

## Connected Transactions

### Related party transaction approval measure or process

The Board meeting no. 3/2014 on May 15, 2014 resolved to establish a policy and process for approving related party transactions between HARN and individuals who have or may have conflict of interest on or beneficial interest in the transaction, such as the major shareholders, directors, executives, persons with controlling power, connected persons, or related persons, etc. HARN will comply with the securities and exchange law, provisions or notifications or stipulations of the Office of the Securities and Exchange Commission, Capital Market Supervisory Board, and the Stock Exchange of Thailand regarding such matters, as well as the regulations regarding disclosure of information on related party transactions according to the Thai Accounting Standards and Thai Financial Reporting Standards set forth by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King. In this regard, persons with conflict of interest or beneficial interest in the transactions shall not be entitled to take part in consideration of or to vote on the transactions.

In case prescribed by law to seek approval of such transactions from the Boards' or the shareholders' meeting, HARN will designate the Audit Committee to attend the meeting to consider and give opinion on the necessity and reasonableness of the transactions.

Making of the related party transactions that are under general commercial conditions and transactions that are not under general commercial conditions shall be subject to the following criteria:

#### 1) Related party transactions with general commercial conditions

For related party transactions with general commercial conditions done between HARN and persons that have or may have conflict of interest or beneficial interest, at present or in the future, HARN has set a scope for doing such transactions, which has been reviewed and endorsed by the Audit Committee and approved in principle by the Board. Within such scope, when any of such transactions is to be made, approval may be sought only from the management, subject to the conditions that such transaction shall carry commercial conditions similar to those under which a person of ordinary common sense would do with a general counterparty under the same situation, having the bargaining power without any influence from the status of being directors, executives or persons otherwise on an arm's length basis, and being commercial transaction to be done in general by HARN for business operation, or commercial

transaction generally done by HARN in the same business to support its own normal business, with fair prices and conditions, and would not result in the transfer of benefits, including the following commercial conditions:

1. Prices and conditions offered to HARN or offered by HARN to persons in general
2. Prices and conditions offered by related persons to persons in general
3. Prices and conditions proven by HARN that companies of similar nature of business would offer to persons in general

However, when there is any transaction made on an arm's length basis as stated above, the management will make decision thereon. After an approval is given, a report on such related party transaction will be prepared and submitted to the Board for information. In case that the Audit Committee and the Board find out that such transaction has not been undertaken in compliance with the policy in place, they may jointly discuss to find a solution.

#### 2) Related party transactions with non-general commercial conditions or other transactions

For related party transaction with non-general commercial conditions or other transactions made between HARN and the persons that have or may have conflict of interest or beneficial interest, at present or in the future, HARN shall present to the Audit Committee to weigh the necessity and reasonableness in making the transaction as well as fairness of the price and conditions by comparing with a third party or the market price, before presenting to the Board and/or the shareholders' meeting, as the case may be, for approval. In case that the Audit Committee does not have the specialized knowledge on such transaction, HARN will engage an independent expert or HARN's auditor to provide an opinion on such related party transaction to support the consideration and decision of the meeting of the Audit Committee, the Board, and/or the shareholders' meeting, as the case may be. The Board/Committee members or the shareholders who have conflict of interest or beneficial interest in such transaction shall not be entitled to take part in consideration of or to vote on the transaction.

HARN will disclose the related party transactions made by HARN in the Notes to Financial Statements audited by HARN's auditor in the Annual Registration Statement and the Annual Report (Form 56-1 One Report).

## Connected Transactions between HARN and Individuals, Juristic Persons with Potential Conflicts

HARN has connected transaction between individuals and juristic persons with potential conflicts, which was a relationship summarized as follows (shareholding information as of December 31, 2021)

Potential Conflicts	Type	Relationship
1. Harn Vietnam Co., Ltd., in Vietnam ("Harn Vietnam")	Distribution of printing equipment	Subsidiary, 100% owned by HARN
1. Aiyaraham Co., Ltd. ("Aiyaraham")	Production, purchase, sale, hiring, installation, service provider, and development of "IOT Products and Solutions	Subsidiary, 65% owned by HARN. No shares held by HARN's related parties with potential conflicts.
3. Harn Engineering Co., Ltd. ("Harn Engineering")	Assets for rent, such as office space and warehouses	<p>3.1 HARN's shareholder: as follow;</p> <p>3.1.1 Mrs. Sirima Iamsakulrat, holding 14.41% of HARN, and holding 33.32% of Harn Engineering</p> <p>3.1.2 Mr. Jain Charnnarong (younger brother of Mrs. Sirima Iamsakulrat), holding 12.37% of HARN, and holding 33.32% of Harn Engineering</p> <p>3.1.3 Miss Nopporn Charnnarong (younger sister of Mrs. Sirima Iamsakulrat), holding 4.49% of HARN, and holding 33.32% of Harn Engineering</p> <p>3.1.4 Mrs. Prayoonsri Charnnarong (person's mother of 1.1.1 to 1.1.3), the final beneficiary of Nice Noble Limited ("Nice Noble fund"), holding 0.13% of HARN, and holding 0.04% of Harn Engineering</p> <p>3.2 HARN's Director: as follow;</p> <p>3.2.1 Mrs. Sirima Iamsakulrat</p> <p>3.2.2 Mr. Jain Charnnarong</p>
4. Phraboriban Co., Ltd. ("Phraboriban")	Assets for rent, such as warehouses	<p>4.1 HARN's shareholder: as follow;</p> <p>4.1.1 Mrs. Sirima Iamsakulrat, holding 14.41% of HARN, and holding 99.99% of Phraboriban</p> <p>4.1.2 Mr. Jain Charnnarong (younger brother of Mrs. Sirima Iamsakulrat), holding 12.37% of HARN, and holding 0.005% of Phraboriban</p> <p>4.2 HARN's Director: as follow;</p> <p>4.2.1 Mrs. Sirima Iamsakulrat</p> <p>4.2.2 Mr. Jain Charnnarong</p>
5. Mr. Jain Charnnarong	-	Mr. Jain Charnnarong is the younger brother of Mrs. Sirima Iamsakulrat, and as the Director holding 12.73% of HARN
6. Jainnopsiri Co., Ltd. ("Jainnopsiri")	Investment, development, and management of real estate and land and buildings, including trading and auction	<p>6.1 HARN's shareholder: as follow;</p> <p>6.1.1 Mrs. Sirima Iamsakulrat, holding 14.41% of HARN, and holding 50% of Jainnopsiri</p> <p>6.1.2 Mr. Jain Charnnarong (younger brother of Mrs. Sirima Iamsakulrat), holding 12.37% of HARN, and holding 50% of Jainnopsiri</p> <p>6.2 HARN's Director: as follow;</p> <p>6.2.1 Mrs. Sirima Iamsakulrat</p> <p>6.2.2 Mr. Jain Charnnarong</p>
7. Nutrix Public Company Limited ("Nutrix")	Factory manufacturing and distributing all types of animal feed products	<p>7.1 HARN's shareholder: as follow;</p> <p>7.1.1 Mrs. Valeeratn Chuerboonchai, holding 0.97% of HARN, and no shares held of Nutrix</p> <p>7.2 HARN's Director: as follow;</p> <p>7.2.1 Mrs. Valeeratn Chuerboonchai</p>
8. Aiyarafun Co., Ltd. ("Aiyarafun")	Service provider for software design and development, information technology, and computers	<p>8.1 HARN's subsidiaries Director: as follow;</p> <p>8.1.1 Mr. Prasertsak Detudom</p>

## Sensibility of Connected Transactions

In 2021, HARN has connected transactions multiple related. The transaction is necessary and reasonable as it is a normal business operation to support HARN's normal business. The price of various transactions is set, which is a market price or fair price comparable to transactions with other third parties.

For transactions of employee benefit receivables, the price is referred to the employee benefit valuation by the actuary. In the past, transactions were all reasonable with fair prices.

The connected transactions the aforementioned, The Audit Committee considered, the opinion is needed and sensibility to HARN: as follow;

Connected transactions between HARN and Subsidiaries for Individuals, Juristic Persons with Potential Conflicts in 2021

Potential Conflicts	Type	As of December 31, 2021 (Unit : Baht)	Needed and Sensibility of Connected Transactions
1. Harn Vietnam Co., Ltd. ("Subsidiary")	1.1 Sales	18,741	List of products related to printing equipment and the sales price set according to the sales policy
	1.2 Connected Loan transactions		<u>Loans</u>
	• Long-term loans to related parties	6,649,380	On March 12, 2020, the Company entered into a short-term loan agreement with Harn Vietnam in the amount of USD 200,000, and interest is charged at the rate of 6.15 percent per annum, with a one-year repayment. Later, on March 11, 2021, at the expiration of the agreement, HARN changed the condition of the loan term to the subsidiary for a period of 5 years. The agreement expires on March 11, 2026, with an interest rate of 5.85 percent per annum.
	• Accrued interest receivable	314,388	
	• Interest income	393,275	
2. Aiyaraharn Co., Ltd. ("Subsidiary")	2.1 Sales	74,940	List of products related to fire extinguishing equipment and sales price set according to the sales policy
	2.2 HARN for renting an office		<u>Office Building Rental and Service Contract</u>
	• Lease office income	187,200	1. HARN agreed to rent the space on the 2nd floor, Room 211 of the office building no. 559 Soi Soonvijai 4, Rama 9 Road, Bangkapi Subdistrict, Huai Khwang District, Bangkok, with a total area of 52 square meters, at the rental rate of 15,600 baht and a service fee of 10,400 baht per month. The rental period is from November 22, 2020, to October 31, 2022. On the contract date, the lessee paid the security deposits for the rental and service contract in the amounts of 46,800 baht and 31,200 baht, respectively.
	• Office service income	124,800	
	• Rental security deposit	46,800	
	• Service security deposit	31,200	
	2.3 HARN provides HR and accounting services in accordance with financial reporting standards		<u>Service Contract</u>
• Service income	300,000	1. HARN agreed to provide staffing services, preparing salary and employee welfare, submitting documents according to the regulations of the Social Security Office, contacting government agencies related to personnel work, and preparing accounting records and financial statements in accordance with the financial reporting standards and the relevant provisions of the Revenue Code, including filing tax returns, VAT, withholding tax, and corporate income tax. These services are charged at 25,000 baht per month.	
• Accrued income	-		
3. Harn Engineering Co., Ltd. ("Harn Engineering")	3.1 HARN rented an office from Harn Engineering		<u>Office Building Rental Contract</u>
	• Office lease expense	292,105	HARN agreed to rent and pay the rental of the office building no. 19/17-22 Soi Soonvijai, Rama 9 Road, Bang Kapi Subdistrict, Huai Khwang District, Bangkok, with a total area of 1,379.72 square meters at a rental rate of 300 baht per square meter per month, or equal to 413,916 baht per month. The lease agreement started on January 1, 2017 and ended on November 30, 2020, and the rental rate was changed from 413,916 baht per month to 292,105 baht per month from December 1, 2020 to January 31, 2021.
	• Other accounts payable	-	
			The aforementioned rental is the rental rate that is close to the market price of the rental of similar office buildings in nearby areas, whose rental rate is about 290 to 450 baht per square meter per month.
			<u>Pricing:</u> The market price by the rental rate is comparable to the rental price of nearby areas.

Potential Conflicts	Type	As of December 31, 2021 (Unit : Baht)	Needed and Sensibility of Connected Transactions
			<p><u>Trend of Future Transaction:</u> It is the transaction to be continued and in line with the building lease agreement.</p> <p><u>The Audit Committee's Opinion:</u> Such transaction is the space rental of office building. The transaction is necessary to operate HARN's business and to serve as the location of HARN's office. The rental rate is also reasonable and comparable to the rental prices of the space in nearby areas.</p>
	<p>3.2 HARN receives employee benefits transfer from Harn Engineering</p> <ul style="list-style-type: none"> <li>• Other receivables</li> </ul>	1,747,319	<p>all employees' rights and obligations, and HARN Engineering agreed to accept the employee benefit obligations during the time of being employees of HARN Engineering until the date of transfer to HARN.</p> <p>From the purchase and acceptance of the entire business transfer of Chillmatch Co., Ltd. and its subsidiaries on November 29, 2016, it results in HARN taking over some additional rights in employee benefit debtors of HARN Engineering and the conditions of accepting the transfer of employees, which is the same as the transaction in the previous paragraph.</p> <p><u>Pricing:</u> The price is based on the independent expert's employee benefit obligation assessment.</p> <p><u>Trend of Future Transaction:</u> It is a continuous transaction because HARN has to record the change in employee benefits that change every year according to the conditions of transaction calculation.</p> <p><u>The Audit Committee's Opinion:</u> The transaction was caused by the personnel restructuring of HARN, resulting in the transfer of obligations and expenses related to the employees of HARN Engineering to HARN, which was considered a reasonable transaction.</p>
4. Phraboriban Co., Ltd. ("Phraboriban")	<p>4.1 HARN rented a warehouse form Phraboriban</p> <ul style="list-style-type: none"> <li>• Security deposit for building rental</li> <li>• Office lease expense</li> <li>• Right-of-use assets</li> <li>• Lease liabilities</li> </ul>	<p>150,000</p> <p>93,678</p> <p>1,302,794</p> <p>1,338,259</p>	<p><u>Warehouse Building Lease Agreement</u></p> <p>1. HARN agree to pay the rent for the warehouse space for use as a place for goods storage, assembly, and maintenance of printers and equipment. The total area is 356.38 square meters with the rental rate of 64,080 baht per month, for the period from November 1, 2020 to October 31, 2023. The security deposit under the contract was placed in the amount of 150,000 baht.</p> <p><u>Pricing:</u> The market price by the rental rate is comparable to the rental price of nearby areas.</p> <p><u>Trend of Future Transaction:</u> It is the transaction to be continued and in line with the office building lease agreement.</p> <p><u>The Audit Committee's Opinion:</u> Such transaction is the rental of warehouse building space, which is necessary for the Company's business, and the rental rate is reasonable as the rental is comparable to the rental price of nearby areas.</p>
5. Jainnopsiri Co., Ltd. ("Jainnopsiri")	<p>5.1 Sales</p> <ul style="list-style-type: none"> <li>• Revenue from Sales</li> <li>• Trade and other current receivables</li> </ul>	<p>20,070</p> <p>1,006</p>	<p>List of products related to fire extinguishing system and refrigeration system and sales price set according to the sales policy.</p> <p><u>Office Building Rental Contract</u></p> <p>HARN agreed to lease and pay the rent for the office building no. 559 Soi Soonvijai 4, Rama 9 Road, Bang Kapi Subdistrict, Huai Khwang District, Bangkok, with a total area of 6,594 square meters at the rental rate of 130 baht per square meter per month or equal to 857,220 baht per month. The rent term under the lease contract started from January 1, 2021 to December 31, 2023 (3 years), and the lessor pledges to lease the building for another 7 years by increasing the rental rate by 10% every 3 years.</p>

Potential Conflicts	Type	As of December 31, 2021 (Unit : Baht)	Needed and Sensibility of Connected Transactions
	5.2 HARN rented an office from Jainnopsiri <ul style="list-style-type: none"> <li>• Interest expense</li> <li>• Right-of-use assets</li> <li>• Lease liabilities</li> <li>• Security deposit for building rental</li> </ul>	2,168,929 92,182,855 102,425,395 2,000,000	<p>The said price is the rental rate close to the market price of renting office spaces with similar nature in nearby areas, which have a rental price of about 450 - 470 baht per square meter per month. The security deposit for renting the building under this contract was placed in the amount of 2,000,000 baht.</p> <p><u>Pricing:</u> The market price by the rental rate is comparable to the rental prices of nearby areas.</p> <p><u>Trend of Future Transaction:</u> It is the transaction to be continued and in line with the building lease contract.</p> <p><u>The Audit Committee's Opinion:</u> Such transaction is the space rental of the office building. The transaction is necessary to operate HARN's business and to serve as the location of HARN's office. The rental rate is also reasonable and comparable to the rental prices of the space in nearby areas.</p>
	5.3 HARN office space for lease <ul style="list-style-type: none"> <li>• Other income</li> </ul>	54,000	<p><u>Office Space Lease Agreement</u></p> <p>HARN has rented the office space at the office building no. 559 Soi Soonvijai 4, Rama 9 Road, Bang Kapi Subdistrict, Huai Khwang District, Bangkok, with a total area of 13.5 square meters at the rental rate of 500 baht per square meter per month or equal to 6,750 baht per month. The lease term starts from May 1, 2021, onwards. The said price is the rental rate close to the market price of the rental of office space of similar office buildings in nearby areas.</p>
6. Nutrix Public Company Limited ("Nutrix")	6.1 Sales 6.2 Trade and other current receivable	27,420 -	List of products related to digital printing system and sales price set according to the sales policy.
7. Aiyarafun Co., Ltd. ("Aiyarafun")	7.1 Interest expenses 7.2 Accrued interest 7.3 Short-term loans	7,808 7,808 500,000	Aiyaraharn Company Limited (a subsidiary of HARN) has taken on a short-term loan in the form of promissory notes from Aiyarafun Co., Ltd., valid for 3 months, in the amount of 500,000 baht, with interest at the rate of 3% (referring to the interest rate of commercial banks, MRR-3% per annum). The loan is an unsecured loan and is due for repayment on March 21, 2022. Items related to this short-term loan appear in the consolidated financial statements.

## Policy Relating to Future Connected Transactions

HARN expects to continue doing related party transactions from its normal business operation and in support of its normal business operation, i.e., rent of office building space and warehouse building and employee's benefit receivable. Moreover, HARN has no loan or facilities guarantee provided by the Boards' and/or loan security with the Boards' assets. Any related party transactions existing or those to take place in future will be subject to definite pricing policy with fair market prices and conditions and not resulting in transfer of benefits, and in the best interest of HARN. The Audit Committee shall review and give opinions on the related party transactions with general commercial conditions or in support of the normal business on a quarterly basis.

To enter into related party transactions in future, HARN shall comply with the securities and exchange law, provisions or notifications or stipulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand, and abide by the regulations regarding disclosure of related party transaction information of HARN or Subsidiary according to the Thai Accounting Standards and Thai Financial Reporting Standards by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King.

## Appraisal Price for Related Transactions

- None -