

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
FINANCIAL STATEMENTS
DECEMBER 31, 2025
AND INDEPENDENT AUDITOR'S REPORT**

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Harn Engineering Solutions Public Company Limited

Opinion

I have audited the consolidated financial statements of Harn Engineering Solutions Public Company Limited and its subsidiaries ("the Group"), and the separate financial statement of Harn Engineering Solutions Public Company Limited ("the Company") which comprise the consolidated and separate statements of financial position as at December 31, 2025, the consolidated and separate statements of total comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred the consolidated and separate statements of financial position of Harn Engineering Solutions Public Company Limited and its subsidiaries as at December 31, 2025, and the consolidated and separate of financial performance and the consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements in my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions ("Code of Ethics for Professional Accountants") as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in my audit of the consolidated financial statements and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter and how audit procedures respond to this matter are described below.

1.Revenue from sales and service

The Group and the Company had revenue from sales and service derived from six main business segments which are fire protection products and projects, sanitary and air-conditioning systems, refrigeration system, digital printing system, building-IoT solutions and products of medical 3D printing systems for the year ended December 31, 2025 amounting to Baht 1,181.10 million and Baht 1,172.02 million, respectively, which have different terms and pricing conditions. The estimate of a performance obligation under the project agreement has an effect on the revenue that the Group and the Company recognized over time, which it has to recognize by the measuring progress towards complete satisfaction of a performance obligation as at December 31, 2025. I have identified that accuracy and completeness of revenue recognition from sales and service carries significant risk and requires special attention in the audit. The Group and the Company had disclosed its accounting policy of revenue from sales and service recognition and detail of revenue from sales and service in the notes to the financial statement No. 4.16 and 26, respectively.

My audit approach on such matter includes understanding the revenue recognition process and internal control related to the revenue recognition, reviewing the design and implementation of the internal control procedures for such matter, performing the operating effectiveness testing over the internal control procedures around revenue recognition process, and performing substantive testing which consists of examining terms and conditions of the sales and services agreements and examining the related supporting documents of those revenues, examining the supporting documents for the revenue from sales and services transactions that occurred during the year and near the end of the accounting period, examining credit notes issued after the end of the accounting period, and performing analytical review and test of detail relating to the revenue from sales and services.

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2. Goodwill

The Group and the Company had goodwill of Baht 315.97 million and Baht 315.97 million or 17.56% and 17.56% of total assets as at December 31, 2025, respectively, which is the goodwill arising from the acquisition and transfer of the entire business, which is the cold storage devices segment and digital printing system segment. The Group and the Company have to test goodwill for impairment annually in accordance with the Thai Financial Reporting Standards. The test of impairment is significant to the audit as the amount has materiality to the financial statements. In addition, the procedure of impairment testing by the management is complex and requires using considerable judgment as well as relying on assumptions, especially the estimates of future cash flows to be received and paid that are expected to generate from the continuing operation of the cash generating unit, and the use of appropriate discount rate in order to discount future cash flow which can change according to the economic conditions and market conditions in the future. The Group and the Company have disclosed goodwill in the notes to the financial statements No. 4.10 which describes the accounting policies and No.15 which describes the amount and key assumptions that may affect the impairment in the future.

In my audit approach, I have considered the reasonableness of the assumptions and methods used by the management in calculating the estimates of future cash flows to be received and paid that are expected to be generated by auditing the supporting evidence which presents the best estimate of the management, especially on the revenue forecast and gross profit and profit from operation of the business segments of the Company, the use of appropriate discount rate to discount future cash flow, as well as testing the calculation of the recovery amount. In addition, I have paid attention on the adequacy of the information disclosure relating to the assumptions which are most sensitive that may affect the testing result of impairment and has significant effect on the measurement of recovery amount of goodwill.

Other Matter

The consolidated and separate financial statements of Harn Engineering Solutions Public Company Limited and its subsidiaries for the year ended December 31, 2024, presented for comparative purpose, were audited by another auditor who expressed an unqualified opinion on those statements on February 27, 2025.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

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In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct the misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate, Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate, Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Mr. Supoj Mahantachaisakul
Certified Public Accountant (Thailand) No. 12794
Karin Audit Company Limited,
Bangkok
February 26, 2026

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

		(Unit : Thousand Baht)				
		Consolidated financial statements		Separate financial statements		
Note		December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	
Assets						
Current assets						
	Cash and cash equivalents	6	439,835	293,471	429,902	286,610
	Trade and other current receivables	7	204,748	321,355	204,584	321,260
	Current contract assets	8	33,931	17,238	33,931	17,238
	Short - term loans to related parties	5	-	-	6,284	-
	Inventories	9	302,998	323,139	303,269	322,026
	Other current financial assets	10	97,093	115,644	97,093	115,644
	Current tax assets		59	45	-	-
	Other current assets		1,239	604	1,200	508
	Total current assets		1,079,903	1,071,496	1,076,263	1,063,286
Non - current assets						
	Investment in subsidiaries	11	-	-	5,010	2,357
	Trade and other non-current receivables	7	5,513	2,760	5,513	2,760
	Long - term loans to related parties	5	-	-	-	6,766
	Investment property	12	164,322	165,802	164,322	165,802
	Property, plant and equipment	13	97,512	100,605	97,122	100,500
	Right - of - use assets	14	76,945	86,930	76,945	86,930
	Goodwill	15	315,971	315,971	315,971	315,971
	Intangible assets	16	6,855	7,688	6,457	7,688
	Deferred tax assets	17	22,177	19,002	21,869	18,633
	Other non - current assets		30,611	29,494	30,266	29,085
	Total non - current assets		719,906	728,252	723,475	736,492
	Total assets		1,799,809	1,799,748	1,799,738	1,799,778

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2025

		(Unit : Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
Note		December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Liabilities and Shareholders' equity					
Current liabilities					
Bank overdrafts and short – term loans from					
	financial institutions	18	250	-	-
	Trade and other current payables	19	225,154	229,018	223,590
	Current portion of lease liabilities	20	9,269	8,952	9,269
	Short - term borrowings from related persons or parties	5	620	620	-
	Corporate income tax payable		10,743	15,515	10,579
	Other current provisions		1,506	1,756	1,390
	Other current liabilities		3,540	1,128	3,533
	Total current liabilities		251,082	256,989	248,361
Non - current liabilities					
	Lease liabilities	20	90,610	99,546	90,610
	Non - current provisions for employee benefit	21	39,760	36,906	39,287
	Other non - current liabilities		29,567	28,304	29,722
	Total non - current liabilities		159,937	164,756	159,619
	Total liabilities		411,019	421,745	407,980
Shareholders' equity					
Share capital					
Authorized share capital					
	584,500,000 ordinary shares of Baht 0.50 each		292,250	292,250	292,250
Issued and paid-up share capital					
	584,500,000 ordinary shares of Baht 0.50 each		292,250	292,250	292,250
	Share premium on ordinary shares		776,417	776,417	776,417
	Surplus on share-based payment transaction		-	1,341	-
Retained earnings					
	Appropriated for legal reserve	23	29,225	29,225	29,225
	Unappropriated		294,417	280,661	293,866
	Total other components of shareholders' equity		(1,336)	(572)	-
	Shareholders' equity of the parent company		1,390,973	1,379,322	1,391,758
	Non - controlling interests		(2,183)	(1,319)	-
	Total shareholders' equity		1,388,790	1,378,003	1,391,758
	Total liabilities and shareholders' equity		1,799,809	1,799,748	1,799,738

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2025	2024	2025	2024
Revenues					
Revenues from sales		996,979	1,071,585	991,146	1,065,123
Services revenue		184,116	167,458	180,877	166,133
Other income		29,496	32,416	31,041	33,420
Total revenues		1,210,591	1,271,459	1,203,064	1,264,676
Expenses					
Cost of sales		673,339	750,931	669,679	746,950
Cost of services		165,454	141,053	163,065	140,340
Distribution cost		115,786	114,901	114,477	113,161
Administrative expenses		134,782	129,773	132,990	128,108
Other expenses		26	1,000	26	1,000
Total expenses		1,089,387	1,137,658	1,080,237	1,129,559
Profit (loss) from operating activities		121,204	133,801	122,827	135,117
Financial costs		3,373	2,758	3,359	2,744
Expected credit loss		14,512	968	16,551	4,080
Loss from impairment of goodwill		-	18,701	-	18,701
Loss from impairment of investment	11	-	-	347	-
Profit (loss) before income tax expense		103,319	111,374	102,570	109,592
Tax expense (income)	17.2	20,287	24,859	20,065	25,019
Profit (loss) for the year		83,032	86,515	82,505	84,573
Other comprehensive income (expense)					
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translating financial statement		(764)	(359)	-	-
Other comprehensive income (expense) for the year, net of tax		(764)	(359)	-	-
Total comprehensive income (expense) for the year		82,268	86,156	82,505	84,573

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF TOTAL COMPREHENSIVE INCOME (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2025

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2025	2024	2025	2024
Profit (loss) attributable to					
Owners of parent		83,896	87,598	82,505	84,573
Non - controlling interests		(864)	(1,083)	-	-
		<u>83,032</u>	<u>86,515</u>	<u>82,505</u>	<u>84,573</u>
Total comprehensive income (expense) attributable to					
Owners of parent		83,132	87,239	82,505	84,573
Non - controlling interests		(864)	(1,083)	-	-
		<u>82,268</u>	<u>86,156</u>	<u>82,505</u>	<u>84,573</u>
Basic earnings (loss) per share					
Profit attributable to owners of the parent (Baht : Share)	28	<u>0.14</u>	<u>0.15</u>	<u>0.14</u>	<u>0.14</u>
Weighted average number of common shares (Thousand Share)		<u>584,500</u>	<u>584,500</u>	<u>584,500</u>	<u>584,500</u>

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

(Unit : Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the parent											
	Note	Other surpluses (deficits)		Retained earnings (loss)		Other components of shareholders' equity		Total equity		Total	
		Issued and paid share capital	Share premium	Share – based payment transaction	Appropriated legal reserve	Unappropriated	Exchange differences on translating financial statements	Profit and loss from actuarial estimates	attributable to owners of the company		Non-controlling interest
Balance as at January 1, 2024		292,250	776,417	5,000	29,225	280,738	(213)	-	1,383,417	(236)	1,383,181
Changes in shareholders' equity for the year 2024 :											
Dividend	24	-	-	-	-	(87,675)	-	-	(87,675)	-	(87,675)
Employee joint investment program expenses		-	-	2,196	-	-	-	-	2,196	-	2,196
Treasury shares		-	-	(5,855)	-	-	-	-	(5,855)	-	(5,855)
Total comprehensive income (expense) for the year		-	-	-	-	87,598	(359)	-	87,239	(1,083)	86,156
Balance as at December 31, 2024		292,250	776,417	1,341	29,225	280,661	(572)	-	1,379,322	(1,319)	1,378,003
Changes in shareholders' equity for the year 2025 :											
Dividend	24	-	-	-	-	(70,140)	-	-	(70,140)	-	(70,140)
Employee joint investment program expenses		-	-	617	-	-	-	-	617	-	617
Treasury shares		-	-	(1,958)	-	-	-	-	(1,958)	-	(1,958)
Total comprehensive income (expense) for the year		-	-	-	-	83,896	(764)	-	83,132	(864)	82,268
Balance as at December 31, 2025		292,250	776,417	-	29,225	294,417	(1,336)	-	1,390,973	(2,183)	1,388,790

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

(Unit : Thousand Baht)

	Separate financial statements						Total
	Note	Other surpluses (deficits)			Retained earnings		
		Issued and paid share capital	Share premium	Share – based payment transaction	Surplus on		
					Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2024		292,250	776,417	5,000	29,225	284,603	1,387,495
Changes in shareholders' equity for the year 2024 :							
Dividend	24	-	-	-	-	(87,675)	(87,675)
Employee joint investment program expenses		-	-	2,196	-	-	2,196
Treasury shares		-	-	(5,855)	-	-	(5,855)
Total comprehensive income (expense) for the year		-	-	-	-	84,573	84,573
Balance as at December 31, 2024		292,250	776,417	1,341	29,225	281,501	1,380,734
Changes in shareholders' equity for the year 2025 :							
Dividend	24	-	-	-	-	(70,140)	(70,140)
Employee joint investment program expenses		-	-	617	-	-	617
Treasury shares		-	-	(1,958)	-	-	(1,958)
Total comprehensive income (expense) for the year		-	-	-	-	82,505	82,505
Balance as at December 31, 2025		292,250	776,417	-	29,225	293,866	1,391,758

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	(Unit : Thousand Baht)				
	Note	Consolidated financial statements		Separate financial statements	
		2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before income tax expense		103,319	111,374	102,570	109,592
Adjusted to reconcile profit (loss) before income tax expense to net cash provided (paid)					
Expected credit losses (reversal)		14,512	968	16,551	4,080
Loss from impairment of goodwill		-	18,701	-	18,701
Loss from impairment of investments in subsidiary		-	-	347	-
Depreciation and amortization		27,604	28,520	27,512	28,481
Loss on devaluation of inventories (reversal)		(5,784)	3,788	(5,669)	3,685
(Profit) Loss on disposals of equipment		145	1,086	145	1,086
Unrealized (gain) loss on exchange rate		744	471	1,225	521
Unrealized (gain) loss on revaluation of other current financial assets		(1,597)	(21)	(1,597)	(21)
Interest income		(4,373)	(3,561)	(5,071)	(4,134)
Dividend income		(4,053)	(3,694)	(4,053)	(3,694)
Other current provisions		(251)	27	(271)	88
Employee's benefit expenses		3,976	3,470	3,960	3,349
Employee Joint Investment Program expenses		617	2,196	617	2,196
Finance cost		3,373	2,758	3,359	2,744
Profit from operations before changes in assets and operating liabilities		138,232	166,083	139,625	166,674
Assets from operating (increase) decrease					
Trade and other receivables		99,804	(26,604)	99,758	(26,524)
Contract assets		(16,782)	5,511	(16,782)	5,513
Inventories		22,860	(14,266)	21,216	(13,996)
Other assets		(1,707)	(168)	(1,872)	(150)
Liabilities from operating increase (decrease)					
Trade and other current payables		(5,735)	16,695	(4,970)	16,034
Other liabilities		3,674	551	3,832	540
Net cash provided by (used in) operating		240,346	147,802	240,807	148,091
Paid to provisions for employee benefits		(1,122)	(600)	(1,122)	(600)
Paid to employee joint investment program expenses		(1,957)	(5,855)	(1,957)	(5,855)
Income tax paid		(28,296)	(24,165)	(28,218)	(24,122)
Net cash provided by (used in) operating activities		208,971	117,182	209,510	117,514

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2025

		(Unit : Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2025	2024	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES					
	Cash paid for investments in subsidiary	-	-	(3,000)	-
	Cash paid for investments in other financial assets	(70,641)	(64,443)	(70,641)	(64,443)
	Cash received from sale of other financial assets	92,069	-	92,069	-
	Cash paid to provide short - term loans to related companies	-	-	(2,300)	(2,550)
	Cash paid to purchase equipment	(7,925)	(4,404)	(7,550)	(4,375)
	Cash received from disposal of equipment	939	154	939	154
	Cash paid to purchase intangible assets	(1,085)	(1,346)	(1,085)	(1,346)
	Interest received	3,120	2,595	3,799	3,124
	Dividend received	4,053	3,694	4,053	3,694
	Net cash provided by (used in) investing activities	<u>20,530</u>	<u>(63,750)</u>	<u>16,284</u>	<u>(65,742)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
	<i>Cash received from bank overdrafts and short – term loans from financial institution</i>	250	-	-	-
	<i>Cash received from borrowings from related companies and related persons</i>	-	170	-	-
	<i>Cash paid from lease liabilities</i>	(9,003)	(9,624)	(9,003)	(9,624)
	Interest expense	(3,359)	(2,744)	(3,359)	(2,744)
	Dividend expense	(70,140)	(87,613)	(70,140)	(87,613)
	Net cash provided by (used in) financing activities	<u>(82,252)</u>	<u>(99,811)</u>	<u>(82,502)</u>	<u>(99,981)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
		147,249	(46,379)	143,292	(48,209)
	Cash and cash equivalents at beginning of year	6 293,471	340,190	286,610	334,819
	Effect of translation adjustment on foreign currency financial statements	(885)	(340)	-	-
	CASH AND CASH EQUIVALENTS END OF YEAR	<u>6 439,835</u>	<u>293,471</u>	<u>429,902</u>	<u>286,610</u>
Addition cash flow disclosures :					
Non - cash transaction					
Liabilities incurred from acquisition of equipment and intangible assets					
	Liabilities incurred from acquisition of equipment and intangible assets - beginning of year	274	672	274	672
	Inventories transferred to equipment	(3,230)	(3,450)	(3,230)	(3,450)
	fixed assets transferred to expenses	(7)	-	(7)	-
	<u>Add</u> Purchases of equipment and intangible assets	12,937	8,802	12,937	8,773
	<u>Less</u> Cash payments	(9,414)	(5,750)	(9,414)	(5,721)
	Liabilities incurred from acquisition of fixed assets and intangible assets - ending of year	<u>560</u>	<u>274</u>	<u>560</u>	<u>274</u>
	Right - of - use asset transferred to investment property	-	-	-	-

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. GENERAL INFORMATION

Harn Engineering Solutions Public Company Limited (“the Company”) was registered as a juristic person incorporated in Thailand according to the Civil and Commercial Code on May 9, 2001, and was transformed into a Public Limited Company on May 22, 2014, The registered office at 559 Soi Soonvijai 4, Rama 9 Road, Bangkapi, Huaykwang, Bangkok. The principal business is involved in wholesaling, retailing, and repairing, renting, leasing and installation services of fire protection system and fire suppression agent including equipment and fire extinguishing chemicals, trading cold storage devices, trading, repairing and renting of printing equipment. And subsidiaries operate the main business related to the selling of printing equipment, provide Smart Building Business Solution or Smart Building and wholesale of pharmaceutical and medical goods.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Thai Securities and Exchange Commission. The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis (except where otherwise disclosed in the accounting policies).

2.3 Functional and presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded to the nearest thousand or million unless otherwise stated.

2.4 Significant accounting judgment and estimates

The preparation of financial statements in conformity with TFRS at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized with the different method immediately.

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2.5 Basis for the preparation of consolidated financial statements

- a) The consolidated financial statements have included the financial statements of Harn Engineering Solutions Public Company Limited (“the Company”) and its subsidiaries (“the Subsidiaries”) (collectively as “the Group”) as follows;

Company name	Type of business	Country of establishment	Percentage of shareholding	
			2025	2024
			%	%
Harn Vietnam Co., Ltd.	Printing equipment	Vietnam	100	100
Aiyaraharn Co., Ltd.	Building-Solutions	Thailand	65	65
Mollisa Co.,Ltd.	Wholesale of pharmaceutical and medical goods	Thailand	100	-

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company. They are presented separately in consolidated profit or loss and shareholders' equity in the consolidated statement of financial position.

2.6 The Company prepared separate financial statements by presenting investments in subsidiaries under the cost method.

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3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after January 1, 2025. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that became effective for fiscal years beginning on or after January 1, 2026

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after January 1, 2026. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Business combinations

The Group apply the acquisition method for all business combinations except for the business combination under common control.

The Group' control are achieved when the Company (1) has power over the investee (2) is exposed, or has rights, to variable returns from its involvement with the investee and (3) has the ability to exercise power over the investee causing an impact on the amount of return of the investor; When conditions or situations indicate that One of the above controls has changed. The Company will reconsider its control over the controlled entity.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

Contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

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The Group measure any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incur in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

4.2 Foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized as profit or loss in statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

4.3 Financial instruments

4.3.1 Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets at initial recognition is driven by the Group' business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Equity instruments can be classified and cannot be changed by two types of measurement which are measuring fair value through profit or loss or measuring fair value through other comprehensive income that without recycling to profit or loss.

The initial recognition of financial assets that are not measured at fair value through profit or loss with fair value plus or deduct transaction cost directly related to the acquisition or issuance. Financial assets that are measured at fair value through profit or loss, transaction costs are recognized as expense in profit or loss.

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Subsequent measurement of debt instruments by 3 methods depend on the classification of debt instruments.

- 1) Financial assets measured at amortized cost when financial assets are held to receive cash flow under the agreement and condition of the agreement of the financial assets that generate cash flow to pay the principal and interest from the principal balance on the specified date only. Such financial assets have to be calculated using the effective rate and are subject to impairment assessment. Profit or loss arising from derecognized, modified or impaired will be recognized in profit or loss.
- 2) Financial assets measured at fair value through other comprehensive income when financial assets are held to receive cash flow under the agreement and to sell financial assets and the agreement condition of financial assets generating cash flow that only pays the principal and interest from the principal balance on the specified date. The change of value of financial assets is recognized through other comprehensive income except loss on impairment and interest income and gain and loss on exchange rate are recognized as profit or loss upon recognized of financial assets. Earning or deficit previously recognized in other comprehensive income has to be reclassified into profit or loss. Such financial asset has to be calculated using the effective interest rate same as financial assets measured at amortized cost.
- 3) Financial assets measured at fair value through profit or loss when financial assets that do not meet the criteria for amortized cost or financial assets measured at fair value through other comprehensive income will be presented in the statement of financial position at fair value by recognizing the net change of fair value in profit or loss.

Subsequent valuation of equity instruments must present equity instruments using the fair value and record profit/loss from change in fair value through profit or loss or other comprehensive income depending on equity instruments classification.

4.3.2 Classification and valuation of financial liabilities

The Group are recognized initially of financial liabilities at fair value net of transaction costs and classified as financial liabilities as financial liabilities subsequently measured at amortized cost using the effective rate. The amortized cost is calculated taking into account fees or costs that are an integral part of the effective rate. Amortization by the effective rate is presented as part of financial costs in profit or loss.

4.3.3 Derecognition of financial instruments

Financial assets will be derecognized from the account when the right to receive cash flow of such asset has ended or when the right to receive cash flow of the assets is transferred including upon the transfer of all risk and consideration of that asset or transfer of internal control in that asset although there is no transfer or maintaining of nearly all risk and consideration of such asset.

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Financial liabilities will be derecognized from the account when the obligation of such liabilities has been complied, the obligation is cancelled or the obligation has ended. In case existing financial liabilities are changed to new liabilities from one single lender with considerably different requirements or there is a significant amendment in the requirements of existing liabilities, these are considered as recognition old liabilities and recognizing new liabilities by recognizing the difference of such carrying value under profit or loss.

4.3.4 Impairment of financial assets

Expected credit loss for financial assets measured at amortized cost or debt instrument financial asset measured at fair value through other comprehensive income and assets arising from credit facility obligation and financial guarantee agreement are assessed without having to wait for the credit event to occur first. The Group use the general approach in considering the allowance for loss on impairment. For trade receivables, the Group apply a simplified approach in calculating ECLs. The Group recognize a loss based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

4.3.5 Offset of financial instruments

Financial assets and liabilities will be offset and presented at net balance in the statement of financial position in the case legally enforced in offsetting the recognized amount. The Company and its subsidiaries intend to pay the net balance or intends to receive assets and settle payment of liabilities at the same time.

4.3.6 Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument in hedge accounting, and if so, the nature of the item being hedged. The Group designate certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or unrecognized firm commitments (fair value hedges); or
- Hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

Derivatives that is not applied hedge accounting is classified as an asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains (losses).

4.3.7 Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and product price risks arising from operational, financing and investment activities.

The Group entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates.

Gains and losses on forward foreign exchange contracts designated as hedges of existing assets and liabilities without using hedge accounting are recognized as income or expense in the statement of profit or loss.

Amounts to be paid and received are offset in the statement of financial position and included in assets or liabilities category in the statement of financial position.

The Group have no policy to speculate in or engage in the trading of any derivative financial instruments.

4.4 Cash and cash equivalents

Cash and cash equivalents are cash on hand, cash at banks and bank deposits with a maturity date less than 3 months excluded deposits at bank used as collateral and short-term investments with high liquidity.

4.5 Trade and other current receivables / current contract assets

Trade and other current receivables / current contract assets are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

Trade and other current receivables / current contract assets are stated at the amount expected to be collectible, The Group apply the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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The Group have identified the GDP, the unemployment rate and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognised in profit or loss within administrative expenses.

4.6 Inventories

Inventories are valued at the lower of cost or net realizable value.

Cost of inventories is calculated by weighted average method which comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories, cost includes an appropriate share of overhead based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the costs to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

4.7 Investments in subsidiaries

Subsidiaries is a company in which the Company has the power to control the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights.

Investment in subsidiaries is stated at cost net from allowance on impairment (if any). Loss on impairment of investment will be recognized as loss in the statement of comprehensive income.

4.8 Investment property

Investment property is stated at cost less accumulated depreciation and allowance on impairment (if any).

Depreciation is charged as an expense to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

	<u>Years</u>
Factory building	40
Building improvements	5-10
Tool and equipment	5

Depreciation is included in determining income and no depreciation is provided for construction in progress.

4.9 Property, plant and equipment

Recognition and measurement

Land is states at cost, plant and equipment are stated at cost less accumulated depreciation and allowance on decline in value (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use as part of that property, plant and equipment.

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When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property plant and equipment, and are recognized net within other income or other expense in the statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of property plant and equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized as an expense in statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount of plant and equipment, which are the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged as an expense to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

	<u>Years</u>
Factory building	40
Building improvements	5 - 20
Tool and equipment	2 - 7
Furniture and office equipment	2 - 5
Vehicles	5 - 7
Assets for rental and demonstration	5

Depreciation is included in determining income and no depreciation is provided for construction in progress.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.10 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described. Subsequent to the initial recognition, goodwill is measured at cost less impairment loss. The Group assess an impairment of goodwill annually, without consideration of indication that such goodwill may be impaired.

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4.11 Intangible asset

Other intangible assets

Other intangible asset, which are acquired by the Group and have finite useful lives, are stated at cost less accumulated amortization and allowance for impairment (if any).

Amortization

Amortization is recognized as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible asset, other than goodwill, from the date that they are available for use as follows:

	<u>Years</u>
Computer software	5 - 10
Customer relationship	7

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.12 Impairment of assets

The carrying amounts of the Group's assets are reviewed at each the reporting period date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and customer relationship, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized as expense in the statements of profit or loss and other comprehensive income unless it reverses a previous revaluation credited to equity and subsequently occurs impairment, in which case it is charged to statement of other comprehensive income.

Calculation of recoverable amount

The recoverable amount is the greater of the assets' fair value less cost to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of financial assets is reversed if subsequent increase in recoverable amount and the recoverable amount can be related objectively to an event after the impairment loss was recognized as an expense in the statement of profit or loss and other comprehensive income.

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An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, as if no impairment loss had been recognized.

4.13 Share - based payment

The fair value of the shares as at grant date to the management and employees is recognized as employee expense along with the increase in shareholder's equity throughout the period that employee is able to access the rights without restriction. The amount recognized is expense to be adjusted to reflect the rights to purchase shares under the term of service that is not the term of equity market.

4.14 Leases

At inception of a contract, the Group assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assess the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercise by considering the effect of changes in technology and/ or the other circumstance relating to the extension of the lease term.

Right - of - use assets - as a lessee

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the lease term and the estimated useful lives for each of right-of-use assets.

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Lease liabilities

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects Group exercising the option to terminate.

In calculating the present value of lease payments, the Group use its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group apply the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.

4.15 Employee benefits

Short-term benefits

The Group recognize salaries, wages, bonus and social security contribution as expenses when incurred.

Post-employment benefits - defined contribution plan

The Company operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and the Company. Contributions to the provident fund and obligations under the contribution plan are charged as an expense to the statement of comprehensive income in the period to which they relate.

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Post-employment benefits - defined benefit plan

The employee benefits liabilities for severance payment as the labor law is recognized as an expense over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Group in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by actuarial technique using the Projected Unit Credit Method. When the employee benefits are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Group recognizes all actuarial gains (losses) immediately in other comprehensive income.

Employee Joint Investment Program (EJIP)

The Company has established an Employee Joint Investment Program (EJIP), which consists of monthly contributions from participating employees and matching contributions from the Company. Details of the program are disclosed in Note 22. The Company recognizes its contributions to the program as expenses when incurred.

4.16 Revenues

Revenue from sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts. For sale with warranties to assure that the goods comply with agree-upon specifications, the Company recognized the warranty as provisions, contingent liabilities and contingent assets. The service-type warranties provided customers with a service in addition to the assurance that the product complies with agree-upon specifications is recognized as revenue over the period in which the service is provided.

Revenue from services

Revenue from project services is recognized over time in accordance with the measuring progress towards complete satisfaction of a performance obligation, based on the costs incurred to the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation. In some circumstances.

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The Group may not be able to reasonably measure the outcome of a performance obligation, but the Group expect to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group shall recognize revenue only to the extent of costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Revenue from providing maintenance service is recognized over time when services have been rendered considering the straight-line method over the term of the contracts.

Revenue from other service is recognized when services have been rendered.

The recognized revenue which is not yet due per the contracts has been presented as “Accrued service income /Unbilled receivables” in the statement of financial position, which is classified as trade receivables when the Company has right to receive without condition such as upon completion of services and acceptance by the customer.

Revenue from rental

Revenue from rental is recognized over time on a straight-line method over the term of the contracts.

Deferred revenue

The obligation to transfer goods or service to a customer for which the Group have received consideration or an amount of consideration is due from the customer is presented as “Deferred revenue” in the statement of financial position, which is classified as other payables under trade and other current payable. Deferred revenue will be recognized as revenue when the Company completely perform the obligation stated in the contract.

Interest income and other income

Interest income is recognized in the statements of profit or loss and other comprehensive income on an accrual basis, based on the effective rate method. Other income is recognized on an accrual basis.

4.17 Expenses

Expenses are recognized in the statement of profit or loss and other comprehensive income on an accrual basis.

4.18 Borrowing costs

Finance costs comprise interest expense on borrowings and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss and other comprehensive income using the effective interest method.

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4.19 Income tax

Income tax expense for the year comprises current and deferred tax.

Current and deferred tax are recognized as income or expense in the statements of profit or loss and other comprehensive income except to the extent that they relate to a business combination, or items recognized directly in shareholders' equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction in the consolidated financial statement that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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4.20 Basic earnings per share

The calculations of basic earnings per share for the year were based on the profit for the year attributable to equity holders divided by the weighted average number of ordinary shares held by outsiders outstanding during the year.

The calculations of diluted earnings per share for the year were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

4.21 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis.

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

4.22 Use of management's critical judgements in applying accounting policies

Use of management's critical judgements an applying accounting policy

The preparation of financial statements in conformity with generally accepted accounting principles requires the Group are management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of reporting period and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Critical judgments in applying accounting policies are as follows:

Impairment

The Group shall assess the assets balance at the statement of financial position whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset.

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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Allowance for expected credit losses

In determining an allowance for expected credit losses, the management needs to make judgement and estimates the expected credit loss based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables such as GDP, the unemployment rate and the consumer price index.

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The provision for obsolete slow-moving and deteriorated inventory, is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

Estimated construction project costs

The Group estimates costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labor costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Provision for losses on project services contract

Management applies judgement in estimating the loss they expect to be realized on each installation, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in costs of installation materials, labor and the current situation.

Provision for penalty from delay delivery

The Group have provision incurred from delay delivery. The management applies judgement in estimating the penalty based on contract rate and the period of delay project work. The Group have recorded provision for penalty from delayed delivery in the financial statements. However, actual results could differ from the estimates.

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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Determining the lease term of contracts with renewal and termination options

The Group determine the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The management is required to use judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Investment property and Depreciation

In determining depreciation of investment property, the management is required to make estimates of the useful lives and residual values of the investment property and to review the useful lives and residual values when there are any changes.

In addition, the management is required to review investment property for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review. In determining the fair value disclosure of investment property, the management used the income approach supported by current and previous valuations by an independent appraiser.

Property, plant and equipment and right – of – use assets/Depreciation

In determining depreciation of plant and equipment and right-of-use assets, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes. In addition, the management is required to review property, plant and equipment and right-of-use assets, for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

In recording the initial recognition and measurement of intangible assets as at the acquired date and subsequent impairment testing, the management is required to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group are considering the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations. Additional information is disclosed in Note 21.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit of the lease. Therefore, the market rate of the Group are used to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay for necessary borrowing to acquire the assets, or assets with close value to right-of-use assets in similar economic environment, borrowing period and borrowing security.

Important sources of information regarding estimation uncertainty.

Fair value measurements and valuation processes

In estimating the fair value of an asset or liability, the Company and its subsidiaries use market-observable data to the extent it is available. Where Level 1 inputs are not available, The Group engage qualified external values to perform the valuation to establish the appropriate valuation techniques and inputs to the model.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 30.

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****DECEMBER 31, 2025****5. RELATED PARTY TRANSACTIONS**

The Group has significant business transactions with related parties and companies as summarized below. These transactions are business transactions in accordance with commercial terms and criteria as agreed between the Group of companies and related persons and companies, which are in accordance with the normal course of business, as follows:

Company/Person name	Country/		Relationship
	Nationality	Related	
Harn Vietnam Co., Ltd.	Vietnam	Subsidiary	Major shareholder
Aiyaraharn Co., Ltd.	Thailand	Subsidiary	Major shareholder
Mollisa Co.,Ltd.	Thailand	Subsidiary	Major shareholder
Harn Engineering Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Phraboriban Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Tawipasura Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Nutrix Plc.	Thailand	Related company	Directorships and/or common shareholders
Phumtharin co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Jannopsiri Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Aiyarafun Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders of subsidiary
Lampang Food Products Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
TPI Polene Public Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Chiang Saen Food Products Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Mr. Jain Charnnarong	Thai	Related person	Shareholder and close member of the director's family
Mrs. Sirima Iamsakulrat	Thai	Related person	Shareholder and close member of the director's family
Mr. Prasertsak Detudom	Thai	Related person	Directorships and/or common shareholders of subsidiary
Mr. Sathit Wanitchaikit	Thai	Related person	Directorships and/or common shareholders of subsidiary
Key management personnel	Thai	Related person	Authorized person and responsible in management

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Basis of measurement for intercompany revenues and expenses

	Pricing Policy
Revenues from sales	Market price
Services Revenue	Contractually agreed prices
Purchase of goods	Market price
Purchase and sale of equipment and intangible asset	Contractually agreed prices
Installation expenses	Market price
Other income	Contractually agreed prices
Rental and service expenses	Contractually agreed prices
Compensation to management	As approved by director and / or shareholder
Interest income	Contract price
Interest expenses	Contract price

Significant agreements with related parties. The Group entered into office building rental agreement as follows:

	As at December 31, 2025 and 2024		
	Lessor	Period	Rate per month (Baht)
Office rental agreement	Related company	10 years	942,942
	Related company	3 years	60,895

Transactions with related parties and related persons are presented in the statements of comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Revenues from sales				
Subsidiaries	-	-	4	567
Related companies	498	3	498	3
Services Revenue				
Related companies	75	-	-	-
Other income				
Subsidiaries	-	-	2,133	1,245
Related companies	146	139	146	139
Related person	146	-	146	-
	<u>292</u>	<u>139</u>	<u>2,425</u>	<u>1,384</u>

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Cost of sales				
Subsidiaries	-	-	459	1,356
Administrative expenses				
Related company	685	694	685	694
Interest Expense				
Related companies	8	8	-	-
Related person	7	7	-	-
	<u>15</u>	<u>15</u>	<u>-</u>	<u>-</u>
Expenses related to right - of-use assets				
Related companies	14,293	13,680	14,293	13,680

Compensation for directors and key executives

Executive compensation is a benefit paid to a company's executives. Consisting of monetary compensation including: Salary and related benefits including benefits in other forms. In this regard, the company's executives refer to persons specified in accordance with the law on securities and exchange. The executive compensation for the years ended December 31, 2025 and 2024 are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Director	3,250	3,300	3,250	3,300
Key management personnel				
Short – term benefits	20,649	22,365	19,076	20,805
Long – term benefits	1,681	1,715	1,588	1,623
	<u>25,580</u>	<u>27,380</u>	<u>23,914</u>	<u>25,728</u>

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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Balances with the related parties as at December 31, 2025 and 2024 consisted of:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Trade and other current receivables				
Subsidiaries	-	-	402	544
Allowance for expected credit losses	-	-	(105)	(225)
Related companies	100	4	100	4
	<u>100</u>	<u>4</u>	<u>397</u>	<u>323</u>
Building rental security deposit				
Related companies	2,150	2,150	2,150	2,150
Short – term loans to related parties				
Subsidiaries				
Beginning balance	-	-	3,550	1,000
Increased	-	-	2,300	2,550
Decreased	-	-	-	-
	<u>-</u>	<u>-</u>	<u>5,850</u>	<u>3,550</u>
Allowance for expected credit losses	-	-	(5,850)	(3,550)
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As of December 31, 2025 and 2024, short-term loans from promissory notes 24 and 16 promissory notes, respectively, with a maturity of 6 months, accruing interest at the rate of 6.4925 - 6.8050% (based on MLR interest rates of 4 major commercial banks) which are due for repayment between January and June 2026.

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	December 31,	December 31,	December 31,	December 31,
	2025	2024	2025	2024
Long – term loans to related parties				
Subsidiaries				
Beginning balance	-	-	6,766	6,812
Increased (decreased)	-	-	-	-
Difference from financial statement conversion	-	-	(482)	(46)
	-	-	6,284	6,766
<u>Less</u> Current portion	-	-	(6,284)	-
Ending balance	-	-	-	6,766

As of December 31, 2025 and 2024, a long-term loans amount of USD 200,000 and the interest rate has been charged at 5.85% per annum, is due on March 11, 2026.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	December 31,	December 31,	December 31,	December 31,
	2025	2024	2025	2024
Trade and other current payables				
Subsidiary	-	-	44	84
Related companies	109	12	90	-
Related person	14	7	-	-
	123	19	134	84
Lease liabilities				
Related companies	99,143	107,881	99,143	107,881
Lease deposit for building				
Subsidiary	-	-	155	86

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****DECEMBER 31, 2025****Short - term borrowings from related person and parties**

Movements of short - term borrowings from related person and parties for the year ended December 31, 2025 are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements			
	As at January		As at December	
	1, 2025	Increase	(Decrease)	31, 2025
Related companies	250	-	-	250
Related person	370	-	-	370
	620	-	-	620

As of December 31, 2025 and 2024, short - term borrowings are promissory notes from related companies with a term of 3 months, accruing interest at the rate of 3% per annum (referring to the interest rate of commercial banks, MRR-3 percent per annum), and are due for repayment. On March 4, 2026, the said loan was an unsecured borrowings. and promissory notes 6 promissory notes from related persons. The interest rate is 2% per annum and the repayment date from February 22 to December 23, 2026, respectively. The borrowings is an unsecured loan.

6. CASH AND CASH EQUIVALENT

As of December 31, 2025 and 2024, consisting of:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	December 31,	December 31,	December 31,	December 31,
	2025	2024	2025	2024
Cash on hand	40	60	10	30
Deposit at bank – saving	412,392	269,079	402,750	262,248
Deposit at bank – current	22,927	24,233	22,666	24,233
In-transit deposits	4,476	99	4,476	99
Total cash and cash equivalents	439,835	293,471	429,902	286,610

Deposit at bank – saving bears interest at floating interest rates which are set by banks.

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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7. TRADE AND OTHER CURRENT RECEIVABLES

As of December 31, 2025 and 2024, consisting of:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Trade receivables				
Trade receivables - related companies	97	-	97	-
Trade receivables - other companies	197,201	298,724	196,951	298,534
<u>Less</u> Allowance for expected credit losses	(21,296)	(8,524)	(21,295)	(8,521)
Net	176,002	290,200	175,753	290,013
Other current receivables				
Other receivables - subsidiaries	-	-	402	544
Other receivables - related companies	3	4	3	4
Other receivables	6,737	1,930	6,673	1,929
Accrued retentions	9,441	12,409	9,069	12,037
Deposit	238	406	238	406
Prepaid expenses	5,398	5,445	5,250	5,361
Accrued income	2,591	1,322	2,590	1,322
Total other current receivables	24,408	21,516	24,225	21,603
<u>Less</u> Allowance for expected credit losses	(1,053)	(267)	(785)	(262)
Net	23,355	21,249	23,440	21,341
Lease receivables				
Lease receivables - printing devices	10,909	12,670	10,909	12,670
<u>Less</u> Allowance for expected credit losses	(5)	(4)	(5)	(4)
	10,904	12,666	10,904	12,666
<u>Less</u> Due between over 1 year	(5,513)	(2,760)	(5,513)	(2,760)
Net	5,391	9,906	5,391	9,906
Total trade and other current receivables - net	204,748	321,355	204,584	321,260

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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Trade receivables are classified by aging as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Current	115,447	181,457	115,257	181,457
Overdue				
Less than 3 months	54,502	91,812	54,442	91,622
Over 3 months up to 6 months	3,044	14,111	3,044	14,111
Over 6 months up to 12 months	5,248	6,254	5,248	6,254
Over 12 months	19,057	5,090	19,057	5,090
Total	197,298	298,724	197,048	298,534
<u>Less</u> Allowance for expected credit losses	(21,296)	(8,524)	(21,295)	(8,521)
Trade receivables - net	<u>176,002</u>	<u>290,200</u>	<u>175,753</u>	<u>290,013</u>

The minimum lease payments and present value of minimum lease payments which receivable will be paid under the lease agreements are as follows:

	(Unit : Thousand Baht)			
	Consolidated / Separate financial statements			
	December 31, 2025		December 31, 2024	
Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments	
Collection period				
Within 1 year	8,657	5,391	14,301	9,903
Over 1 year but less than 5 years	10,734	5,513	3,980	2,763
	19,391	10,904	18,281	12,666
<u>Less</u> Deferred financial interest	(8,487)	-	(5,615)	-
	<u>10,904</u>	<u>10,904</u>	<u>12,666</u>	<u>12,666</u>

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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Movements of allowance for expected credit losses for the years ended December 31, 2025 and 2024 are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Balance as at January 1,	8,795	10,249	8,787	10,216
Increase (Reversal) during the year	13,559	(1,454)	13,298	(1,429)
Balance as at December 31,	<u>22,354</u>	<u>8,795</u>	<u>22,085</u>	<u>8,787</u>

8. CURRENT CONTRACT ASSETS

As of December 31, 2025 and 2024, consisting of:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Current contract assets	34,844	18,061	34,074	17,291
<u>Less</u> Allowance for expected credit losses	(913)	(823)	(143)	(53)
Net	<u>33,931</u>	<u>17,238</u>	<u>33,931</u>	<u>17,238</u>

Movements of allowance for expected credit losses of current contract assets for the years ended December 31, 2025 and 2024 are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Balance as at January 1,	823	377	53	70
Increase (Reversal) during the year	90	446	90	(17)
Balance as at December 31,	<u>913</u>	<u>823</u>	<u>143</u>	<u>53</u>

Current contract assets are recognized from the revenue of fire protection system installation services in office buildings, residential buildings, factory buildings, power plants, and petrochemical industrial plants. The duration of the operations ranges from 6 months to 3 years, based on the progress of the work according to the contract. For invoicing to collect service fees as per the agreement or contract, most fire protection system installation contracts require an advance deposit before starting the work. The remaining amount is gradually invoiced in installments according to the progress of the work. However, issuing billing installments may depend on the customer's work acceptance process and milestone requirements, such as upon completion of the installation of the pump and firewater pipes or upon completion of the installation and testing of the automatic fire protection system.

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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9. INVENTORIES

As of December 31, 2025 and 2024, consisting of:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Finished goods	280,376	314,031	280,790	313,252
Goods in transit	52,552	44,283	52,150	44,114
Work in process	13	552	-	-
	<u>332,941</u>	<u>358,866</u>	<u>332,940</u>	<u>357,366</u>
<u>Less</u> Allowance for loss on devaluation of				
inventories	(29,943)	(35,727)	(29,671)	(35,340)
Net	<u>302,998</u>	<u>323,139</u>	<u>303,269</u>	<u>322,026</u>

Movements of allowances for obsolete of inventories for the years ended December 31, 2025 and 2024 are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Balance as at January 1,	35,727	31,940	35,340	31,656
Increase (reversal) during the year	(5,784)	3,794	(5,669)	3,684
Exchange differences on translating				
financial statement	-	(7)	-	-
Balance as at December 31,	<u>29,943</u>	<u>35,727</u>	<u>29,671</u>	<u>35,340</u>

Allowance for the value of inventories is shown in cost of goods sold. in the income statement.

10. OTHER CURRENT FINANCIAL ASSETS

As of December 31, 2025 and 2024, consisting of:

	(Unit : Thousand Baht)	
	Consolidated / Separate	
	December 31, 2025	December 31, 2024
Investments in securities (mutual funds) are measured at fair value through profit or loss.	56,720	55,170
Investments in securities (bonds) are measured at fair value through profit or loss.	16,996	37,878
Fixed deposit	<u>23,377</u>	<u>22,596</u>

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Total	97,093	115,644
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Movements of other current financial assets are consisted of:

	(Unit : Thousand Baht)	
	Consolidated / Separate financial statements	
Net book value as at January 1, 2025		115,644
Purchased additionally during the year		70,641
Disposal during the year		(92,069)
Interest during the year		1,280
Changes in the fair value of investments		1,597
Net book value as at December 31, 2025		97,093

The fair value of securities investments (mutual funds) is quoted in an active market for the same asset, which is Level 1 and 2

For the years ended December 31, 2025 and 2024, the Company earned dividend income from other current financial assets amounting to Baht 4.05 million and Baht 3.69 million, respectively.

11. INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries in the entity's separate financial statements, which are presented using the cost method, as at December 31, 2025 and 2024 are as follows:

		(Unit : Thousand Baht)					
Subsidiaries	Paid-up capital	Percentage of shareholding (%)		Cost method		Dividend income	
		2025	2024	2025	2024	2025	2024
Harn Vietnam Co., Ltd.	Vietnamese Dong						
	800 million	100	100	1,057	1,057	-	-
Aiyaraharn Co., Ltd.	Baht 2 million	65	65	1,300	1,300	-	-
Mollisa Co.,Ltd.	Baht 3 million	100	-	3,000	-	-	-
Total				5,357	2,357	-	-
<u>Less Allowance for impairment</u>							
	of investments			(347)	-	-	-
Investments in subsidiaries - net				5,010	2,357	-	-

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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New subsidiary

Subsidiary	Nature of business	Percentage of shareholding	Registered capital	Par value	Amount
		(%)	(Shares)	(Baht/Share)	(Baht)
Mollisa Co., Ltd.	Wholesale of pharmaceutical and medical goods	100	30,000	100	3,000,000

Movements of investments in subsidiaries for the year ended December 31, 2025 are as follows:

	(Unit : Thousand Baht)
	<u>Separate financial statements</u>
Net book value as at January 1, 2025	2,357
Purchased additionally during the year	3,000
Allowance for impairment of investments in subsidiaries	(347)
Net book value as at December 31, 2025	<u>5,010</u>

12. INVESTMENT PROPERTY

Movements for the years ended December 31, 2025 and 2024 are as follows:

	(Unit : Thousand Baht)				
	<u>Consolidated / Separate financial statements</u>				
	Balance	Transactions during the year			Balance
	January 1, 2025	Additions	(Decrease)	Transfer in (out)	December 31, 2025
<u>Cost</u>					
Land	135,287	-	-	-	135,287
Factory building	38,867	-	-	924	39,791
Building improvements	1,010	-	-	-	1,010
Tool and equipment	350	-	-	-	350
Total	<u>175,514</u>	<u>-</u>	<u>-</u>	<u>924</u>	<u>176,438</u>
<u>Accumulated depreciation</u>					
Factory building	(8,752)	(2,021)	-	(275)	(11,048)
Building improvements	(610)	(108)	-	-	(718)
Tool and equipment	(350)	-	-	-	(350)
Total	<u>(9,712)</u>	<u>(2,129)</u>	<u>-</u>	<u>(275)</u>	<u>(12,116)</u>
Investment property-net	<u>165,802</u>				<u>164,322</u>

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	(Unit : Thousand Baht)			
	Consolidated / Separate financial statements			
	Balance January 1, 2024	Transactions during the year		Balance December 31, 2024
		Additions	(Decrease)	Transfer in (out)
<u>Cost</u>				
Land	135,287	-	-	-
Factory building	33,858	-	-	5,009
Building improvements	1,010	-	-	-
Tool and equipment	350	-	-	-
Total	<u>170,505</u>	<u>-</u>	<u>-</u>	<u>5,009</u>
<u>Accumulated depreciation</u>				
Factory building	(6,806)	(484)	-	(1,462)
Building improvements	(503)	(107)	-	-
Tool and equipment	(350)	-	-	-
Total	<u>(7,659)</u>	<u>(591)</u>	<u>-</u>	<u>(1,462)</u>
Investment property-net	<u>162,846</u>			<u>165,802</u>

	(Unit : Thousand Baht)			
	Consolidate financial statements		Separate financial statements	
	2025	2024	2025	2024
Depreciation for the year				
Administrative expenses	<u>2,129</u>	<u>591</u>	<u>2,129</u>	<u>591</u>

During the year 2025 there was a change in the building lease agreement. Therefore, the Company transferred the right of use assets under the building lease agreement to additional investment property at a cost of Baht 0.92 million.

The Company was appraised by the independent appraisers by applying the market price approach for land and the replacement cost approach for building and its construction in the valuation in according to the report, had its fair value in the amount of Baht 169.58 million. According to the report dated December 8, 2023 and January 17, 2024. Moreover, The Company conducts appraisal by evaluating discounted cash flow model for the right-of-use assets, thus the fair value is Baht 28.22 million.

The Group has investment property rental income for the years ending December 31, 2025 and 2024 in the amount of Baht 8.30 million and Baht 7.60 million, respectively (only the company, the amount is Baht 8.91 million and Baht 7.97 million, respectively) and recognize as operating expenses amounting to Baht 2.90 million and Baht 2.76 million,

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respectively (for the Company amounting to Baht 2.86 million and Baht 2.71 million, respectively) that were recognized in the statement of comprehensive income.

13. PROPERTY, PLANT AND EQUIPMENT

Movements for the years ended December 31, 2025 and 2024 are as follows:

(Unit : Thousand Baht)					
Consolidated financial statements					
	Balance as at	Transactions during the year			Balance as at
	January 1, 2025	Increase	(Decrease)	Transfer in (Out)	December 31, 2025
<u>Cost</u>					
Land	37,359	-	-	-	37,359
Buildings and structures	36,326	-	-	-	36,326
Tool and equipment	10,048	1,557	(797)	43	10,851
Furniture and office equipment	53,759	2,835	(543)	1,191	57,242
Vehicles	17,989	2,500	(3,607)	-	16,882
Assets for rent and demonstration	30,883	3,305	(4,457)	155	29,886
Assets in progress	467	931	-	(1,389)	9
Total	186,831	11,128	(9,404)	-	188,555
<u>Accumulated depreciation</u>					
Building and structures	(5,513)	(908)	-	-	(6,421)
Tool and equipment	(8,003)	(1,097)	693	-	(8,407)
Furniture and office equipment	(36,764)	(7,067)	532	-	(43,299)
Vehicles	(11,116)	(1,219)	2,857	-	(9,478)
Assets for rental and demonstration	(24,830)	(2,827)	4,219	-	(23,438)
Total	(86,226)	(13,118)	8,301	-	(91,043)
Property, plant and equipment - net	100,605				97,512

(Unit : Thousand Baht)

(Unit : Thousand Baht)					
Consolidated financial statements					
	Balance as at	Transactions during the year			Balance as at
	January 1, 2024	Increase	(Decrease)	Transfer in (out)	December 31, 2024
<u>Cost</u>					
Land	37,359	-	-	-	37,359
Buildings and structures	36,326	-	-	-	36,326
Tool and equipment	9,741	356	(49)	-	10,048
Furniture and office equipment	48,610	1,642	(778)	4,285	53,759
Vehicles	18,635	704	(1,350)	-	17,989

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(Unit : Thousand Baht)

	Consolidated financial statements				
	Balance as at	Transactions during the year			Balance as at
	January 1, 2024	Increase	(Decrease)	Transfer in	December 31, 2024
Assets for rent and demonstration	30,242	3,512	(2,958)	87	30,883
Assets in progress	3,059	1,780	-	(4,372)	467
Total	183,972	7,994	(5,135)	-	186,831
<u>Accumulated depreciation</u>					
Building and structures	(4,605)	(908)	-	-	(5,513)
Tool and equipment	(6,881)	(1,163)	41	-	(8,003)
Furniture and office equipment	(30,493)	(6,737)	466	-	(36,764)
Vehicles	(11,026)	(1,340)	1,250	-	(11,116)
Assets for rental and demonstration	(25,069)	(2,609)	2,848	-	(24,830)
Total	(78,074)	(12,757)	4,605	-	(86,226)
Property, plant and equipment - net	105,898				100,605

(Unit : Thousand Baht)

	Separate financial statements				
	Balance as at	Transactions during the year			Balance as at
	January 1, 2025	Increase	(Decrease)	Transfer in (out)	December 31, 2025
<u>Cost</u>					
Land	37,359	-	-	-	37,359
Buildings and structures	36,326	-	-	-	36,326
Tool and equipment	10,047	1,553	(797)	43	10,846
Furniture and office equipment	53,540	2,464	(543)	1,191	56,652
Vehicles	17,989	2,500	(3,607)	-	16,882
Assets for rent and demonstration	30,883	3,305	(4,457)	155	29,886
Assets in progress	467	931	-	(1,389)	9
Total	186,611	10,753	(9,404)	-	187,960
<u>Accumulated depreciation</u>					
Building and structures	(5,513)	(908)	-	-	(6,421)
Tool and equipment	(8,003)	(1,096)	693	-	(8,406)
Furniture and office equipment	(36,649)	(6,978)	532	-	(43,095)
Vehicles	(11,116)	(1,219)	2,857	-	(9,478)
Assets for rental and demonstration	(24,830)	(2,827)	4,219	-	(23,438)
Total	(86,111)	(13,028)	8,301	-	(90,838)

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Property, plant and equipment-net	100,500	97,122
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(Unit : Thousand Baht)

	Separate financial statements				
	Balance as at	Transactions during the year		Balance as at	
	January 1, 2024	Increase	(Decrease)	Transfer in (out)	
<u>Cost</u>					
Land	37,359	-	-	-	37,359
Buildings and structures	36,326	-	-	-	36,326
Tool and equipment	9,741	355	(49)	-	10,047
Furniture and office equipment	48,419	1,614	(778)	4,285	53,540
Vehicles	18,635	704	(1,350)	-	17,989
Assets for rent and demonstration	30,242	3,512	(2,958)	87	30,883
Assets in progress	3,059	1,780	-	(4,372)	467
Total	183,781	7,965	(5,135)	-	186,611
<u>Accumulated depreciation</u>					
Building and structures	(4,605)	(908)	-	-	(5,513)
Tool and equipment	(6,881)	(1,163)	41	-	(8,003)
Furniture and office equipment	(30,416)	(6,699)	466	-	(36,649)
Vehicles	(11,026)	(1,340)	1,250	-	(11,116)
Assets for rental and demonstration	(25,069)	(2,609)	2,848	-	(24,830)
Total	(77,997)	(12,719)	4,605	-	(86,111)
Property, plant and equipment-net	105,784				100,500

(Unit : Thousand Baht)

	Consolidate financial statements		Separate financial statements	
	2025	2024	2025	2024
Depreciation for the years				
- Cost of rendering of services	3,533	3,699	3,532	3,698
- Distribution cost and administrative expenses	9,585	9,058	9,496	9,021
	13,118	12,757	13,028	12,719

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14. RIGHT - OF - USE ASSETS

Movements for the years ended December 31, 2025 and 2024 are as follows:

(Unit : Thousand Baht)

	Consolidated / Separate financial statements				Balance as at December 31, 2025
	Balance as at January 1, 2025	Transactions during the year		Transfer in/(out)	
		Increase	(Decrease)		
<u>Cost</u>					
Building	124,448	-	-	(924)	123,524
Equipment	1,133	384	(443)	-	1,074
Total	125,581	384	(443)	(924)	124,598
<u>Accumulated depreciation</u>					
Building	(38,106)	(9,447)	-	275	(47,278)
Equipment	(545)	(273)	443	-	(375)
Total	(38,651)	(9,720)	443	275	(47,653)
Right-of-use assets - net	86,930				76,945

(Unit : Thousand Baht)

	Consolidated / Separate financial statements				Balance as at December 31, 2024
	Balance as at January 1, 2024	Transactions during the year		Transfer in/(out)	
		Increase		Classification	
<u>Cost</u>					
Building	92,314	37,143	-	(5,009)	124,448
Equipment	1,200	475	(542)	-	1,133
Total	93,514	37,618	(542)	(5,009)	125,581
<u>Accumulated depreciation</u>					
Building	(28,615)	(10,953)	-	1,462	(38,106)
Equipment	(790)	(297)	542	-	(545)
Total	(29,405)	(11,250)	542	1,462	(38,651)
Right-of-use assets - net	64,109				86,930

The Group lease several assets including office building which lease term 10 years, warehouse which lease term 3 years and equipment of which lease term 4 years.

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****DECEMBER 31, 2025****15. GOODWILL**

As at December 31, 2025 and 2024, consisting of:

	(Unit : Thousand Baht)	
	Consolidated / Separate financial statements	
	December 31, 2025	December 31, 2024
Goodwill	334,672	334,672
<u>Less</u> Allowance for impairment of goodwill	(18,701)	(18,701)
Total	315,971	315,971

On November 29, 2016, Chillmatch Co., Ltd. and Q II S Co., Ltd. were transferred their entire business into the Company by issuing capital increase shares for Baht 675.36 million to exchange for the identifiable net assets of both companies for Baht 340.69 million, resulting in a goodwill of Baht 334.67 million.

Impairment testing of cash-generating assets with goodwill

For the purposes of impairment testing, goodwill is allocated to a cash-generating unit or group of cash-generating units, which shall be the smallest level within the entity used in assessing goodwill, for the purposes of internal management of the entity as follows:

	(Unit : Thousand Baht)	
	Consolidated / Separate financial statements	
	December 31, 2025	December 31, 2024
Cash-generating assets unit 1 - Refrigeration system	181,365	181,365
Cash-generating assets unit 2 - Digital printing system	134,606	134,606
Total	315,971	315,971

During the year ended December 31, 2024 the Company's management has tested for impairment of goodwill by preparing forecasted financial information in assessing the value of the Refrigeration System and Digital Printing System. In assessing the Value in Use, the present value of future free cash flow or DCF expected to be received in each year from the financial forecast 5 years (from January 1, 2025 to December 31, 2029) with discounted rate obtained from the calculation of the weighted average cost of capital: WACC of the business unit. Management believes that no impairment of goodwill has occurred for the Digital Printing System business unit, but the impairment of the Cooling System business unit occurred as of December 31, 2024, in the amount of Baht 18.70 million.

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During the year ended December 31, 2025 the Company has tested for impairment of goodwill by hiring an independent appraiser in assessing the value of the Refrigeration System and Digital Printing System dated December 24, 2025. In assessing the Value in Use, the present value of future free cash flow or DCF expected to be received in each year from the financial forecast 5 years (from January 1, 2026 to December 31, 2030) with discounted rate obtained from the calculation of the weighted average cost of capital : WACC of the business unit. After consideration, believed that goodwill is not impaired.

The key assumptions used in estimating the value in use are as follows:

Key assumption	Value		Approach used to determine the value
	2025	2024	
Discount rate	5.92% (Weighted Average Cost of Capital: WACC)	5.81% (Weighted Average Cost of Capital: WACC)	The discount rate which is a pre-tax rate that reflects the specific risk of the particular business unit
Terminal Value Growth Rate	1%	0%	Appropriate estimated rate

Sensitivity analysis

The recoverable amount of refrigeration system and digital printing system cash-generating units (CGUs) exceeded their carrying amounts by approximately Baht 6.85 million and Baht 579.86 million, respectively. Management has considered that there are reasonable grounds to believe that changes in key assumptions could occur which would result in the carrying amounts exceeding their recoverable amounts. The following table shows the amount by which each key assumption must change to cause the recoverable amount to equal the carrying amount:

	Consolidated / Separate financial statements
	2025
	(Percentage)
- Refrigeration system	
- Discount rate	6.12
- Digital printing system	
- Discount rate	28.04

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16. INTANGIBLE ASSET

Movements for the years ended December 31, 2025 and 2024 are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements				
	Balance as at	Transactions during the year			Balance as at
	January 1, 2025	Increase	(Decrease)	Transfer In (out)	December 31, 2025
<u>Cost</u>					
Software licenses	45,226	1,805	-	-	47,031
Total	45,226	1,805	-	-	47,031
<u>Accumulated amortization</u>					
Software licenses	(37,538)	(2,638)	-	-	(40,176)
Total	(37,538)	(2,638)	-	-	(40,176)
Intangible asset-net	7,688				6,855

(Unit : Thousand Baht)

	Consolidated financial statements				
	Balance as at	Transactions during the year			Balance as at
	January 1, 2024	Increase	(Decrease)	Transfer In (out)	December 31, 2024
<u>Cost</u>					
Software licenses	45,873	808	(1,455)	-	45,226
Total	45,873	808	(1,455)	-	45,226
<u>Accumulated amortization</u>					
Software licenses	(34,362)	(3,921)	745	-	(37,538)
Total	(34,362)	(3,921)	745	-	(37,538)
Intangible asset-net	11,511				7,688

(Unit : Thousand Baht)

	Separate financial statements				
	Balance as at	Transactions during the year			Balance as at
	January 1, 2025	Increase	(Decrease)	Transfer In (out)	December 31, 2025
<u>Cost</u>					
Software licenses	45,226	1,405	-	-	46,631

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Total	45,226	1,405	-	-	46,631
<u>Accumulated amortization</u>					
Software licenses	(37,538)	(2,636)	-	-	(40,174)
Total	(37,538)	(2,636)	-	-	(40,174)
Intangible asset-net	7,688				6,457

(Unit : Thousand Baht)

	Separate financial statements				
	Balance as at	Transactions during the year			Balance as at
	January 1, 2024	Increase	(Decrease)	Transfer In (out)	December 31, 2024
<u>Cost</u>					
Software licenses	45,873	808	(1,455)	-	45,226
Total	45,873	808	(1,455)	-	45,226
<u>Accumulated amortization</u>					
Software licenses	(34,362)	(3,921)	745	-	(37,538)
Total	(34,362)	(3,921)	745	-	(37,538)
Intangible asset-net	11,511				7,688

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
	Depreciation for the years			
- Cost of rendering of services		186	183	186
- Distribution cost and administrative expenses		2,452	3,738	3,738
		2,638	3,921	3,921

17. INCOME TAX

17.1 Deferred tax assets and liabilities

As at December 31, 2025 and 2024 consist of:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Deferred tax assets	21,960	19,007	21,652	18,638
Deferred tax liabilities	217	(5)	217	(5)
Deferred tax assets (liabilities)	22,177	19,002	21,869	18,633

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Movements of deferred tax assets (liabilities) that occurred during the year are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements				Balance as at December 31, 2025
	Balance as at January 1, 2025	Income (expenses) during the year			
		In profit or loss	In other comprehensive income	Exchange difference on translating financial statements	
Deferred tax assets:					
Allowance for expected credit losses	1,923	2,604	-	-	4,527
Allowance for devaluation of inventories	7,146	(1,158)	-	-	5,988
Allowance for impairment of investment	805	563	-	-	1,368
Lease agreements	1,573	451	-	-	2,024
Provisions for employee benefit	7,381	570	-	-	7,951
Derivatives liabilities	(225)	265	-	-	40
Equipment disposal	136	(74)	-	-	62
Employee joint investment program expenses	268	(268)	-	-	-
Total	19,007	2,953	-	-	21,960
Deferred tax liabilities:					
Unrealized gain (loss) on measuring investments	5	(5)	-	-	-
Finance lease assets	(10)	227	-	-	217
Total	(5)	222	-	-	217
Deferred tax assets (liabilities) - net	19,002				22,177
Deferred tax income (expenses) - net		3,175	-	-	

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(Unit : Thousand Baht)

	Consolidated financial statements				Balance as at December 31, 2024
	Balance as at January 1, 2024	Income (expenses) during the year			
		In profit or loss	In other comprehensive income	Exchange difference on translating financial statements	
Deferred tax assets:					
Allowance for expected credit losses	2,125	(202)	-	-	1,923
Allowance for devaluation of inventories	6,388	760	-	(2)	7,146
Allowance for impairment of investment	49	756	-	-	805
Lease agreements	1,248	325	-	-	1,573
Provisions for employee benefit	6,533	848	-	-	7,381
Derivatives liabilities	19	(244)	-	-	(225)
Equipment disposal	-	136	-	-	136
Employee joint investment program expenses	1,000	(732)	-	-	268
Total	<u>17,362</u>	<u>1,647</u>	<u>-</u>	<u>(2)</u>	<u>19,007</u>
Deferred tax liabilities:					
Unrealized gain (loss) on measuring investments	(14)	19	-	-	5
Finance lease assets	(39)	29	-	-	(10)
Total	<u>(53)</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
Deferred tax assets (liabilities) - net	<u>17,309</u>				<u>19,002</u>
Deferred tax income (expenses) - net		<u>1,695</u>	<u>-</u>	<u>(2)</u>	

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	(Unit : Thousand Baht)			
	Separate financial statements			
	Income (expenses) during the year			
	Balance as at January 1, 2025	In profit or loss	In other comprehensive income	Balance as at December 31, 2025
Deferred tax assets:				
Allowance for expected credit losses	1,724	2,575	-	4,299
Allowance for devaluation of inventories	7,068	(1,134)	-	5,934
Allowance for impairment of investment	804	563	-	1,367
Allowance for impairment of investment in subsidiary	-	69	-	69
Lease agreements	1,573	451	-	2,024
Provisions for employee benefit	7,290	567	-	7,857
Derivatives liabilities	(225)	265	-	40
Equipment disposal	136	(74)	-	62
Employee joint investment program expenses	268	(268)	-	-
Total	<u>18,638</u>	<u>3,014</u>	<u>-</u>	<u>21,652</u>
Deferred tax liabilities:				
Unrealized gain (loss) on measuring investments	5	(5)	-	-
Finance lease assets	(10)	227	-	217
Total	<u>(5)</u>	<u>222</u>	<u>-</u>	<u>217</u>
Deferred tax assets (liabilities) - net	<u>18,633</u>			<u>21,869</u>
Deferred tax income (expenses) - net		<u>3,236</u>	<u>-</u>	

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	(Unit : Thousand Baht)			
	Separate financial statements			
	Income (expenses) during the year			
	Balance as at January 1, 2024	In profit or loss	In other comprehensive income	Balance as at December 31, 2024
Deferred tax assets:				
Allowance for expected credit losses	2,058	(334)	-	1,724
Allowance for devaluation of inventories	6,331	737	-	7,068
Allowance for impairment of investment	49	755	-	804
Lease agreements	1,248	325	-	1,573
Provisions for employee benefit	6,466	824	-	7,290
Derivatives liabilities	19	(244)	-	(225)
Equipment disposal	-	136	-	136
Employee joint investment program expenses	1,000	(732)	-	268
Total	17,171	1,467	-	18,638
Deferred tax liabilities:				
Unrealized gain (loss) on measuring investments	(14)	19	-	5
Finance lease assets	(39)	29	-	(10)
Total	(53)	48	-	(5)
Deferred tax assets (liabilities) - net	17,118			18,633
Deferred tax income (expenses) - net		1,515	-	

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17.2 Income tax recognized in profit or loss

Income tax expenses for the years ended December 31, 2025 and 2024 as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Income tax expense shown in profit or loss :				
Current tax expense:				
Tax expense (income) for the year	23,464	26,554	23,301	26,534
Deferred tax				
Deferred tax expenses (income) from arising temporary differences and reversing temporary differences.	(3,177)	(1,695)	(3,236)	(1,515)
Total	20,287	24,859	20,065	25,019
Income taxes related to components of other comprehensive income:				
Deferred tax expense (income) related to gain (loss) from remeasurement of employee benefits.	-	-	-	-
	20,287	24,859	20,065	25,019

The reconciliation between the income tax expense amount and the product of accounting profit multiplied by the applicable tax rate is as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Accounting profit before income tax expenses for the year	103,319	111,374	102,570	109,592
The applicable tax rate (%)	20%	20%	20%	20%
Tax expenses (income) is calculated according to the applicable tax rate.	20,664	22,275	20,514	21,918
Reconciliation items:				
Tax implications of expenses that are not deductible in calculation of taxable profits				
- Expenses that are not allowed to be treated	91	3,381	149	3,570

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
as expenses in calculating taxable profits				
Expenses that are considered taxable				
expenses have increased	(598)	(469)	(598)	(469)
Other	130	(328)	-	-
Total reconciliation items	(377)	2,584	(449)	3,101
Total tax expenses (income)	20,287	24,859	20,065	25,019

The reconciliation between the average effective tax rate and the final applied tax rate is as follows:

	Consolidated financial statements			
	2025		2024	
	Tax amount (Thousand baht)	Tax rate %	Tax amount (Thousand baht)	Tax rate %
Accounting profit before income tax				
expenses for the year	103,319		111,374	
Income tax expense according to the				
applicable tax rate	20,664	20.00	22,275	20.00
Reconciliation items	(377)	(0.36)	2,584	2.32
Income tax expense based on the average				
effective tax rate	20,287	19.64	24,859	22.32

	Separate financial statements			
	2025		2024	
	Tax amount (Thousand baht)	Tax rate %	Tax amount (Thousand baht)	Tax rate %
Accounting profit before income tax				
expenses for the year	102,570		109,592	
Income tax expense according to the				
applicable tax rate	20,514	20.00	21,918	20.00
Reconciliation items	(449)	(0.44)	3,101	2.83
Income tax expense based on the average				
effective tax rate	20,065	19.56	25,019	22.83

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18. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	(Unit : Thousand Baht)					
	Interest rate		Consolidated financial		Separate financial	
	(% per annum)		statements		statements	
	2025	2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Short-term loans from financial institutions and promissory notes	3.70	-	250	-	-	-
Total			250	-	-	-

The Group has credit facilities for letters of credit, trust receipts, and promissory notes from financial institutions amounting to Baht 90 million, which are unsecured. On November 21, 2025, the Company entered into an amendment to the credit facility agreement to include its subsidiary as a co-borrower, and these facilities are guaranteed by related persons.

As at December 31, 2025, the Group has unutilized credit facilities for letters of credit, trust receipts, and promissory notes amounting to Baht 119.75 million (2024: Baht 120 million).

19. TRADE AND OTHER CURRENT PAYABLES

As of December 31, 2025 and 2024, consisting of:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Trade payables				
Trade payables - subsidiaries	-	-	44	84
Trade payables - other companies	131,178	136,206	131,003	135,669
Total trade payables	131,178	136,206	131,047	135,753
Other current payables				
Accrued commission expenses	12,830	15,507	12,830	15,507
Accrued bonus	12,554	15,524	12,509	15,416
Advance from customers for goods and services	38,673	31,598	38,076	30,874
Other accrued expenses	7,670	8,331	7,526	8,202
Other accrued expenses – related person and company	33	19	-	-
Account payable - Revenue department	3,677	5,661	3,505	5,508
Other deposit	403	252	403	252

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	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Other payables - related companies	90	-	90	-
Other	18,046	15,920	17,604	15,920
Total other current payables	93,976	92,812	92,543	91,679
Total trade and other current payables	225,154	229,018	223,590	227,432

20. LEASE LIABILITIES

The movement of lease liabilities for the years ended December 31, 2025 and 2024 are as follows:

	(Unit : Thousand Baht)	
	Consolidated / Separate financial statements	
	2025	2024
Balance as at January 1,	108,498	80,504
Addition	384	37,618
Interest expenses recognized during the year	3,359	2,744
Payments	(12,362)	(12,368)
Balance as at December 31,	99,879	108,498
<u>Less</u> current portion	(9,269)	(8,952)
Lease liabilities - net of current portion	90,610	99,546

The Group has obligations to be paid minimum rental under lease as follows:

	(Unit : Thousand Baht)	
	Consolidated / Separate financial statements	
	2025	2024
Within 1 year	12,328	12,296
More than 1 year but not more than 5 years	54,225	52,219
More than 5 years	47,464	61,423
	114,017	125,938
<u>Less</u> future interest expense on the lease contract.	(14,138)	(17,440)
Present value of lease liabilities	99,879	108,498

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Expenses for the years ended December 31, 2025 and 2024 related to leases recognized in profit or loss are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Depreciation of right-of-use assets	9,720	11,250	9,720	11,250
Interest expense on lease liabilities	3,359	2,744	3,359	2,744
Leases of low-value assets	174	144	160	123
Total	13,253	14,138	13,239	14,117

For the years ended December 31, 2025 and 2024, the Group had rental income from investment property in the amount of Baht 12.54 million and Baht 12.51 million respectively (for the Company's amounting to Baht 12.52 million and Baht 12.49 million, respectively) and also had non-cash additions to right-of-use assets and lease liabilities of Baht 0.38 million and Baht 37.62 million, respectively (for the Company's amounting to Baht 0.38 million and Baht 37.62 million, respectively).

21. NON - CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Movements of non-current provisions for employee benefit for the years ended December 31, 2025 and 2024 were as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Beginning balance defined benefit obligations	36,906	34,036	36,449	33,700
Current service costs and interest	3,976	3,470	3,960	3,349
Benefits paid by the plan	(1,122)	(600)	(1,122)	(600)
Ending balance defined benefit obligations	39,760	36,906	39,287	36,449

Expenses recognized in the statement of comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Current service costs				
Cost of service	384	425	453	386
Distribution cost	674	710	674	710
Administrative expenses	1,974	1,300	1,889	1,218
Interest on obligation	944	1,035	944	1,035

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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3,976	3,470	3,960	3,349
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Important assumptions in the actuarial estimates used in calculating employee benefit liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31,2024	December 31,2025	December 31,2024
Discount rate	2.99 - 3.19	2.99 - 3.19	2.99 - 3.19	2.99 - 3.19
Salary increase rate	4.00	4.00	4.00	4.00
Employee turnover rate	4.78 - 22.92	4.78 - 22.92	4.78 - 22.92	4.78 - 22.92
Mortality rate	105.00% of Thai Mortality Ordinary Table 2017			

Assumptions regarding future mortality rates are based on publicly available statistical data and mortality tables.

The results of sensitivity analysis for significant assumptions that affect the present value of the employee benefit obligations as at December 31, 2025 and 2024 are summarized below:

	(Unit : Thousand Baht)			
	Changes in the present value of employee benefit obligations increase (decrease)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Discount rate				
Discount rate – reduced 1 %	2,930	2,915	2,930	2,915
Discount rate – increased 1 %	(2,515)	(2,498)	(2,515)	(2,498)
Salary increase rate				
Discount rate – reduced 1 %	(2,539)	(2,380)	(2,539)	(2,380)
Discount rate – increased 1 %	2,948	2,741	2,948	2,741
Turnover rate				
Discount rate – reduced 20% of the main assumptions	4,097	3,749	4,097	3,749
Discount rate – increased 20% of the main assumptions	(3,421)	(3,165)	(3,421)	(3,165)

The above sensitivity analysis may not reflect actual changes in employee benefit obligations. This is because it is difficult to make changes to assumptions that occur separately from other assumptions that may be related.

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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Maturity analysis of future benefit amounts before discounting as of December 31, 2025 and 2024 is as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Within 1 year	10,822	11,060	10,822	11,060
More than 1 year, not more than 5 years	9,263	9,313	9,263	9,313
More than 5 years	69,851	71,006	69,851	71,006
	<u>89,936</u>	<u>91,379</u>	<u>89,936</u>	<u>91,379</u>

22. THE EMPLOYEE JOINT INVESTMENT PROGRAM

On February 27 2025, the Board of Directors' Meeting of the Company approved the establishment of the Employee Joint Investment Program (EJIP) with the following details:

Participating Company	HARN ENGINEERING SOLUTIONS PUBLIC Co.Ltd.
Program Duration	From May 1 2025 to December 31 2029, totaling 4 years and 8 months.
Eligible Employees	Permanent employees with at least 1 year of service, or executives at the director level or higher, on a voluntary basis.
Program Management	Employees'/managers' contribution to the program is at the rate of 5% of monthly salary. Executives at the director level and chief officers are required to contribute 10% of their monthly salary to the program. The Chief Executive Officer is required to contribute 15% of his/her monthly salary to the program. The Company is required to make a matching contribution equal to 100% of the amount contributed by the participating employees or executives.
Schedule of Share Purchases	Monthly
Holding period	Shares cannot be sold until they reach 8 months of age. After 1 year and 8 months, 25% of the accumulated shares become eligible for sale. After 2 years and 8 months, 50% of the accumulated shares become eligible for sale. After 3 years and 8 months, 75% of the accumulated shares become eligible for sale. After 4 years and 8 months, all accumulated shares become eligible for sale.
Rights and Benefits	PHILLIP SECURITIES (THAILAND) PUBLIC Co.Ltd.

During the year 2025, the Company contributed an amount of 3.57 million baht to the plan.

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23. LEGAL RESERVE

According to the Public Companies Act B.E. 2535, under provision of section 116, the Company is required to set aside a statutory reserve of at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital. The statutory reserve could not be used for dividend payment.

24. DIVIDEND PAYMENT

Dividends declared for the years ended December 31, 2025 and 2024 consisted of:

<u>Dividend</u>	<u>Approved by</u>	<u>Dividends Announced (Million Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Dividend Date</u>
<u>For the year 2025</u>				
Dividends for 2024	Annual General Meeting of Shareholders On April 24, 2025	70.14	0.12	May 23, 2025
<u>For the year 2024</u>				
Dividends for 2023	Annual General Meeting of Shareholders On April 29, 2024	87.68	0.15	May 17, 2024

25. PROVIDENT FUND

The Company and its employees jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The Fund is contributed to by both the employees and the Company. The Fund is managed by an asset management company. This Fund is registered under the conditions of Ministry of Finance and the Fund is managed by the approved fund manager.

For the years ended December 31, 2025 and 2024, the Group paid contributions to provident fund and recognized as expenses amounting to Baht 5.06 million and Baht 4.92 million, respectively (The Company's amounting to Baht 5.06 million and Baht 4.92 million, respectively).

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26. OPERATING SEGMENT

Segment information is presented in respect of the business segments. The primary format in segment information report is based on the management and internal reporting structure.

The accounting policy for operating segments is in accordance with the accounting policy described in Note 4.

The Company and its subsidiaries comprise the following main business segments:

Segment 1 Fire Protection Products and Project

Segment 2 Sanitary and Air-Conditioning System

Segment 3 Refrigeration System

Segment 4 Digital Printing System

Segment 5 Building-IoT Solutions

Segment 6 Products of Medical 3D Printing Systems

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Operating segments are classified by business type in the statements of total comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements														
	2025							2024							
	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Elimination of inter-segment	Total	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Elimination of inter-segment	Total
Operations Segment															
Revenues from sales	401,889	53,763	205,021	336,308	388	-	(390)	996,979	464,814	64,690	219,136	322,932	778	(765)	1,071,585
Revenues from services	147,367	-	-	33,510	3,311	-	(72)	184,116	131,181	-	-	34,932	1,368	(23)	167,458
Total revenues	549,256	53,763	205,021	369,818	3,699	-	(462)	1,181,095	595,995	64,690	219,136	357,864	2,146	(788)	1,239,043
Gross profit	144,389	12,820	45,349	138,860	1,014	-	(130)	342,302	159,867	15,336	38,436	132,828	879	(287)	347,059
Profit (loss) before income tax expense								103,319							111,374
Timing of revenue recognition.															
At a point in time	401,889	53,763	205,021	336,308	388	-	(390)	996,979	464,814	64,690	219,136	322,932	778	(765)	1,071,585
Over a period of time	147,367	-	-	33,510	3,311	-	(72)	184,116	131,181	-	-	34,932	1,368	(23)	167,458
Total revenues	549,256	53,763	205,021	369,818	3,699	-	(462)	1,181,095	595,995	64,690	219,136	357,864	2,146	(788)	1,239,043

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Operating segment by business in the statement of financial position as at December 31, 2025 and 2024 were as follows:

(Unit : Thousand Baht)

	Consolidated financial statements															
	As at December 31, 2025								As at December 31, 2024							
	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Elimination of inter-segment	Total	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Elimination of inter-segment	Total	
Assets for reportable segments																
Trade receivables	112,022	15,182	27,328	42,516	295	-	(45)	197,298	178,756	20,993	49,089	49,696	274	(84)	298,724	
Inventories	162,749	9,026	69,434	62,060	142	-	(413)	302,998	170,589	5,851	77,364	68,732	890	(287)	323,139	
Goodwill	-	-	181,365	134,606	-	-	-	315,971	-	-	181,365	134,606	-	-	315,971	
Total assets for reportable segments	<u>274,771</u>	<u>24,208</u>	<u>278,127</u>	<u>239,182</u>	<u>437</u>	<u>-</u>	<u>(458)</u>	<u>816,267</u>	<u>349,345</u>	<u>26,844</u>	<u>307,818</u>	<u>253,034</u>	<u>1,164</u>	<u>(371)</u>	<u>937,834</u>	
Assets under common use																
- Investment property															164,322	165,802
- Property, plant and equipment															97,512	100,605
- Right - of - use assets															76,945	86,930
- Intangible assets															6,855	7,688
- Others															637,908	500,889
Total Asset								<u>1,799,809</u>							<u>1,799,748</u>	
Total liabilities								<u>411,019</u>							<u>421,745</u>	

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Information about the geographic area

For the years ended December 31, 2025 and 2024 consisted of:

	(Unit : Thousand Baht)	
	Consolidated financial statements	
	2025	2024
<u>Revenue from the operating segments</u>		
Thailand	1,175,259	1,232,594
Abroad	5,836	6,449
Total	<u>1,181,095</u>	<u>1,239,043</u>

Information about major customers

During the years ended December 31, 2025 and 2024, the Company had no revenue from sales and service income from any single external customer that accounted for 10 percent or more of total revenue.

27. EXPENSE BY NATURE

Expenses by nature of the significant expenses for the years ended December 31, 2025 and 2024 consisted of:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Purchases of finished goods	637,390	765,516	634,160	761,922
Other changes in finished goods and work in process	20,141	(7,035)	18,757	(6,861)
Employee expenses	205,719	200,708	203,100	197,710
Office rental and service expenses	527	540	492	491
Depreciation and amortization	27,604	28,520	27,512	28,481
Others	212,518	169,080	213,114	170,596

28. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing the profit for the years ended December 31, 2025 and 2024 by the weighted average number of ordinary shares in issue during the years. Are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Profit (loss) for the years of parent company	83,896	87,598	82,505	84,573
Weighted average number of ordinary shares (Thousand Share)	<u>584,500</u>	<u>584,500</u>	<u>584,500</u>	<u>584,500</u>
Earnings (Loss) per share (basic) (Baht : Share)	<u>0.14</u>	<u>0.15</u>	<u>0.14</u>	<u>0.14</u>

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29. COMMITMENTS AND CONTINGENT LIABILITIES

29.1 Guarantees

The Group has letters of guarantee issued by banks and other companies on behalf of the Company and its subsidiaries, which relates to certain operational obligations in the normal course of business of the Company remaining as follows:

	(Unit : Million Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Warranty for products and work according to contract for system installation work	41.96	27.02	41.96	27.02

29.2 Credit lines from financial institutions

As at December 31, 2025 and 2024 as follows:

	Consolidated / Separate financial statements			
	Credit limit (Million Baht)		Based on interest rate (Percentage per year)	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Overdraft	9	9	MOR, MOR-0.50	MOR, MOR- 0.50
Letter of Credit/Trust			MLR-1, MMR	MLR-1, MMR
Receipt/Promissory notes	120	120		
letter of guarantee	74	74	1.00-2.00%	1.00-1.25%
Foreign currency forward contracts	410	410	-	-
Total	613	613		
Foreign currency forward contracts (Millions of US Dollars)	<u>7</u>	<u>7</u>		

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29.3 Commitments regarding the purchase of goods and service:

The Group have commitments regarding the purchase of goods and services according to memorandum of understanding and contracts for the purchase of goods and services with various companies. The prices and various trading conditions are as specified in the said memorandum and contract. and has an average period of not more than 12 months as follows:

	Consolidated financial statements		Separate financial statements	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Baht	52,433,032	39,779,638	52,433,032	39,779,638
Foreign currency				
United States Dollar	2,037,793	1,652,706	2,037,793	1,652,706
Euro	1,299,325	1,031,769	1,299,325	1,031,769
Pound Sterling	535,697	503,140	535,697	503,140
Yen	467,900	4,500,000	467,900	4,500,000
Vietnamese Dong	10,767	-	10,767	-

29.4 Capital expenditure commitments

As at December 31, 2025 and 2024 ,the Company has capital expenditure obligations in the amount of Baht 0.32 million and 0.05 million baht, respectively.

30. FAIR VALUE MEASUREMENT

The Company and its subsidiaries uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant TFRS, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

30.1 Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavors to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorizing such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

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As at December 31, 2025 and 2024, the Group had the following financial assets and liabilities that were measured at fair value on which the fair value hierarchy is classified as follows :

(Unit : Thousand Baht)

	Consolidated / Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Financial assets (liabilities) measured at fair value								
Investments in securities	51,170	48,773	5,550	6,397	-	-	56,720	55,170
Foreign currency forward contracts	(810)	(1,904)	-	-	-	-	(810)	(1,904)

During the year, there were no transfers within the fair value hierarchy.

Fair valuation techniques and inputs to Level 2 fair valuation

The fair value of investments in investment units that are not listed on the Stock Exchange of Thailand is determined by using the net asset value per unit as announced by the fund managers.

The fair value of derivatives has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, forward rate of the respective currencies, and interest rate yield curves.

Certain financial assets and financial liabilities is measured at fair value

The following table gives information about how the fair values of these financial assets and financial liabilities are measured at fair value on fair value hierarchy as at December 31, 2025 and 2024.

(Unit : Thousand Baht)

	Consolidated / Separate financial statements			
	Fair value as at December 31,		Fair value Hierarchy	Valuation techniques and key inputs for fair value measurement
	2025	2024		
Financial assets (liabilities)				
1.Foreign currency forward contracts	(810)	(1,904)	Level 2	Discounted cash flow The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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These financial assets and financial liabilities are presented as a part of other current assets and other current liabilities in the statement of financial position.

Valuation technique for financial instruments not measured at fair value of the Company and its subsidiaries are as follows:

Cash and cash equivalents, trade and other current receivables, current portion of financial lease receivable had carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Trade and other current payables, short-term provisions and other current liabilities - the carrying amounts stated in the reporting date of these financial liabilities approximate their fair values because of the short-term period to maturity of these financial instruments.

31. FINANCIAL INSTRUMENTS

31.1 Financial risk management policies

The Group are exposed to normal business risks from changes in interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group do not hold or use derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Company and its subsidiaries have a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group are risk management process to ensure that an appropriate balance between risk and control is achieved.

31.2 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group define as result from operating activities divided by total shareholders' equity, and also monitors the level of dividends to ordinary shareholders.

31.3 Foreign currency risk

The Group are exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The Group primarily utilize forward foreign exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward foreign exchange contracts entered into at the reporting date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

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As at December 31, 2025 and 2024, the Company and its subsidiaries have financial liabilities in foreign currencies as follows;

	Foreign Currencies			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Not hedged				
United States Dollar	4,800	851,830	4,800	843,433
Euro	-	67,730	-	67,730
Pound Sterling	-	167,074	-	167,074
Yen	-	45,850	-	45,850

31.4 Derivatives

Derivatives are forward foreign exchange contracts used for economic hedging purposes and not as speculative investments. However, derivatives do not meet the hedge accounting criteria, therefore they are classified as ‘held for trading’ for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be realized within 12 months after the end of the reporting period.

As at December 31, 2025 and 2024, the Company had gain (loss) from changes in fair value of derivatives in the amount of Baht (0.81) million and Baht (1.90) million, respectively.

31.5 Gain (loss) from exchange rates

For the years ended December 31, 2025 and 2024, the aggregate net foreign exchange gains (losses) recognized in profit or loss are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2025	2024	2025	2024
Unrealized gain (loss) on exchange rates	(744)	(475)	(1,225)	(521)
Gain (loss) on exchange rates				
- Sales	1,828	3,740	1,829	3,770
Total net gain (loss) on exchange rate recognized in profit before income tax	<u>1,084</u>	<u>3,265</u>	<u>602</u>	<u>3,249</u>

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Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company and its subsidiaries are customer base, management does not anticipate material losses from its debt collection.

31.7 Liquidity risk

The Company and its subsidiaries monitor its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's and its subsidiaries's operations and to mitigate the effects of fluctuations in cash flows.

31.8 Classification and measurement of financial asset and financial liabilities

(Unit : Thousand Baht)

	Consolidated financial statements					
	As at December 31, 2025			As at December 31, 2024		
	FVPL	Amortized cost	Total	FVPL	Amortized cost	Total
Financial assets						
Cash and cash equivalents	-	439,835	439,835	-	293,471	293,471
Trade and other current receivables	-	204,748	204,748	-	321,355	321,355
Current contract assets	-	33,931	33,931	-	17,238	17,238
Other non-current financial assets	97,093	-	97,093	115,644	-	115,644
Trade and other non-current receivables	-	5,513	5,513	-	2,760	2,760
Other non-current assets	-	30,611	30,611	-	29,494	29,494
	<u>97,093</u>	<u>714,638</u>	<u>811,731</u>	<u>115,644</u>	<u>664,318</u>	<u>779,962</u>

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(Unit : Thousand Baht)

	Consolidated financial statements					
	As at December 31, 2025			As at December 31, 2024		
	FVPL	Amortized cost	Total	FVPL	Amortized cost	Total
Financial liabilities						
Bank overdrafts and short – term loans from financial institutions	-	250	250	-	-	-
Trade and other current payables	-	225,154	225,154	-	229,018	229,018
Current portion for lease liabilities	-	9,269	9,269	-	8,952	8,952
Short-term loan from related party	-	620	620	-	620	620
Lease liabilities	-	90,610	90,610	-	99,546	99,546
Other non-current liabilities	-	29,567	29,567	-	28,304	28,304
	-	355,470	355,470	-	366,440	366,440

(Unit : Thousand Baht)

	Separate financial statements					
	As at December 31, 2025			As at December 31, 2024		
	FVPL	Amortized cost	Total	FVPL	Amortized cost	Total
Financial assets						
Cash and cash equivalents	-	429,902	429,902	-	286,610	286,610
Trade and other current receivables	-	204,584	204,584	-	321,260	321,260
Current contract assets	-	33,931	33,931	-	17,238	17,238
Short - term loans to related company	-	6,284	6,284	-	-	-
Other current financial assets	97,093	-	97,093	115,644	-	115,644
Trade and other non-current receivables	-	5,513	5,513	-	2,760	2,760
Other non-current assets	-	30,266	30,266	-	29,085	29,085
	97,093	710,480	807,573	115,644	656,953	772,597

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(Unit : Thousand Baht)

	Separate financial statements					
	As at December 31, 2025			As at December 31, 2024		
	Amortized			Amortized		
	FVPL	cost	Total	FVPL	cost	Total
Financial liabilities						
Trade and other current payables	-	223,590	223,590	-	227,432	227,432
Current portion for lease liabilities	-	9,269	9,269	-	8,952	8,952
Lease liabilities	-	90,610	90,610	-	99,546	99,546
Other non-current liabilities	-	29,722	29,722	-	28,390	28,390
	-	353,191	353,191	-	364,320	364,320

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2025 and 2024 are as follows:

(Unit : Thousand Baht)

	Consolidated / Separate financial statements			
	Balance as at January 1, 2025	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2025
Lease liabilities	108,498	(12,362)	3,743	99,879
Total	108,498	(12,362)	3,743	99,879

(Unit : Thousand Baht)

	Consolidated / Separate financial statements			
	Balance as at January 1, 2024	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2024
Lease liabilities	80,504	(12,368)	40,362	108,498
Total	80,504	(12,368)	40,362	108,498

* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

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33. CAPITAL MANAGEMENT

The objective of managing the equity capital of the group of companies is to maintain the ability to operate continuously, generate returns for the shareholders of the group, and benefit other stakeholders. Management has formulated various strategies to support the group's business operations to enhance efficiency, improve financial performance, and strengthen the financial position. This includes establishing dividend payment policies and managing capital to maintain an appropriate capital structure and financing costs.

34. EVENT AFTER THE REPORTING PERIOD

34.1 According to the company's board of directors' Meeting No. 1/2026 on February 26, 2026. The Board of Directors approved the establishment of a wholly owned subsidiary with a registered capital of 1 million baht. The subsidiary's primary business objectives are to engage in planning, promotion, exploration, development, project investment, cooperation, research and development, and consultancy services, as well as businesses related to carbon dioxide and the reduction of carbon dioxide or other greenhouse gas emissions. The Company expects to complete the registration of this subsidiary within the second quarter of 2026.

34.2 According to the company's board of directors' Meeting No. 1/2026 on February 26, 2026. The Board of Directors resolved to approve the payment of a dividend at the rate of Baht 0.12 per share for 584,500,000 issued and paid-up shares, totaling Baht 70.14 million, which will be presented to the next general shareholders' meeting for consideration and approval of the dividend.

35. RECLASSIFICATION

Certain amounts in the 2024 financial statements have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholder's equity.

36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 26, 2026.