016 quality management system for medical devices.

2.2 Harn Vietnam Co., Ltd.

Pursuant to the resolution of the Board of Directors' Meeting No. 4/2026 held on August 13, 2026, the Board of Directors approved the dissolution of Harn Vietnam Co., Ltd., a wholly owned subsidiary of the Group engaged in the distribution of printing equipment in Vietnam. The subsidiary is currently undergoing the legal process of dissolution and liquidation. As of September 30, 2026, the subsidiary had total assets of Baht 0.28 million, representing 0.02% of the Group's total assets, and total revenue for the nine-month period of Baht 0.05 million, representing less than 0.01% of the Group's total revenue. Management expects that the dissolution will not have a material impact on the Group's operations or financial position.

3. Summary of Business Performance

Consolidated Income Statements (MB.)	Q3/2026	Q2/2026	Q3/2025	YoY Increase / (Decrease)	
				MB.	%
Revenues from sales and services	371.27	282.00	296.31	74.96	25.30%
Other revenues	8.01	10.01	10.81	(2.80)	(25.90%)
Total revenues	**379.28**	**292.01**	**307.12**	**72.16**	**23.49%**
Costs of sales and services	265.19	200.58	209.34	55.85	26.68%
Distribution costs	34.41	32.57	27.76	6.65	23.96%
Administrative expenses	32.17	33.19	33.57	(1.40)	(4.17%)
Finance costs	0.79	0.79	0.83	(0.04)	(4.82%)
Expected credit loss (Reversal)	0.76	3.42	7.51	(6.75)	(89.88%)
Total cost and operating expenses	**333.32**	**270.55**	**279.01**	**54.31**	**19.47%**
Profit before income tax	**45.96**	**21.46**	**28.11**	**17.85**	**63.50%**
Tax expense	9.44	4.51	5.69	3.75	65.91%
Profit for the period	**36.52**	**16.95**	**22.42**	**14.10**	62.89%
Less Non-Controlling Interests	(0.27)	(0.14)	(0.22)	(0.05)	22.73%
	36.79	**17.09**	**22.64**	**14.15**	**62.48%**
Gross profit margin (%)	**28.57%**	**28.87%**	**29.35%**		**(0.78%)**
Net profit margin (%)	**9.63%**	**5.80%**	**7.31%**		**2.31%**

Revenues from sales and services

The Group operates the following businesses: (1) Fire Protection Systems and Projects, (2) Sanitary and Air-Conditioning Systems, (3) Refrigeration Systems, (4) Digital Printing Systems, (5) IoT Solutions for Building Systems, (6) Medical 3D printing systems and (7) businesses related to Carbon dioxide and greenhouse gas reduction related business.

Business Units 6 and 7 are currently in the preparation stage and have not generated revenue from the date of incorporation through the end of the third quarter of 2026. These business units are presented under "Other" in the segment information note to the consolidated financial statements.

For the third quarter of 2026, the Group recorded revenues from sales and services of Baht 371.27 million, an increase of Baht 74.96 million, or 25.30%, compared with the same quarter of the previous year, as shown in the table below.

Revenue from sales and services (MB.)	Q3/2026	Q2/2026	Q3/2025	YoY Increase / (Decrease)	
				MB.	%
1. Fire protection products & projects	196.49	150.94	137.67	58.82	42.73%
2. Air-conditioning & sanitary products	15.90	13.67	15.38	0.52	3.38%
3. Refrigeration systems	59.59	35.64	47.92	11.67	24.35%
4. Digital printing systems	99.10	81.14	94.37	4.73	5.01%
5. Building IoT products and solutions	0.21	0.69	0.99	(0.78)	(78.79%)
Other	-	-	-	-	-
Elimination of intersegment sales	(0.02)	(0.08)	(0.02)	-	0.00%
Total	**371.27**	**282.00**	**296.31**	**74.96**	**25.30%**

The key factors affecting sales and service income in the third quarter of 2026 were as follows:

1. Fire protection products & projects and Air-conditioning & sanitary products increased by a combined Baht 59.34 million, or 38.77%, mainly supported by progress and deliveries of large-scale projects, particularly Data Center and electrical substation projects. Deliveries to Data Center customers, industrial factories, and warehouses also contributed to the increase. In addition, deliveries of fire suppression foam systems supported revenue, including projects transitioning to PFOS/PFAS-free firefighting foam.

2. Refrigeration systems increased by Baht 11.67 million, or 24.35%, mainly due to deliveries of products to convenience stores, as well as deliveries of cold-room installation and compressed-air system projects to customers, resulting in higher revenues from sales and services for this business.

3. Digital printing systems increased by Baht 4.73 million, or 5.01%, mainly due to higher revenue from sales of consumables and printing equipment. The Group continued to focus on increasing printer sales to expand the installed base at customer locations, which is expected to support long-term growth in consumables revenue, in line with its existing business targets and strategic direction.

Other income and Other expenses

The Group's other income decreased by Baht 2.80 million, or 25.90%, mainly due to a decrease in unrealized gains on investment units of Baht 3.83 million and an increase in unrealized foreign exchange gains of Baht 1.20 million.

Cost of sales and services and GPM

The Group's cost of sales and services increased by Baht 55.85 million, or 26.68%. As a result, the gross profit margin decreased by 0.78 percentage points, mainly due to higher costs of products and services. However, the Group gradually increased selling prices to offset the additional costs.

The gross profit margins of each business unit are shown in the table below.

Gross Profit Margin (%)	Q3/2026	Q2/2026	Q3/2025	YoY Increase / (Decrease)
1. Fire protection products and projects	27.50	25.84	26.93	0.57
2. Air-conditioning and sanitary products	19.31	22.51	24.02	(4.71)
3. Refrigeration systems	17.53	16.75	20.73	(3.20)
4. Digital printing systems	38.80	40.66	37.91	0.89
5. Building IoT products and solutions	3.69	62.30	25.93	(22.24)
Other	-	-	-	-
Total	**28.57**	**28.87**	**29.35**	**(0.78)**

Distribution costs

The Group's distribution costs increased by Baht 6.65 million, or 23.96%, mainly due to higher sales personnel commissions in line with increased revenues from sales and services, as well as higher freight expenses resulting from increased energy prices. In addition, certain distribution costs are fixed in nature, such as salaries and employee benefits for sales personnel.

Administrative expenses

The Group's administrative expenses decreased by Baht 1.40 million, or 4.17%, mainly because certain assets had been fully depreciated, resulting in lower depreciation expenses in the current period.

Expected Credit Losses

For the three-month periods ended September 30, 2026 and 2025, the Group recorded expected credit losses as follows:

Expected Credit Losses (Unit : MB.)	Q3/2026	Q2/2026	Q3/2025	YoY Increase / (decrease)
Parent Company	0.81	3.42	7.48	(6.67)
Subsidiaries				
Harn Vietnam Co., Ltd.	-	-	-	-
Aiyaraharn Co., Ltd.	(0.05)	-	0.03	(0.08)
Mollisa Co., Ltd.	-	-	-	-
Total Expected Credit Losses	**0.76**	**3.42**	**7.51**	**(6.75)**

The Group recognized a decrease in expected credit losses of Baht 6.75 million compared with the same quarter of the previous year, as the Group adjusted the proportion of credit sales by requiring more cash payments instead of credit terms for certain customers to reduce credit risk.

Net profit attributable to the shareholders of the parent company

Net profit attributable to owners of the parent amounted to Baht 36.79 million, an increase of Baht 14.15 million, or 62.48%, compared with the same quarter of the previous year, mainly due to higher revenue.

4. Summary of Financial Position

Balance sheet (Unit : MB.)	As at September 30, 2026	As at December 31, 2025	Increase / (Decrease)	
			MB.	%
Total Assets	1,833.17	1,799.81	33.36	1.85%
Total Liabilities	428.20	411.02	17.18	4.18%
Equity attributable to the parent company shareholders	1,407.89	1,390.97	16.92	1.22%

Total Assets

As of September 30, 2026, the Group had total assets of Baht 1,833.17 million, an increase of Baht 33.36 million, or 1.85%, compared with the end of 2025, mainly due to an increase in trade and other current receivables, including the current portion of finance lease receivables, of Baht 27.27 million, and an increase in contract assets of Baht 17.67 million, in line with the Group's business and project activities during the period. However, the increase was partially offset by a decrease in other current financial assets of Baht 12.71 million.

Total Liabilities

As of September 30, 2026, the Group had total liabilities of Baht 428.20 million, an increase of Baht 17.18 million, or 4.18%, from Baht 411.02 million as of December 31, 2025. The increase was mainly attributable to an increase in trade and other current payables, including contract liabilities and the current portion of lease liabilities, of Baht 27.41 million, in line with higher inventories and purchasing activities during the period. Bank overdrafts and short-term borrowings from financial institutions of a subsidiary also increased by Baht 2.80 million.

However, non-current liabilities decreased from Baht 159.94 million to Baht 142.96 million, a decrease of Baht 16.97 million, mainly due to a decrease in non-current provisions for employee benefits of Baht 8.37 million following retirement benefit payments, and a decrease in lease liabilities of Baht 7.97 million.

Equity attributable to the parent company shareholders

As of September 30, 2026, equity attributable to owners of the parent amounted to Baht 1,407.89 million, an increase of Baht 16.92 million, or 1.22%, compared with the balance as of December 31, 2025, reflecting the Group's operating results and dividend payments.

Cash Flow Analysis

Description (MB.)	For the nine-month period ended September 30,		
	2026	2025	Increase / (Decrease)
Net Cash Flow from Operating Activities	61.13	95.84	(34.71)
Net Cash Flow from (Used in) Investing Activities	12.11	(20.21)	32.32
Net Cash Flow from (Used in) Financing Activities	(76.63)	(79.41)	2.78
Effect of translation adjustment on foreign currency financial statements	0.07	(0.75)	0.82
Net Increase (Decrease) in Cash and Cash Equivalents	**(3.32)**	**(4.53)**	**1.21**
Cash and Cash Equivalents - B/F	**439.84**	**293.47**	**146.37**
Cash and Cash Equivalents - C/F	**436.52**	**288.94**	**147.58**

Net cash flows from operating activities for the nine-month period ended September 30, 2026 amounted to Baht 61.13 million, a decrease of Baht 34.71 million compared with the same period of the previous year. This was mainly attributable to an increase in trade and other current receivables of Baht 36.09 million, an increase in contract assets of Baht 20.69 million, an increase in inventories of Baht 15.25 million, and annual employee retirement benefit payments of Baht 10.68 million.

Net cash flows from investing activities amounted to Baht 12.11 million, including cash receipts of Baht 17.00 million from the maturity of government bonds and purchases of property, plant and equipment and intangible assets of Baht 12.05 million.

Net cash flows used in financing activities amounted to Baht 76.63 million, mainly attributable to dividend payments and repayments of lease liabilities.

Key Financial Ratios

Key Financial Ratio	Unit	As at September 30, 2026	As at December 31, 2025
Current ratio	Times	3.93	4.30
Debt to equity (D/E ratio)	Times	0.30	0.30
Return on asset (ROA)	%	7.82	5.93
Return on equity (ROE)	%	7.91	6.06

As of September 30, 2026, the Group's current ratio was 3.93 times, decreasing from 4.30 times as of the end of 2025, reflecting a decline in liquidity while remaining at a relatively high level.

Meanwhile, the debt-to-equity ratio (D/E Ratio) was 0.30 times, remaining unchanged compared with the end of 2025.

In terms of profitability, return on assets (ROA) and return on equity (ROE) improved. ROA increased to 7.82% from 5.93%, while ROE increased to 7.91% from 6.06%, reflecting improved efficiency in generating returns from the Group's assets and shareholders' equity.

5. Factors That Could Impact Future Operations or Growth

The global trend and risks associated with climate change are key issues that may impact the company's operations and future growth. Therefore, the company has incorporated these factors into its strategic direction and risk management framework. These climate-related issues have been integrated into the organization's strategic planning and risk assessment processes since 2024, in alignment with the company's new vision and mission. This commitment is reflected in the company's continuous efforts to drive sustainability strategies in the environmental dimension, under the "Go Green" initiative, aligned with the BCG (Bio-Circular-Green) economic model. The focus is on developing the business towards a low-carbon society while maintaining environmentally friendly operations. The company has set a target to achieve carbon neutrality by 2040 and to reach net zero greenhouse gas emissions by 2050.

6. Sustainability Developments

The company is committed to operating and fostering sustainable business growth across four dimensions: economic, environmental, social, and governance. This supports its vision: "We strive to be a leading provider of integrated sustainable engineering services that meet customer needs while enhancing quality of life, society, and the environment." This commitment is embedded in every aspect of the company's operations, guided by principles of good governance and business ethics, with consideration for stakeholder impacts and the entire value chain. To this end, the company has established a sustainable development policy aligned with its core business strategy, focusing on two key areas: Business (B) and Sustainability (S), or B+S. This approach drives sustainability efforts in each dimension, aligns with long-term operational goals, and prepares the organization to respond effectively to potential future crises. The company also emphasizes developing employee skills and capabilities, and leveraging technology to improve work processes—enhancing competitiveness and enabling long-term sustainable growth. Further details are available on the company's website: www.harn.co.th.

Furthermore, the Company has received the highest corporate governance rating of "Excellent" (5 stars) for seven consecutive years and received an "A" rating in the SET ESG Ratings for its 2025 sustainability performance. In addition, the Company has introduced environmentally friendly products to its customers.

By integrating environmental consciousness into its products, the company promotes operational sustainability and contributes to addressing global environmental issues. This reflects its commitment to good corporate governance and sustainable growth, benefiting shareholders, society, and the environment as a whole.

Please be informed accordingly.

Sincerely Yours,

- Signed -

(Mr. Thammanoon Tripetchr)
Chief Executive Officer