

## 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:

### 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.

## 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 **Sector 3 (Notes to the Financial Statements) page 213-217**

## Connected Transactions between HARN and Individuals and Company with Potential Conflicts

As at 31 December 2023 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, 2023)
1. Harn Vietnam Co., Ltd., 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. 2.1 HARN's shareholder: as follow; 2.1.1 Mr. Jain Charnnarong (younger brother of Mrs. Sirima lamsakulrat), holding 11.79% of HARN, and holding 0.00005% of Aiyaraharn 2.2 HARN's Director: as follow; 2.2.1 Mr. Jain Charnnarong
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 lamsakulrat, holding 14.01% of HARN, and holding 33.32% of Harn Engineering 3.1.2 Mr. Jain Charnnarong (younger brother of Mrs. Sirima lamsakulrat), holding 11.79% of HARN, and holding 33.32% of Harn Engineering 3.1.3 Miss Nopporn Charnnarong (younger sister of Mrs. Sirima lamsakulrat), holding 4.50% of HARN, and holding 33.32% of Harn Engineering 3.2 HARN's Director: as follow; 3.2.1 Mrs. Sirima lamsakulrat 3.2.2 Mr. Jain Charnnarong

Individuals / Company	Type	Relationship (As of December 31, 2023)
4. Phraboriban Co., Lt ("Phraboriban")	Assets for rent, such as warehouses	4.1 HARN's shareholder: as follow; 4.1.1 Mrs. Sirima lamsakulrat, holding 14.01% of HARN, and holding 99.99% of Phraboriban 4.1.2 Mr. Jain Charnnarong (younger brother of Mrs. Sirima lamsakulrat), holding 11.79% of HARN, and holding 0.001% of Phraboriban 4.2 HARN's Director: as follow; 4.2.1 Mrs. Sirima lamsakulrat 4.2.2 Mr. Jain Charnnarong
5. Mr. Jain Charnnarong	-	Mr. Jain Charnnarong is the younger brother of Mrs. Sirima lamsakulrat, and as the Director holding 11.79% of HARN
6. Jainnopsiri Co., Lt ("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 lamsakulrat, holding 14.01% of HARN, and holding 50% of Jainnopsiri 6.1.2 Mr. Jain Charnnarong (younger brother of Mrs. Sirima lamsakulrat), holding 11.79% of HARN, and holding 50% of Jainnopsiri 6.2 HARN's Director: as follow; 6.2.1 Mrs. Sirima lamsakulrat 6.2.2 Mr. Jain Charnnarong
7. Thawiphasura Co, Lt ("Thawiphasura")	Investment, development, and management of real estate and land and buildings, including trading and auction	7.1 HARN's shareholder: as follow; 7.1.1 Mrs. Sirima lamsakulrat, holding 14.01% of HARN, and holding 50% of Thawiphasura 7.1.2 Mr. Jain Charnnarong (younger brother of Mrs. Sirima lamsakulrat), holding 11.79% of HARN, and holding 40.99% of Thawiphasura 7.2 HARN's Director: as follow; 7.2.1 Mrs. Sirima lamsakulrat 7.2.2 Mr. Jain Charnnarong
8. Nutrix Public Compa Limited ("Nutrix")	Factory manufacturing and distributing all types of animal feed products	Mrs. Valeeratn Chuerboonchai, holding 0.97% of HARN, and no shares held of Nutrix 8.1 HARN's Director: as follow; 8.1.1 Mrs. Valeeratn Chuerboonchai
9. Aiyarafun Co., Lt ("Aiyarafun")	Service provider for software design and development, information technology, and computers	9.1 HARN's subsidiaries Director: as follow; 9.1.1 Mr. Prasertsak Detudom

## Sensibility of Connected Transactions

For fiscal years 2023 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, when accepting employee transfers based on continuous years of service. 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 2023

Potential Conflicts	Type	Year 2023 (Unit : Baht)	Needed and Sensibility of Connected Transactions
1. Harn Vietnam Co., Ltd ("Subsidiary")	1.1 Connected Loan transactions  • Long-term loans to related parties • Accrued interest income • Interest income	6,811,800  322,067  399,114	List of products related to printing equipment and the sales price set according to the sales policy  <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% 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.

Potential Conflicts	Type	Year 2023 (Unit : Baht)	Needed and Sensibility of Connected Transactions
2.Aiyaraharn Co. Ltd ("Subsidiary")	2.1 Deposit payment for purchases property		HARN purchases humidity controller from Aiyaraharn and pays the first 50% deposit. The transaction price is determined based on sales policy. This item appears in the consolidated financial statements.
	• Deposit paid	14,696	
	2.2 Connected Loan transactions		<u>Loans</u> During 2023, HARN provided Aiyarahan with a 6-month promissory note short-term loan at an interest rate of 6.8676% - 7.1175% (based on MLR rates of four major commercial banks)
	• Short-term to related parties	1,000,000	
	• Accrued interest income	12,665	
	• Interest income	12,665	
2.3 HARN for renting an office			<u>Office Building Rental and Service Contract</u> 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 Baht 15,600 and a service fee of Baht 10,400 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 Baht 46, 800 and Baht 31,200, and the contract be renewed for 2 years from November 1, 2022 to October 31, 2024, the rate same as the original agreement.
	• Lease office income	187,200	
	• Office service income	124,800	
	• Utilities income	43,483	
	• Rental security deposit	46,800	
• Service security deposit	31,200		
• Accrued utilities income	2,658		
2.4 HARN provides HR and accounting services in accordance with financial reporting standards			<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.
	• Service income	300,000	
3.Harn Engineering Co. Ltd., ("Harn Engineering")	HARN receives employee benefits transfer from Harn Engineering		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.
	• Other receivables	1,371,116	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.
4. Phraboriban Co., Lt ("Phraboriban")	HARN rented a warehouse form Phraboriban		<u>Warehouse Building Lease Agreement</u> 1HARN 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 Baht 64,080 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 Baht 150,000. Later, the lease agreement was extended from November 1, 2023 to April 30, 2024, the returned some of the space, remaining an area equal to 305.55 square meters, rent is Baht 60,895 with HARN is responsible for property insurance.
	• Security deposit for building rental	150,000	<u>Pricing:</u> The market price by the rental rate is comparable to the rental price of nearby areas.
	• Interest expenses	29,223	<u>Trend of Future Transaction:</u> It is the transaction to be continued and in line with the office building lease agreement.
	• Lease liabilities	2,156,489	<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.
	• Building-related expenses	595	
	• Accrued building-related expenses	2,070	

Potential Conflicts	Type	Year 2023 (Unit : Baht)	Needed and Sensibility of Connected Transactions
5.Jainnopsiri Co., Ltd. ("Jainnopsiri")	5.1 Revenue from rendering of services		Aiyarahan Co., Ltd. (a subsidiary of HARN) provides the management for HARN office building and sales price set according to the sales policy as shown in the notes to consolidated financial statements.
	• Unearned revenue	188,033	
	5.2 HARN rented an office from Jainnopsiri		
	• Rental deposit	2,000,000	<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, Bangkok Subdistrict, Huaykwang District, Bangkok, with a total Net Leasable Area of 6,579.43 square meters at the rental rate of Baht 195.93 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 renew the short-term lease agreement with a monthly rent of Baht 942,942 until April 30, 2024.</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 Baht 500-550 per square meter per month. The security deposit for renting the building under this contract was placed in the amount of Baht 2,000,000.</p> <p>HARN is responsible for paying land and building taxes and maintaining buildings. and get property insurance.</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>
	• Interest expense	1,984,097	
	• Lease liabilities	77,899,900	
	• Building-related expenses	597,347	
	• Accrued building-related expenses	597,133	
	5.3 HARN office space for lease		<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, Bangkok Subdistrict, Huaykwang District, Bangkok, with a total area of 13.5 square meters at the rental rate of Baht 500 per square meter per month or equal to Baht 6,750 per month. The lease term starts from May 1, 2021, onwards.</p> <p>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>
	• Office income	81,000	
6. Thawiphasura Co, Lt ("Thawiphasura")	6.1 Electricity revenue	47,005	HARN charges Thawiphasura for electricity usage in warehouse areas owned of Thawiphasura at a rate is Baht 7.5 per unit, excluding value-added tax, which may increase based on future electricity costs.
7. Nutrix Publ Company Limited ("Nutrix")	7.1 Revenue from sales	6,000	HARN sells products of the digital printing system business unit.
8. Aiyarafun Co., Lt ("Aiyarafun")	8.1 Interest expenses	10,911	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 Baht 250,000, 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. <u>These items related to short-term loans are reflected in the consolidated financial statements.</u>
	8.2 Accrued interest	4,089	
	8.3 Short-term loans	250,000	
9. Mr. Sathit Wanitchaikit	9.1 Interest expenses	537	Aiyaraharn (subsidiary of HARN) borrowed short-term a loan from Mr. Satit Wanichaikij in the form of a promissory note, with a term of 1 year Baht 200,000 is charged interest at a rate of 2%. The loans are unsecured loans. <u>These items related to short-term loans are reflected in the consolidated financial statements.</u>
	9.2 Accrued interest	537	
	9.3 Short-term loans	200,000	

## 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.

For the lease agreements of office and warehouse buildings expiring on 30 April 2024, it is proposed to present to the shareholders meeting for approval the renewal of the lease agreements for the aforesaid buildings. This proposal includes comparing the rental rates with the assessed rental rates determined by two approved independent property appraisers appointed by the Securities and Exchange Commission (SEC) which the asset acquisition transaction and largeconnected transaction, references will be made to the opinions of independent financial advisors approved by the Securities and Exchange Commission (SEC), such as Welcap Advisory Company Limited.

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

The methodologies used for the determination of the rental rate value are market comparable and cost methods, respectively, reference the asset appraisal report no.1 the appraised value of the warehouse building lease rent is Baht 200 per square meters and the office building lease rent is Baht 500 per square meters. The asset appraisal report of the lease agreement above, was done by CPM Capital Company Limited on January 23, 2024, No. A66GEN2662, and the asset appraisal report no.2 the appraised value of the warehouse building lease rent is Baht 200 per square meters and the office building lease rent is Baht 550 per square meters according the asset appraisal report of the lease agreement above, was done by Bangkok Property Appraisal Company Limited on February 2, 2024 No. BKK-B-67-002, and January 30, 2024 no. BKK-B-67-003, which is a company that assesses the value of assets in the capital market and has been approved by the Securities and Exchange Commission according to the Notification of the Securities and Exchange Commission No. SorChor. 24/2555 regarding approval of asset valuation companies and major appraiser for capital market transactions.