

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 the auditor. As shown in the Annual Registration Statement and the Annual Report (Form 56-1 One Report).

Connected Transactions between HARN and Individuals and Company with Potential Conflicts

As at 31 December 2022 accounting period, HARN conducted significant business transactions with its subsidiaries and related companies with common shareholders and/or Directors. Connected transactions with other entities which may result in conflicts of interest are based on market or contractual prices (the prices agreed in previous contracts), if there are no reference market prices. Details of the relationships with these companies are as follows:

Individuals / Company	Type	Relationship (As of December 31, 2022)
1. Harn Vietnam Co., Ltd., in Vietnam ("Harn Vietnam")	Distribution of printing equipment	Subsidiary, 100% owned by HARN
2. Aiyaraharn Co. Ltd., ("Aiyaraharn")	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	3.1 HARN's shareholder: as follow; 3.1.1 Mrs. Sirima Iamsakulrat, holding 14.01% of HARN, and holding 33.32% of Harn Engineering 3.1.2 Mr. Jain Charnnarong (younger brother of Mrs. Sirima Iamsakulrat), holding 11.80% of HARN, and holding 33.32% of Harn Engineering 3.1.3 Miss Nopporn Charnnarong (younger sister of Mrs. Sirima Iamsakulrat), holding 4.50% of HARN, and holding 33.32% of Harn Engineering 3.2 HARN's Director: as follow; 3.2.1 Mrs. Sirima Iamsakulrat 3.2.2 Mr. Jain Charnnarong
4. Phraboriban Co., Ltd. ("Phraboriban")	Assets for rent, such as warehouses	4.1 HARN's shareholder: as follow; 4.1.1 Mrs. Sirima Iamsakulrat, holding 14.01% of HARN, and holding 99.99% of Phraboriban 4.1.2 Mr. Jain Charnnarong (younger brother of Mrs. Sirima Iamsakulrat), holding 11.80% of HARN, and holding 0.001% of Phraboriban 4.2 HARN's Director: as follow; 4.2.1 Mrs. Sirima Iamsakulrat 4.2.2 Mr. Jain Charnnarong
5. Mr. Jain Charnnarong	-	Mr. Jain Charnnarong is the younger brother of Mrs. Sirima Iamsakulrat, and as the Director holding 11.80% of HARN
6. Jainnopsiri Co., Ltd. ("Jainnopsiri")	Investment, development, and management of real estate and land and buildings, including trading and auction	6.1 HARN's shareholder: as follow; 6.1.1 Mrs. Sirima Iamsakulrat, holding 14.01% of HARN, and holding 50% of Jainnopsiri 6.1.2 Mr. Jain Charnnarong (younger brother of Mrs. Sirima Iamsakulrat), holding 11.80% of HARN, and holding 50% of Jainnopsiri 6.2 HARN's Director: as follow; 6.2.1 Mrs. Sirima Iamsakulrat 6.2.2 Mr. Jain Charnnarong
7. Nutrix Public Company Limited ("Nutrix")	Factory manufacturing and distributing all types of animal feed products	7.1 HARN's shareholder: as follow; 7.1.1 Mrs. Valeeratn Chuerboonchai, holding 0.97% of HARN, and no shares held of Nutrix 7.2 HARN's Director: as follow; 7.2.1 Mrs. Valeeratn Chuerboonchai
8. Aiyarafun Co., Ltd. ("Aiyarafun")	Service provider for software design and development, information technology, and computers	8.1 HARN's subsidiaries Director: as follow; 8.1.1 Mr. Prasertsak Detudom

Sensibility of Connected Transactions

For fiscal years 2022 HARN and Subsidiaries engaged in key business transactions with subsidiaries with related parties. The transaction is necessary and reasonable as it is a normal business operation to support HARN's normal business. All related party transactions are based on market prices wherever available or in 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. The connected transactions the aforementioned, The Audit Committee considered, the opinion is needed and reasonable with fair price as well as being beneficial to HARN, as follow;

Connected transactions between HARN and Subsidiaries for Individuals and Company with Potential Conflicts in 2022

Potential Conflicts	Type	As of December 31, 2022 (Unit : Baht)	Needed and Sensibility of Connected Transactions
1. Harn Vietnam Co., Ltd., ("Subsidiary")	1.1 Sales	17,699	List of products related to printing equipment and the sales price set according to the sales policy
	1.2 Connected Loan transactions	6,878,260	<u>Loans</u> On March 12, 2020, HARN 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% per annum.
	<ul style="list-style-type: none"> • Long-term loans to related parties • Accrued interest receivable • Interest income 	325,210 397,509	
2. Aiyaraharn Co. Ltd., ("Subsidiary")	2.1 Installation expenses	140,000	List of products installation related to fire extinguishing equipment and Installation expenses price set according to the price policy
	2.2 HARN for renting an office	187,200	<u>Office Building Rental and Service Contract</u>
	<ul style="list-style-type: none"> • Lease office income • Office service income • Rental security deposit • Service security deposit • Accrued utilities income 	124,800 46,800 31,200 1,411	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, Huaykwang 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, and the contract be renewed for 2 years from November 1, 2022 to October 31, 2024.
2.3 HARN provides HR and accounting services in accordance with financial reporting standards	300,000	<u>Service Contract</u> 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.	
3. Harn Engineering Co. Ltd., ("Harn Engineering")	HARN receives employee benefits transfer from Harn Engineering	1,747,319	In 2014, HARN had personnel restructuring by accepting the transfer of employees from HARN Engineering to be ones of HARN, for which the employee asset transfer contract was made between them and HARN agreed to count the length of continuous employment according to the labor law. Moreover, HARN accepted the transfer of 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. 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. <u>Pricing:</u> The price is based on the independent expert's employee benefit obligation assessment. <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. <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.
	<ul style="list-style-type: none"> • Other receivables 		

Potential Conflicts	Type	As of December 31, 2022 (Unit : Baht)	Needed and Sensibility of Connected Transactions
4. Phraboriban Co., Ltd. ("Phraboriban")	HARN rented a warehouse form Phraboriban <ul style="list-style-type: none"> • Security deposit for building rental • Interest expenses • Lease liabilities 	150,000 55,674 624,974	<p><u>Warehouse Building Lease Agreement</u></p> <p>1. HARN agreed 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 HARN'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 Revenue from rendering of services</p> <ul style="list-style-type: none"> • Revenue from rendering of services • Unearned revenue <p>5.2 HARN rented an office from Jainnopsiri</p> <ul style="list-style-type: none"> • Rental deposit • Interest expense • Lease liabilities 	153,683 188,033 2,000,000 2,181,398 86,202,441	<p>Aiyarahan Co., Ltd. (a subsidiary of HARN) provides the refrigeration control system for HARN office building and sales price set according to the sales policy as shown in the notes to consolidated financial statements.</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, Bangkapi Subdistrict, Huaykwang 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> <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 45 - 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"> • Office rental 	81,000	<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, Bangkapi Subdistrict, Huaykwang 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. Aiyarafun Co., Ltd. ("Aiyarafun")	<p>6.1 Interest expenses</p> <p>6.2 Accrued interest</p> <p>6.3 Short-term loans</p>	15,000 22,808 500,000	<p>Aiyarahan 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 17, 2023. Items related to this short-term loan appear in the consolidated financial statements.</p>

Opinion of Independent Director

The Independent Directors agreed with the Board of Directors.

Policy Relating to Future Connected Transactions

Future connected transactions between HARN and connected companies will be conducted as part of the normal course of business as before i.e., rent of office building space and warehouse building and employee's benefit with no special favors and no transfer of benefits. For the pricing policy between HARN and connected companies, the price of products or feedstock purchased will be set in agreement and or linked to market prices. 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 -