

Overall Group Performance

Hana Microelectronics Group 'Hana' Sales Revenue decreased -5% year on year, at THB 24,801 million in year 2024 from THB 26,152 million in year 2023. Sales Revenue in USD terms decreased by -6% to USD 703m in 2024 from USD 751m in 2023. Normalised Profit decreased -31% to THB 1,201m in 2024 from THB 1,747m in 2023.

Net Profit decreased by -136% to THB -634m in 2024 from THB 1,761m in 2023 due to lower sales in IC assembly divisions from a continuing downturn in the semiconductor cycle in 2024, increased loss at IC Korea, and impairment of IC Korea.

Past Performance Analysis**Revenue Analysis**

Group sales decreased -5% in 2024 to THB 24,801m from 2023 at THB 26,152m driven by a continued downturn in the semiconductor cycle. USD sales were -6% lower in 2024 at USD703m down from USD751m in 2023. The average THB/USD exchange rate weakened -1% to THB/USD 35.3 in 2024 from THB/USD 34.8 in 2023.

The Microelectronics divisions' sales revenue in USD decreased -1% [-1% in THB terms] in 2024 over 2023. The microelectronics operation in Lamphun sales decreased -3% [-2% in THB terms] and Jiaying increased by 5% [7%] in 2024.

In 2024 IC assembly sales overall decreased by -20% [-19% in THB terms]. Specifically, IC AYT sales decreased -19% [-18%] and IC JXG USD sales decreased by -20% [-19% in THB terms].

Hana Technologies Inc 'HTI', sales increased 15% [17% THB] for the year.

The annual sales split was:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
PCBA (Thailand)	49%	47%	41%
PCBA (China)	14%	12%	14%
PCBA (Cambodia)	1%	2%	1%
IC (Thailand)	24%	28%	33%
IC (China)	3%	3%	5%
HTI (USA)	7%	6%	5%
IC (Korea)	2%	2%	1%
	100%	100%	100%

Gross Profit / Cost of Sales Analysis and Sales and Administration Analysis

Gross Profit decreased by THB -786m with the gross margin decreasing -2% point to 9% in 2024 from 11% in 2023 due to the lower sales in the IC divisions and IC Korea increased loss on operations.

Operating Profit Analysis

Earnings from Operations margin decreased to 3% in 2024 from 7% in 2023 due to lower sales revenue, gross profit and other income. SGA including R&D expenses were 4% higher in 2024.

Payout Analysis

In Q424 THB 221m dividend of THB 0.25 per share was paid as an interim dividend from the profits of 2024.

In Q224 THB 443m final dividend of THB 0.50 per share was paid during the quarter from the profits of 2023.

In Q423 THB 442m dividend of THB 0.50 per share was paid as an interim dividend from the profits of 2023.

In Q223 THB 402m final dividend of THB 0.50 per share was paid during the quarter from the profits of 2022.

In Q422 THB 402m dividend of THB 0.50 per share was paid as an interim dividend from the profits of 2022.

In Q222 THB 805m final dividend of THB 1.00 per share was paid during the quarter from the profits of 2021.

Financial Status

Net Cash reserves and financial investments were THB 10.2 billion at the 31st December 2024 up from THB 7.8 billion at the 31st December 2023.

Asset Quality

Accounts Receivable

Most of customers are well known and have good reputation in the IC, and electronics industry. Provision is made of amounts outstanding over 90 days and amounts which the management believe may be doubtful. Accounts receivable were 71 days in 2024, 71 days in 2023 and 64 days in 2022.

Trade Receivables	'000	<u>2024</u>	<u>2023</u>	<u>2022</u>
Less than 3 months		4,165,292	4,846,118	4,754,011
3 - 6 months		83,927	45,888	31,736
6 - 12 months		67,395	20,445	97
More than 12 months		5,411	8,950	3,418
Total accounts receivable - other compan		4,322,025	4,921,401	4,789,262
Less : Allowance for doubtful accounts		(4,002)	(15,964)	(13,289)
		<u>4,318,023</u>	<u>4,905,437</u>	<u>4,775,973</u>

Inventory

In general, Hana's production is based on clients' order, consequently, the majority of inventory are raw materials, expendable tools and work in process with little finished goods pending for customer delivery. The group companies normally write-off out-of-date inventory, and make provision for aged inventory and depletion in the value of fixed assets, if material, each quarter.

Inventory days were 130 days in 2024, 145 days in 2023 and 127 days in 2022.

Accounts Payable

Credit terms with suppliers are mostly open account with credit terms varying from cash in advance to 90 days. The credit term has been determined in accordance with the principles of fair dealing between the Company and suppliers. Accounts payable were 52 days in 2024, 59 days in 2023 and 60 days in 2022.

Liquidity

The group has THB 10.2 billion in net cash and financial investments. Liquidity ratios are high at over 3 times current liabilities.

Operating Cashflow (EBITDA) was THB 3,138m in 2024, -10% lower than THB 3,490m in 2023 and THB 4,052 m in 2022.

Net cash and financial investments in 2024 increased to THB 10.2 billion, due to EBITDA 3.1 billion less final dividend THB 0.4b 2023 paid in Q224, interim dividend Q424 THB 0.2b, net capital expenditure THB 1.7b, other items THB 2.1b.

Net cash and financial investments in 2023 increased to THB 7.8 billion, due to EBITDA 3.5 billion less final dividend THB 0.4b 2022 paid in Q223, interim dividend Q423 THB 0.4b, net capital expenditure THB 2.7b, share capital increase THB 4.6 billion, other items THB -0.4b.

Net cash and financial investments in 2022 decreased to THB 3.6 billion, due to EBITDA 4.1 billion less final dividend THB 0.8b 2021 paid in Q222, interim dividend Q422 THB 0.4b, net capital expenditure THB 2.9b, other items THB -2.5b.

Capital Expenditure

Capital Expenditure was THB 1,667m in 2024, THB 2,689m in 2023, and THB 2,876m in 2022.

Capital Expenditure in 2024 & 2023 was mainly for IC Korea plant due to investment in expansion of Silicon Carbide devices and building purchase for Hana Technologies expansion, whereas in 2022 capital expenditure was across the IC divisions.

Generally, capital expenditure for production equipment will follow the increase in sales, particularly in the IC division. However, there is a 6 to 12 month time lag due to the ordering lead time. Plant expansion will depend on the current building utilisation and lead time to construct new plant or expand in an existing plant.

Source of Financial Capital

As the group has no interest bearing debt and operating working capital is positive the group's funding is from the shareholders equity.

Major Factors which could have an Impact on the Company's Performance

The company business is that of an electronics manufacturing service company. The company manufactures products on behalf of its customers for shipment to them or their customers. Therefore, the company's performance is mostly affected by its ability to win and retain business from the existing and new customers. In turn, customer demand is affected by world economic growth and the customer's sales growth.

The group's sales revenue are in foreign currency (primarily USD) and USD currency costs are approximately 60% percent of sales revenues. The Group operating profit sensitivity to change in the Thai Baht/USD and Chinese CNY/USD exchange rates is currently about Baht 200m per quarter for every 10% change in the average Baht/USD and CNY/USD rates (i.e. $(1 - 0.60) \times \text{Sales Revenue} \times 10\%$).

Out of the group's foreign exchange exposure, as of the 30th September 2023 all foreign exchange contracts to hedge the Baht against the USD have been unwound so there is zero net outstanding THB/USD contracts. This action was taken due to weakening THB/USD and high interest rate differential between USD and THB. At the end of Q223 USD 120m was hedged (sell USD buy THB).

Whilst the book value of the offshore companies are represented in foreign currency, the effect of the change in the exchange rate is shown by the movement of the foreign currency 'Translation Adjustment' in the shareholders funds section of the balance sheet. There is no cash affect concerning its movement.

For Hana being an export group of companies the currency movements cause volatility in earnings due to effects on the operating margins and also inventory valuations (which the management report each quarter when there is a material effect on the profits) and margins.

Other factors which may affect operating performance of the company are (but not limited to): Customer retention, winning new customers, product price erosion, customers products success in their respective markets and lifecycle of such products, consistently manufacturing products to agreed specifications and delivery schedules with customers, recall, product liability risks in the event of product failures, suppliers price and consistent supply of raw materials to agreed specifications, supplier financial solvency, fluctuation in foreign exchange rates for each of our operations compared to both product sales currency which is primarily USD, materials purchasing currency which is primarily USD and the operating currency in each country which we operate, wages and salaries increases, availability and turnover of direct labour and skilled staff, credit risks, market, liquidity and funding, insurance, operational, regulatory compliance, strategic, reputation, legal and regulatory environment, competitive and systemic risks. Our success in executing and completing mergers and acquisitions and subsequent operational risks. Our success in developing and marketing new products and factory processes. Success in protecting intellectual property developed.

Macro-economic stability of the countries in which we, our customers and suppliers operate. Global financial stability which may affect interest rates and access of funding of the company, its customers and suppliers.

Foreign Exchange Rates

The THB/USD currency movements reflected the decrease in relative interest rates compared to USD in 2023 whereas 2024 was similar to 2022 rate. The average rate for 2024 was THB/USD 35.26 which was 1% weaker than THB/USD 34.80 in 2023, which was 1% stronger than THB/USD 35.07 in 2022.

Exceptional Items

On 9th August 2024, a subsidiary, received from Credit Suisse, USD 8,535,821 (THB 299m) being the final payment due from the voluntary redemption offer for the termination of Credit Suisse Asset Management (Switzerland) AG Supply Chain Fund in 2021.

31st Dec 2024, -THB 1,844m impairment provision due the revaluation of IC Korea (Powermaster).

The company issued 80.5m new shares in 2023 at THB 57 baht per share raising THB 4.6b.

There were no Exceptional Items in 2022.

Subsequent Event

Sale of land held for dormitory development in Cambodia USD 1,318,182 in February 2025.

HANA MICROELECTRONICS GROUP

CONSOLIDATED STATEMENT OF EARNINGS

'000 Baht	Year 2024		Year 2023		Year 2022		2024-2023	% 2024-2023	
REVENUES									
Sales	24,801,340		26,152,116		27,167,163		(1,350,777)	-5%	-
consisting of:									-
<i>PCBA (Lamphun, Thailand)</i>	12,111,496	49%	12,312,130	47%	11,121,072	42%	(200,634)	-2%	-
<i>PCBA (Jiaxing, China)</i>	3,482,882	14%	3,250,546	12%	3,806,134	14%	232,335	7%	-
<i>PCBA (Cambodia)</i>	275,944	1%	395,269	2%	199,088	1%	(119,324)	-30%	-
<i>IC (Ayutthaya, Thailand)</i>	6,008,474	24%	7,317,612	28%	9,038,404	33%	(1,309,139)	-18%	-
<i>IC (Jiaxing, China)</i>	696,623	3%	914,835	3%	1,318,488	5%	(218,212)	-24%	-
<i>HTI (Ohio, USA)</i>	1,732,159	7%	1,482,207	6%	1,339,247	5%	249,952	17%	-
<i>IC (Korea)</i>	493,763	2%	479,518	2%	344,730	1%	14,246	3%	-
	<u>24,801,340</u>	100%	<u>26,152,116</u>	100%	<u>27,167,163</u>	101%	<u>(1,350,776)</u>	-5%	-
Other Income	641,656		438,666		455,839		202,990	46%	-
TOTAL OPERATING REVENUES	<u>25,442,997</u>		<u>26,590,782</u>		<u>27,623,002</u>		<u>(1,147,786)</u>	-4%	-
EXPENSES									-
Cost of Sales	22,607,047	91%	23,172,094	89%	23,506,161	87%	(565,047)	-2%	-
Selling & Admin. Expenses	1,554,338	6%	1,499,628	6%	1,533,298	6%	54,710	4%	-
R&D Expenses	136,931	1%	131,561	1%	161,295	1%	5,370	4%	-
Other Expenses	-		-		-		-		-
TOTAL EXPENSES	<u>24,298,316</u>	98%	<u>24,803,283</u>	95%	<u>25,200,754</u>	93%	<u>(504,967)</u>	-2%	(0)
OPERATING EARNINGS incl Other Income	<u>1,144,680</u>	4%	<u>1,787,499</u>	7%	<u>2,422,248</u>	9%	<u>(642,819)</u>	-36%	0
Other Income - non operating	13,028		83		5,781		12,945		-
Interest	193,758		96,965		93,696		96,793	100%	-
Finance Expenses	(64,327)		(51,834)		(12,509)		(12,493)	24%	-
EARNINGS before Income Tax	<u>1,287,140</u>	5%	<u>1,832,714</u>	7%	<u>2,509,216</u>	9%	<u>(545,574)</u>	-30%	0
Corporate Income Tax	(86,171)	7%	(85,468)	5%	(107,380)	4%	(703)	1%	-
Earnings before Exch. & Exceptional Items	<u>1,200,969</u>	5%	<u>1,747,246</u>	7%	<u>2,401,836</u>	9%	<u>(546,277)</u>	-31%	0
Revaluation of Financial Instruments	-		(49,418)		(10,186)		49,418		-
Exchange Gain (Loss)	9,780		41,283		(289,579)		(31,503)		-
Exceptional Items	(1,844,420)		21,456		-		(1,865,876)		-
NET EARNINGS for the Period	<u>(633,671)</u>	-2%	<u>1,760,567</u>	7%	<u>2,102,071</u>	8%	<u>(2,394,239)</u>	-136%	0

HANA MICROELECTRONICS GROUP

CONSOLIDATED Balance Sheet

'000 Baht	Year 2024	Year 2023	Year 2022	2024-2023	% 2024-2023
ASSETS					
CURRENT ASSETS					
Cash in Hand & at Banks	6,689,073	6,954,416	2,374,708	(265,343)	-4%
Financial Investments	4,055,507	1,938,097	1,259,383	2,117,410	109%
Accounts Receivable - trade	4,480,722	5,178,141	4,981,041	(697,419)	-13%
Inventories	7,096,004	8,969,347	9,456,928	(1,873,343)	-21%
Other Current Assets	98,064	119,368	171,171	(21,304)	-18%
TOTAL CURRENT ASSETS	22,419,370	23,159,370	18,243,231	(740,000)	-3%
Long Term Financial Investments	-	-	152	-	
INVESTMENTS IN ASSOCIATED COMPANY	369,581	-	-	369,581	
FIXED ASSETS (net)	9,485,798	11,773,778	10,925,757	(2,287,981)	-19%
OTHER ASSETS	241,103	372,809	534,268	(131,705)	
TOTAL ASSETS	32,515,852	35,305,957	29,703,408	(2,790,104)	-8%
LIABILITIES					
CURRENT LIABILITIES					
Bank Overdrafts & Loans	509,355	1,076,408	-	(567,053)	-53%
Accounts & Notes Payable	3,026,410	3,390,546	4,160,841	(364,136)	-11%
Short Term Provisions	-	-	345,624	-	
Amounts due to Related Companies	-	-	-	-	
Current Portion of Long Term Loans	46,563	24,036	-	22,528	94%
Corporate Income Tax Payable	-	50,816	68,761	(50,816)	-100%
Accrued Expenses	-	342,233	-	(342,233)	-100%
Other Current Liabilities	515,622	150,015	452,111	365,607	244%
TOTAL CURRENT LIABILITIES	4,097,950	5,034,054	5,027,337	(936,104)	-19%
LONG TERM LIABILITIES					
Long Term Loans	334,322	203,340	-	130,982	
Other Long Term Liabilities	1,005,334	921,842	813,929	83,492	
TOTAL LIABILITIES	5,437,606	6,159,236	5,841,266	(721,630)	-12%
SHAREHOLDERS EQUITY					
Share Capital	885,367	885,367	804,879	-	
Unrealised gain(loss) on change in investments	-	-	-	-	
Share Premium	6,230,536	6,230,536	1,723,219	-	0%
Retained Earnings	-	-	-	-	
Appropriated Statutory Reserve	549,109	541,627	536,313	7,482	1%
Unappropriated & Treasury Share Reserve	19,788,234	21,130,039	20,234,096	(1,341,805)	-6%
Translation adj. & Investment revaluation	(374,999)	359,152	563,635	(734,151)	-204%
Treasury shares	-	-	-	-	
Excess Cost over Net Book Value of Subsidiary Investments	-	-	-	-	
TOTAL SHAREHOLDERS EQUITY	27,078,246	29,146,720	23,862,142	(2,068,474)	-7%
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	32,515,852	35,305,957	29,703,408	(2,790,104)	-8%

HANA MICROELECTRONICS GROUP

CONSOLIDATED Summary Statement of Cashflows

'000 Baht	Year 2024	Year 2023	Year 2022	2024-2023
Cashflow from Operating Activities				
Net Earnings before Tax	(547,500)	1,846,035	2,209,451	(2,393,536)
Adjustments to reconcile net earnings to net cash provided by operating activities				
Non Cash items				
Depreciation & Amortisation	1,776,584	1,702,296	1,629,827	74,288
Unrealised (gain) Loss on exchange	(74,512)	18,139	93,392	(92,650)
Change in other provisions	1,705,694	544,080	65,060	1,161,614
	<u>3,407,766</u>	<u>2,264,515</u>	<u>1,788,279</u>	<u>1,143,251</u>
Working Capital (increase) decrease				
Trade accounts receivable	800,512	(195,782)	(536,317)	996,294
Inventories	1,656,714	53,281	(2,666,004)	1,603,433
Trade accounts payable	(320,978)	(670,730)	598,177	349,752
Other	(119,027)	(47,028)	(51,871)	(71,999)
	<u>2,017,221</u>	<u>(860,259)</u>	<u>(2,656,015)</u>	<u>2,877,480</u>
Net Cashflow from Operating Activities	<u>4,877,487</u>	<u>3,250,291</u>	<u>1,341,715</u>	<u>1,627,196</u>
Cashflow from Investing Activities				
(Increase) decrease in short term investment	(2,019,203)	(793,658)	1,306,046	(1,225,545)
Increase in property, plant and equipment	(1,157,699)	(2,653,935)	(2,491,394)	1,496,236
Proceeds from sale of fixed assets	13,711	34,975	20,852	(21,264)
Increase (decrease) in translation adjustment	(753,881)	(330,975)	116,110	(422,906)
Decrease in short term loans to related parties				-
Other	(31,807)	-	(4,463)	(31,807)
	<u>(3,948,879)</u>	<u>(3,743,593)</u>	<u>(1,052,848)</u>	<u>(205,285)</u>
Cashflow from Financing Activities				
Proceeds from Capital Increase	-	4,587,805	0	(4,587,805)
Cash received from increase in share capital & overdraft	(529,927)	1,330,329	(11,014)	(1,860,256)
Dividend paid	(664,025)	(845,123)	(1,207,318)	181,098
Net cash (used in) from financing activities	<u>(1,193,952)</u>	<u>5,073,011</u>	<u>(1,218,332)</u>	<u>(6,266,963)</u>
Net Cash, equivalents and short term liquid investments increase (decrease)	(265,343)	4,579,709	(929,465)	(4,845,052)
Cash and Equivalents at the beginning of the period	<u>6,954,416</u>	<u>2,374,708</u>	<u>3,304,173</u>	<u>4,579,708</u>
Cash and Equivalents at the end of the period	<u>6,689,073</u>	<u>6,954,416</u>	<u>2,374,708</u>	<u>(265,344)</u>

HANA MICROELECTRONICS GROUP

Financial Ratios

'000 Baht	Year 2024	Year 2023	Year 2022	2024-2023
Profitability Ratios				
Gross Profit Margin (%)	9%	11%	13%	-2%
Operating Profit Margin (%)	3%	7%	9%	-4%
Net Profit before Exceptional Margin (%)	4%	7%	9%	-3%
Net Profit after Exceptional Margin (%)	-3%	7%	8%	-10%
EBITDA margin (%)	11%	13%	15%	-2%
Return On Equity (%) pa	-2%	6%	9%	-8%
Return On Assets (%) pa	-2%	5%	7%	-7%
Return On Operating Capital Employed (%) pa	5%	8%	12%	-3%
Efficiency Ratios				
Working Capital Turnover (A/R+Inventory-A/P)	3	2	3	1
Account Receivable days	71	71	64	
Inventory days	130	145	127	(15)
Accounts Payable days	52	59	60	(7)
Liquidity Ratios				
Current Ratio	5.5	4.6	3.6	0.9
Quick Ratio	3.7	2.8	1.7	0.9
Financial Capital Ratios				
Debt / Equity	0.2	0.2	0.2	
Net Debt to Equity	-0.2	-0.1	0.1	-0.1
Interest Coverage	n/a	n/a	n/a	