

May 13, 2022

Subject: Management Discussion & Analysis for the three-month period ended 31 March 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 March 31, 2022, which have been reviewed by our certified public accountant as follows:

| Consolidated Income Statements (MB.) | Q1/2022 | Q4/2021 (Restated) | Q1/2021 (Restated) | % Change | |
|--|---------------|-----------------------|-----------------------|----------------|----------------|
| | | | | QoQ | YoY |
| Revenues from sales and services | 289.95 | 265.70 | 265.38 | 9.13 | 9.26 |
| Other revenues | 7.23 | 7.49 | 3.90 | (3.47) | 85.38 |
| Total revenues | 297.18 | 273.19 | 269.28 | 8.78 | 10.36 |
| Costs of sales and services | 212.78 | 188.55 | 180.50 | 12.85 | 17.88 |
| Distribution costs | 27.22 | 26.78 | 26.84 | 1.64 | 1.42 |
| Administrative expenses | 35.72 | 29.77 | 33.50 | 19.99 | 6.63 |
| Finance costs | 0.60 | 0.61 | 0.44 | (1.64) | 36.36 |
| Total cost and operating expenses | 276.32 | 245.71 | 241.28 | 12.46 | 14.52 |
| Profit before income tax | 20.86 | 27.48 | 28.00 | (24.09) | (25.50) |
| Income tax | 4.71 | 5.31 | 5.51 | (11.30) | (14.52) |
| Profit for the period | 16.15 | 22.17 | 22.49 | (27.15) | (28.19) |
| Sub Non-Controlling Interests | 0.06 | 0.20 | (0.08) | (70.00) | (175.00) |
| Profit attributable to parent company | 16.09 | 21.97 | 22.57 | (26.76) | (28.71) |
| Gross profit margin (%) | 26.61% | 29.04% | 31.99% | | |
| Net profit margin (%) | 5.43% | 8.12% | 8.35% | | |

The company had sales and service revenue of 289.95 MB. in Q1/2022 increased by 24.57 MB. or 9.26% compared to the Q1/2021 with sales and service revenue of 265.38 MB. from gradually delivering outstanding goods and services order as of 2021. Other income increased by 3.33 MB. or 85.38% from the increase in transportation income, dividend income, gain on property fund investments, foreign exchange gain and rental income from warehouses and office building. Costs of sales and services increased by 32.28 MB. or 17.88% and gross profit margin decreased 5.38% from rising cost of importing goods caused by Baht depreciation against USD and increasing freight charges. However, the management has managed foreign currency risks appropriately. Distribution costs and administration expenses increased 1.42% and 6.63% respectively.



In Q1/2022, the Company has revenue from sales and services and gross profit margin by segments as follows.

| Revenue from Sales and Services (MB.) | Q1/2022 | Q4/2021 | Q1/2021 | % Change | |
|--|---------------|---------------|---------------|-------------|-------------|
| | | | | QoQ | YoY |
| Fire protection products and projects | 137.20 | 107.09 | 119.90 | 28.12 | 14.43 |
| Air-conditioning and sanitary products | 11.82 | 13.49 | 10.73 | (12.38) | 10.16 |
| Refrigeration systems | 55.59 | 54.34 | 50.69 | 2.30 | 9.67 |
| Digital printing systems | 83.64 | 89.17 | 82.74 | (6.20) | 1.09 |
| Building IoT products and solutions | 1.70 | 1.61 | 1.32 | 5.59 | 28.79 |
| Total | 289.95 | 265.70 | 265.38 | 9.13 | 9.26 |

| Gross Profit Margin (%) | Q1/2022 | Q4/2021 (Restated) | Q1/2021 (Restated) |
|--|--------------|-----------------------|-----------------------|
| | | | |
| Air-conditioning and sanitary products | 31.49 | 29.34 | 30.24 |
| Refrigeration systems | 24.51 | 20.41 | 29.79 |
| Digital printing systems | 34.93 | 36.81 | 38.13 |
| Building IoT products and solutions | 39.21 | 70.53 | 18.46 |
| Total | 26.61 | 29.04 | 31.99 |

The cost of sales and services, distribution costs and administrative expenses in financial statements of Q1/2021 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 0.51 million baht.

The company has net profit of 16.09 MB in Q1/2022. decreased by 6.48 MB. or 28.71% comparing with the Q1/2021 with net profit of 22.57 MB. The main reasons is lower gross margin. The gross profit margin in Q1/2022 was 26.61%, compared to 31.99% in Q1/2021 from the cost of importing goods. The company has a net profit margin in Q1/2022 and Q1/2021 of 5.43% and 8.35% respectively.

Sincerely Yours,

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(Mr. Thammanoon Tripetchr)
Chief Executive Officer