

## Management's Discussion and Analysis

First Quarter ending 31st March 2025

### Overall Group Performance

Hana Microelectronics Group 'Hana' Sales Revenue decreased -18% year on year to THB 5,252 million for the first quarter of 2025 from THB 6,371 million for the first quarter 2024. Sales Revenue in USD terms decreased -13% to USD 155m in Q1 2025 from USD 179m in Q1 2024. Normalised Profit increased 30% to THB 458m in Q1 2025 from THB 352m in Q1 2024.

Net Profit increased to THB 478m in Q125 from THB 313m in Q124, due to higher other operating income and exchange gain in Q125 compared to Q124.

THB '000	Quarter		Quarter		Q125-Q124	%
	Q125		Q124			
PCBA (Lamphun, Thailand)	2,719,048	52%	3,176,248	50%	(457,200)	-14%
PCBA (Jiaxing, China)	648,757	12%	884,169	14%	(235,412)	-27%
PCBA (Cambodia)	75,606	1%	60,852	1%	14,754	24%
IC (Ayutthaya, Thailand)	1,186,065	23%	1,623,560	26%	(437,495)	-27%
IC (Jiaxing, China)	191,847	4%	124,678	2%	67,169	54%
HTI (Ohio, USA)	349,965	7%	410,714	6%	(60,749)	-15%
IC Korea	80,789	1%	90,288	1%	(9,499)	-11%
Total Revenue	5,252,077	100%	6,370,509	100%	(1,118,432)	-18%

### Sales Revenue Analysis

#### Year on Year Sales Revenue Analysis

Quarter 1 2025 sales revenue for the group decreased -13% year-on-year in USD terms to USD 155m from USD 179m in Q124. The average exchange rate for Q125 was 5% stronger at THB/USD 34.0 from THB/USD 35.7 in Q124. As a result the sales revenue in THB terms decreased -18% year on year for the quarter.

Year-on-year, in USD terms, the microelectronics divisions sales decreased by -13%. Sales in Lamphun decreased -10.1% and Jiaxing decreased by -23% year on year. The IC divisions sales revenues decreased -17% in Q125, with revenues of the IC division in Ayutthaya decreasing -23% and Jiaxing increasing by 61%. Power Master Semiconductor 'PMS', in Korea, sales revenue decreased -5%. Hana Technologies Inc. 'HTI' the Microdisplay/RFID operation in Ohio sales revenue decreased -11% in Q125 from Q124.

#### Quarter on Quarter Sales Revenue Analysis

Quarter-on-Quarter, in USD terms, sales for the group decreased -6% to 155m in Q125 from USD 164m in Q424. Sales in the microelectronics divisions decreased -5% with Lamphun decreasing -1% and Jiaxing decreasing -21%. Sales revenues from the IC divisions decreased -7% in Q125 from Q424 with Ayutthaya sales decreasing -5% and Jiaxing IC sales decreasing by -7%. PMS sales decreased -25% in Q125 compared to Q424. HTI sales decreased -1% in Q125 compared to Q424.

### Sales Revenue Split

	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
PCBA (Lamphun, Thailand)	52%	49%	48%	48%	50%
PCBA (Jiaxing, China)	12%	15%	13%	15%	14%
PCBA (Cambodia)	1%	1%	1%	1%	1%
IC (Ayutthaya, Thailand)	23%	23%	25%	24%	26%
IC (Jiaxing, China)	4%	4%	3%	2%	2%
HTI (Ohio, USA)	7%	6%	8%	7%	6%
IC Korea	1%	2%	2%	3%	1%
	100%	100%	100%	100%	100%

### Gross Profit / Cost of Sales Analysis

The Gross Profit margin decreased -1% points to 10% in Q125 from 11% Q124. Gross Margin in Q125 decreased due to lower sales revenue [-1%].

## **Operating Profit Analysis, Sales and Administration Analysis**

Year-on-year Normalised Profit, was 30% higher at THB 458m in Q125 compared to THB 352m in Q124 due to higher other operating income. The Normalised Profit margin increased to 9% in Q125 from 6% in Q124. SG&A expenses decreased -2% in Q125 compared to Q124.

## **Foreign Exchange Rates**

Each week's sales and purchases are booked based on the exchange rate at the close of the previous week. The average exchange rate for Q125 was THB/USD 33.96, Q124 was THB/USD 35.66, (Q424 was THB/USD 33.99).

The offshore subsidiaries income statements are translated at the average rate for the quarter, (for their respective currencies). The Balance sheets of the offshore companies were translated at the closing rate of THB/USD 33.93 at 31/03/25, and THB/USD 36.47 at 31/03/24 (33.99 at 31/12/24) or the respective rate applicable to each offshore subsidiary's base currency.

## **Payout Analysis**

No dividends were paid in Q125 or Q124.

## **Financial Status**

Net Cash reserves and financial investments were THB 10.2 billion at the 31st March 2025 up from THB 8.7 billion at the 31st March 2024.

## **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 88 days at 31st March 2025, and 72 days in 2024.

	<u>31-Mar-25</u>	<u>31-Mar-24</u>	THB '000
Trade Receivables			
Less than 3 months	4,658,725	4,826,355	
3 - 6 months	51,471	82,228	
6 - 12 months	69,074	32,988	
More than 12 months	2,335	11,441	
Total accounts receivable - other companies	<u>4,781,605</u>	<u>4,953,012</u>	
Less : Allowance for doubtful accounts	(3,331)	(16,790)	
	<u>4,778,274</u>	<u>4,936,222</u>	

### **Inventory**

In general, Hana's production is based on clients' orders, 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 127 days as at 31st March 2025 and 147 days as at 31st March 2024.

### **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. Average accounts payable were 58 days in Q125, 59 days in Q124.

### **Liquidity**

Liquidity Current ratio is over 3 times current liabilities. Operating Cashflow (Recurring EBITDA) in Q1 2025 was THB 899m which was 12% higher than Q1 2024 at THB 803m.

### **Capital Expenditure**

Capital Expenditure was THB 210m in Q1 2025 and THB 400m in Q1 2024. 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**

The group has debt to fund certain subsidiaries capital expenditure. However, as the operating working capital is positive, the groups major 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 groups sales revenue are in foreign currency (primarily USD) and USD currency costs are approximately 60% 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.  $(1 - 0.60) \times \text{Sales Revenue} \times 10\%$ ). 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.

### **Exceptional Items**

None

### **Subsequent Event**

None

### **Forward Looking Statement**

#### **Factors That May Effect the financial condition of the Operating Results**

The principle risks which may affect the company's operations 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. Pandemic risks such as COVID-19, may occur which may affect customer demand and the global supply chain.

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED STATEMENT OF EARNINGS

'000 Baht	Quarter		Quarter		%	
	Q125		Q124		Q125-Q124	Q125-Q124
<b>REVENUES</b>						
Sales	5,252,077		6,370,509		(1,118,432)	-18%
consisting of:						
PCBA (Lamphun, Thailand)	2,719,048	52%	3,176,248	50%	(457,200)	-14%
PCBA (Jiaxing, China)	648,757	12%	884,169	14%	(235,412)	-27%
PCBA (Cambodia)	75,606	1%	60,852	1%	14,754	24%
IC (Ayutthaya, Thailand)	1,186,065	23%	1,623,560	26%	(437,495)	-27%
IC (Jiaxing, China)	191,847	4%	124,678	2%	67,169	54%
HTI (Ohio, USA)	349,965	7%	410,714	6%	(60,749)	-15%
IC (Korea)	80,789	1%	90,288	1%	(9,499)	-11%
	<u>5,252,077</u>	100%	<u>6,370,509</u>	100%	<u>(1,118,432)</u>	-18%
Other Income	340,216		95,465		244,751	256%
<b>TOTAL OPERATING REVENUES</b>	<u>5,592,293</u>		<u>6,465,974</u>		<u>(873,681)</u>	-14%
<b>EXPENSES</b>						
Cost of Sales	4,721,743	90%	5,683,442	89%	(961,699)	-17%
Selling & Admin. Expenses	368,764	7%	387,448	6%	(18,684)	-5%
R&D Expenses	52,293	1%	27,758	0%	24,535	88%
Other Expenses	-	0%	-	0%	-	0%
<b>TOTAL EXPENSES</b>	<u>5,142,800</u>	98%	<u>6,098,648</u>	96%	<u>(955,848)</u>	-16%
<b>OPERATING EARNINGS incl Other Income</b>	<u>449,493</u>	8%	<u>367,326</u>	6%	<u>82,167</u>	22%
Other Income - non operating	-		-		-	0%
Interest Income	40,370		35,441		4,929	14%
Finance Expenses	(7,109)		(23,856)		16,747	
<b>EARNINGS before Income Tax</b>	<u>482,754</u>	9%	<u>378,911</u>	6%	<u>103,843</u>	27%
Corporate Income Tax	(22,850)	0%	(26,648)	0%	3,798	-14%
Share of Assoc. company Profit (Loss)	(1,705)					
<b>Normalised Profit</b>	<u>458,199</u>		<u>352,263</u>		<u>107,641</u>	31%
Revaluation of Financial Instruments	-		-		-	
Exchange Gain (Loss)	19,914		(39,062)		58,976	
Exceptional Items	-		-		-	
<b>NET EARNINGS for the Period</b>	<u>478,113</u>	9%	<u>313,201</u>	5%	<u>166,617</u>	53%
	(0)		-			
<b>EARNINGS % of SALES</b>	9%		5%		4%	
Average number of shares (1 Baht par)	885,367		885,367		-	
EARNINGS per SHARE (baht) before exch. & exceptionals	0.52		0.40		0.12	
EARNINGS per SHARE (baht) after exceptionals	0.54		0.35		0.19	
Normalised Profit	458,199		352,263		105,936	30%
EBIT	508,072		363,705		144,367	
Depreciation	391,093		439,011		(47,918)	
EBITDA	899,165		802,716		96,449	12%
EBITDA % of Sales Revenue	17%		13%			

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED Balance Sheet

'000 Baht	Quarter <u>31-Mar-25</u>	Quarter <u>31-Mar-24</u>	<u>Q125-Q124</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash in Hand & at Banks	5,507,079	2,825,591	2,681,488
Financial Investments	4,766,149	7,026,965	(2,260,816)
Accounts Receivable - trade	5,144,690	5,065,439	79,251
Amounts due from Related Companies	-	-	
Short Term Loans	344,727	-	
Inventories	6,687,120	9,258,424	(2,571,304)
Other Current Assets	107,986	193,102	(85,116)
<b>TOTAL CURRENT ASSETS</b>	<u>22,557,751</u>	<u>24,369,521</u>	<u>(1,811,770)</u>
Long Term Financial Investments	-	-	
<b>FIXED ASSETS (net)</b>	9,491,996	11,919,594	(2,427,598)
OTHER ASSETS	362,311	453,102	(90,791)
<b>TOTAL ASSETS</b>	<u>32,412,058</u>	<u>36,742,217</u>	<u>(4,330,159)</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank Overdrafts & Loans	-	1,127,373	(1,127,373)
Accounts & Notes Payable	3,024,921	3,749,241	(724,320)
Accrued Expenses	-	364,651	(364,651)
Short Term Provisions	339,265	-	339,265
Corporate Income Tax Payable	34,033	69,741	(35,708)
Current portion of Long Term Loan	46,723	30,208	16,515
Current portion of Lease Liabilities	2,756	2,778	(22)
Other Current Liabilities	140,654	144,853	(4,199)
<b>TOTAL CURRENT LIABILITIES</b>	<u>3,588,352</u>	<u>5,488,845</u>	<u>(1,900,493)</u>
Long Term Loans	314,446	240,150	74,296
Other Long Term Liabilities	1,009,860	916,927	92,933
<b>TOTAL LIABILITIES</b>	<u>4,912,658</u>	<u>6,645,922</u>	<u>(1,733,264)</u>
<b>SHAREHOLDERS EQUITY</b>			
Share Capital	885,367	885,367	
Treasury Shares	-	-	
Share Premium	6,230,536	6,230,536	
Retained Earnings			
Appropriated Statutory Reserve	549,109	541,627	7,482
Unappropriated	20,266,347	21,443,240	(1,176,893)
Other components of shareholders equity	(431,959)	995,525	(1,427,484)
Unrealised gain(loss) on change in investments	-	-	
Excess Cost over Net Book Value of Subsidiary Investments	-	-	
<b>TOTAL SHAREHOLDERS EQUITY</b>	<u>27,499,400</u>	<u>30,096,295</u>	<u>(2,596,895)</u>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS EQUITY</b>	<u>32,412,058</u>	<u>36,742,217</u>	<u>(4,330,159)</u>

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED Summary Statement of Cashflows

'000 Baht	Quarter <u>31-Mar-25</u>	Quarter <u>31-Mar-24</u>
<b>Cashflow from Operating Activities</b>		
Net Earnings before tax	500,963	339,849
<b>Adjustments to reconcile net earnings to net cash provided by operating activities</b>		
<b>Non Cash items</b>		
Depreciation & Amortisation	391,093	439,011
Unrealised (gain) Loss on exchange	(11,796)	(94,977)
Increase (Decrease) in allowance for doubtful debts	(671)	826
Increase (Decrease) in allowance for obsolete inventories	(175,285)	48,728
Change in other provisions	(227,652)	10,760
	<u>(24,311)</u>	<u>404,348</u>
<b>Working Capital (increase) decrease</b>		
Trade accounts receivable	(649,474)	312,057
Inventories	789,226	(337,805)
Trade accounts payable	(10,078)	323,165
Other	(36,897)	(104,205)
	<u>92,777</u>	<u>193,212</u>
<b>Net Cashflow from Operating Activities</b>	<u>569,429</u>	<u>937,409</u>
<b>Cashflow from Investing Activities</b>		
(Increase) decrease in short term investment	(659,226)	(5,076,772)
Increase in property, plant and equipment	(173,467)	(684,185)
Proceeds from sale of fixed assets	47,003	932
Increase (decrease) in translation adjustment	(64,766)	721,452
Revaluation deficit on investments	(326,382)	2,759
Other		
	<u>(1,176,838)</u>	<u>(5,035,814)</u>
<b>Cashflow from Financing Activities</b>		
Cash received from increase in share capital	(43,529)	(41,973)
Dividend paid	-	-
Other	(531,056)	11,553
Net cash (used in ) from financing activities	<u>(574,585)</u>	<u>(30,420)</u>
Net Cash, equivalents and short term liquid investments increase (decrease)	(1,181,994)	(4,128,825)
Cash and Equivalents at the beginning of the period	6,689,073	6,954,417
Cash and Equivalents at the end of the period	<u>5,507,079</u>	<u>2,825,591</u>

# HANA MICROELECTRONICS GROUP

## Financial Ratios

'000 Baht	<u>Quarter</u> <b>31-Mar-25</b>	<u>Quarter</u> <b>31-Mar-24</b>	<u>Q125-Q124</u>	
<b>Profitability Ratios</b>				
Gross Profit Margin (%)	10%	11%	-1%	
Operating Profit Margin (%)	10%	6%	4%	
Net Profit before Exceptional Margin (%)	9%	6%	3%	
Net Profit after Exceptional Margin (%)	9%	5%	4%	
EBITDA margin (%)	17%	13%	4%	
Return On Equity (%) pa	7%	4%	3%	
Return On Assets (%) pa	6%	3%	3%	
Return On Operating Capital Employed (%) pa	10%	7%	3%	
<b>Efficiency Ratios</b>				
Working Capital Turnover (A/R+Inventory-A/P)	2	2		
Account Receivable days	88	72	16	
Inventory days	127	147	-	20
Accounts Payable days	58	59	-	1
<b>Liquidity Ratios</b>				
Current Ratio	6	4	2	
Quick Ratio	4	3	1	
<b>Financial Capital Ratios</b>				
Debt / Equity	0	0		
Net Debt to Equity	0	0		
Interest Coverage	n/a	n/a		