

## **Management's Discussion and Analysis**

**Second Quarter ending 30th June 2025**

### **Overall Group Performance**

Hana Microelectronics Group 'Hana' Sales Revenue decreased -23% year on year to THB 5,199 million for the second quarter of 2025 from THB 6,752 million for the second quarter 2024. Sales Revenue in USD terms decreased -15% to USD 157m in Q2 2025 from USD 184m in Q2 2024. Normalised Profit decreased -69% to THB 151m in Q2 2025 from THB 487m in Q2 2024.

Net Profit decreased to THB 35m in Q225 from THB 376m in Q224, due to lower sales revenue and 10% stronger exchange rate in Q225 compared to Q224.

THB '000	<u>Quarter</u>		<u>Quarter</u>			<u>%</u>
	<u>Q225</u>		<u>Q224</u>		<u>Q225-Q224</u>	<u>Q225-Q224</u>
PCBA (Lamphun, Thailand)	2,588,287	50%	3,232,392	48%	(644,105)	-20%
PCBA (Jiaxing, China)	599,481	12%	1,003,979	15%	(404,498)	-40%
PCBA (Cambodia)	92,890	2%	70,042	1%	22,848	33%
IC (Ayutthaya, Thailand)	1,322,374	25%	1,604,026	24%	(281,652)	-18%
IC (Jiaxing, China)	238,675	5%	168,034	2%	70,641	42%
HTI (Ohio, USA)	305,798	6%	503,517	7%	(197,719)	-39%
IC Korea	51,575	0%	169,723	3%	(118,148)	-70%
Total Revenue	5,199,080	100%	6,751,713	100%	(1,552,633)	-23%

### **Sales Revenue Analysis**

#### **Year on Year Sales Revenue Analysis**

Quarter 2 2025 sales revenue for the group decreased -15% year-on-year in USD terms to USD 157m from USD 184m in Q224. The average exchange rate for Q225 was 10% stronger at THB/USD 33.1 from THB/USD 36.7 in Q224. As a result the sales revenue in THB terms decreased -23% year on year for the quarter.

Year-on-year, in USD terms, the microelectronics divisions sales decreased by -17%. Sales in Lamphun decreased -11% and Jiaxing decreased by -34% year on year. The IC divisions sales revenues decreased -2% in Q225, with revenues of the IC division in Ayutthaya decreasing -9% and Jiaxing increasing by 56%. Power Master Semiconductor 'PMS', in Korea, sales revenue decreased -67%. Hana Technologies Inc. 'HTI' the Microdisplay/RFID operation in Ohio sales revenue decreased -33% in Q225 from Q224.

#### **Quarter on Quarter Sales Revenue Analysis**

Quarter-on-Quarter, in USD terms, sales for the group increased 2% to 157m in Q225 from USD 154m in Q125. Sales in the microelectronics divisions decreased -3% with Lamphun decreasing -2% and Jiaxing decreasing -6%. Sales revenues from the IC divisions increased 16% in Q225 from Q125 with Ayutthaya sales increasing 15% and Jiaxing IC sales increasing by 27%. PMS sales decreased -35% in Q225 compared to Q125. HTI sales decreased -11% in Q225 compared to Q125.

### **Sales Revenue Split**

	<u>Q2 2025</u>	<u>Q1 2025</u>	<u>Q4 2024</u>	<u>Q3 2024</u>	<u>Q2 2024</u>
PCBA (Lamphun, Thailand)	50%	52%	49%	48%	48%
PCBA (Jiaxing, China)	12%	12%	15%	13%	15%
PCBA (Cambodia)	2%	1%	1%	1%	1%
IC (Ayutthaya, Thailand)	25%	23%	23%	25%	24%
IC (Jiaxing, China)	5%	4%	4%	3%	2%
HTI (Ohio, USA)	6%	7%	6%	8%	7%
IC Korea	0%	1%	2%	2%	3%
	100%	100%	100%	100%	100%

### **Gross Profit / Cost of Sales Analysis**

The Gross Profit margin decreased -3% points to 9% in Q225 from 12% Q224. Gross Margin in Q225 decreased due to stronger THB/USD exchange rate [-2%], lower sales revenue [-1%].

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

Year-on-year Normalised Profit, was -69% lower at THB 151m in Q225 compared to THB 487m in Q224. The Normalised Profit margin decreased to 3% in Q225 from 7% in Q224. SG&A expenses decreased -1% in Q225 compared to Q224.

### **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 Q225 was THB/USD 33.11, Q224 was THB/USD 36.71, (Q125 was THB/USD 33.96).

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 32.56 at 30/06/25, and THB/USD 36.85 at 30/06/24 (33.93 at 31/03/25) or the respective rate applicable to each offshore subsidiary's base currency.

### **Payout Analysis**

In Q225 THB 443m final dividend of THB 0.50 per share was paid during the quarter 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.

### **Financial Status**

Net Cash reserves and financial investments were THB 10.1 billion at the 30th June 2025 up from THB 9.4 billion at the 30th June 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 89 days at 30th June 2025, and 68 days in 2024.

	<u>30-Jun-25</u>	<u>30-Jun-24</u>	THB '000
Trade Receivables			
Less than 3 months	4,859,332	4,828,713	
3 - 6 months	88,992	144,157	
6 - 12 months	70,717	38,298	
More than 12 months	1,326	11,518	
Total accounts receivable - other companies	5,020,367	5,022,686	
Less : Allowance for doubtful accounts	(3,873)	(7,668)	
	<u>5,016,494</u>	<u>5,015,018</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 120 days as at 30th June 2025 and 133 days as at 30th June 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 61 days in Q225, 60 days in Q224.

#### **Liquidity**

Liquidity Current ratio is over 3 times current liabilities. Operating Cashflow (Recurring Adjusted EBITDA) in Q2 2025 was THB 518m which was -44% lower than Q2 2024 at THB 933m.

#### **Capital Expenditure**

Capital Expenditure was THB 203m in Q2 2025 and THB 642m in Q2 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

	Quarter		Quarter				%
'000 Baht	Q225		Q224		Q225-Q224		Q225-Q224
REVENUES							
Sales	5,199,080		6,751,713		(1,552,633)		-23%
consisting of:							
PCBA (Lamphun, Thailand)	2,588,287	50%	3,232,392	48%	(644,105)		-20%
PCBA (Jiaxing, China)	599,481	12%	1,003,979	15%	(404,498)		-40%
PCBA (Cambodia)	92,890	2%	70,042	1%	22,848		33%
IC (Ayutthaya, Thailand)	1,322,374	25%	1,604,026	24%	(281,652)		-18%
IC (Jiaxing, China)	238,675	5%	168,034	2%	70,641		42%
HTI (Ohio, USA)	305,798	6%	503,517	7%	(197,719)		-39%
IC (Korea)	51,575	0%	169,723	3%	(118,148)		-70%
	5,199,080	100%	6,751,713	100%	(1,552,633)		-23%
Other Income	80,687		79,068		1,619		2%
TOTAL OPERATING REVENUES	5,279,767		6,830,781		(1,551,014)		-23%
EXPENSES							
Cost of Sales	4,709,330	91%	5,917,585	88%	(1,208,255)		-20%
Selling & Admin. Expenses	382,355	7%	390,585	6%	(8,230)		-2%
R&D Expenses	55,970	1%	28,431	0%	27,539		97%
Other Expenses	-	0%	-	0%	-		0%
TOTAL EXPENSES	5,147,655	99%	6,336,601	94%	(1,188,946)		-19%
OPERATING EARNINGS incl Other Income	132,112	3%	494,180	7%	(362,068)		-73%
Other Income - non operating	68		71		(3)		-4%
Interest Income	55,789		49,415		6,374		13%
Finance Expenses	(3,553)		(25,856)		22,303		
EARNINGS before Income Tax	184,416	3%	517,810	8%	(333,394)		-64%
Corporate Income Tax	(19,702)	0%	(30,922)	0%	11,220		-36%
Share of Assoc. company Profit (Loss)	(13,530)						
Normalised Profit	151,184		486,888		(322,174)		-66%
Revaluation of Financial Instruments	-		-		-		
Exchange Gain (Loss)	(116,409)		(110,504)		(5,905)		
Exceptional Items	-		-		-		
NET EARNINGS for the Period	34,775	1%	376,384	6%	(328,079)		-87%
	0		-				
EARNINGS % of SALES	1%		6%		-5%		
Average number of shares (1 Baht par)	885,367		885,367		-		
EARNINGS per SHARE (baht) before exch. & exceptionals	0.17		0.55	-	0.38		
EARNINGS per SHARE (baht) after exceptionals	0.04		0.43	-	0.39		
Normalised Profit	151,184		486,888		(335,704)		-69%
EBIT (incl interest income and exch. G(L))	58,030		433,162		(375,132)		
Depreciation	399,722		438,845		(39,123)		
EBITDA (incl interest income and exch. G(L))	457,752		872,007		(414,255)		-48%
Adjusted EBITDA (excl interest income & exch. gain/loss)	518,372		933,096		(414,724)		-44%
Adjusted EBITDA % of Sales Revenue	10%		14%				

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED STATEMENT OF EARNINGS

	YTD		YTD		YTD	YTD %
'000 Baht	30-Jun-25		30-Jun-24		Q225-Q224	Q225-Q224
<b>REVENUES</b>						
Sales	10,451,157		13,122,222		(2,671,065)	-20%
consisting of:						
PCBA (Lamphun, Thailand)	5,307,335	51%	6,408,639	49%	(1,101,304)	-17%
PCBA (Jiaxing, China)	1,248,238	12%	1,888,148	14%	(639,910)	-34%
PCBA (Cambodia)	168,496	2%	130,895	1%	37,601	29%
IC (Ayutthaya, Thailand)	2,508,439	24%	3,227,586	25%	(719,146)	-22%
IC (Jiaxing, China)	430,522	4%	292,712	2%	137,810	47%
HTI (Ohio, USA)	655,763	6%	914,232	7%	(258,468)	-28%
IC (Korea)	132,364	1%	260,010	2%	(127,647)	-49%
	10,451,157	100%	13,122,222	100%	(2,671,065)	-20%
Other Income	420,903		174,533		246,370	141%
<b>TOTAL OPERATING REVENUES</b>	<b>10,872,060</b>		<b>13,296,755</b>		<b>(2,424,695)</b>	<b>-18%</b>
<b>EXPENSES</b>						
Cost of Sales	9,431,073	90%	11,601,027	88%	(2,169,954)	-19%
Selling & Admin. Expenses	751,119	7%	778,033	6%	(26,914)	-3%
R&D Expenses	108,263	1%	56,189	0%	52,074	93%
Other Expenses	-	0%	-	0%	-	0%
<b>TOTAL EXPENSES</b>	<b>10,290,455</b>	<b>98%</b>	<b>12,435,249</b>	<b>95%</b>	<b>(2,144,794)</b>	<b>-17%</b>
<b>OPERATING EARNINGS incl Other Income</b>	<b>581,605</b>	<b>5%</b>	<b>861,506</b>	<b>6%</b>	<b>(279,901)</b>	<b>-32%</b>
Other Income - non operating	68		71		(3)	
Interest Income	96,159		84,856		11,303	13%
Finance Expenses	(10,662)		(49,712)		39,050	
<b>EARNINGS before Income Tax</b>	<b>667,170</b>	<b>6%</b>	<b>896,721</b>	<b>7%</b>	<b>(229,551)</b>	<b>-26%</b>
Corporate Income Tax	(42,552)	6%	(57,570)	6%	15,018	-26%
Share of Assoc. company Profit (Loss)	(15,235)		-			
<b>Normalised Profit</b>	<b>609,383</b>		<b>839,151</b>		<b>(214,533)</b>	<b>-26%</b>
Revaluation of Financial Instruments	-		-		-	
Exchange Gain (Loss)	(96,495)		(149,566)		53,071	
Exceptional Items	-		-		-	
<b>NET EARNINGS for the Period</b>	<b>512,888</b>	<b>5%</b>	<b>689,585</b>	<b>5%</b>	<b>(161,462)</b>	<b>-23%</b>
	(0)		(0)			
<b>EARNINGS % of SALES</b>	<b>5%</b>		<b>5%</b>		<b>0%</b>	
Average number of shares (1 Baht par)	885,367		885,367		-	
EARNINGS per SHARE (baht) before exch. & exceptionals	0.69		0.95	-	0.26	
EARNINGS per SHARE (baht) after exceptionals	0.58		0.78	-	0.20	
Normalised Profit	609,383		839,151		(229,768)	
EBIT (incl interest income and exch. G(L))	566,102		796,867		(230,765)	
Depreciation	790,815		877,856		(87,041)	
EBITDA (incl interest income and exch. G(L))	1,356,917		1,674,723		(317,806)	
Adjusted EBITDA (excl interest income & exch. gain/loss)	1,357,253		1,739,433		(382,180)	
Adjusted EBITDA % of Sales Revenue	13%		13%			

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED Balance Sheet

	Quarter 30-Jun-25	Quarter 30-Jun-24	Q225-Q224
'000 Baht			
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash in Hand & at Banks	4,609,681	2,902,545	1,707,136
Financial Investments	5,503,978	7,649,746	(2,145,768)
Accounts Receivable - trade	5,154,407	5,130,009	24,398
Amounts due from Related Companies	-	-	
Short Term Loans	311,467	-	
Inventories	6,296,540	8,729,610	(2,433,070)
Other Current Assets	110,948	151,454	(40,506)
<b>TOTAL CURRENT ASSETS</b>	<b>21,987,021</b>	<b>24,563,364</b>	<b>(2,576,343)</b>
Long Term Financial Investments	-	-	
<b>FIXED ASSETS (net)</b>	<b>9,258,217</b>	<b>12,079,700</b>	<b>(2,821,483)</b>
OTHER ASSETS	327,227	538,593	(211,366)
<b>TOTAL ASSETS</b>	<b>31,572,465</b>	<b>37,181,657</b>	<b>(5,609,192)</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank Overdrafts & Loans	-	1,134,500	(1,134,500)
Accounts & Notes Payable	3,184,596	3,931,327	(746,731)
Accrued Expenses	-	-	
Short Term Provisions	325,564	368,497	(42,933)
Corporate Income Tax Payable	12,178	39,949	(27,771)
Current portion of Long Term Loan	-	50,581	(50,581)
Current portion of Lease Liabilities	2,848	1,416	1,432
Other Current Liabilities	148,271	156,747	(8,476)
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,673,457</b>	<b>5,683,017</b>	<b>(2,009,560)</b>
Long Term Loans	-	388,462	(388,462)
Other Long Term Liabilities	1,012,860	932,868	79,992
<b>TOTAL LIABILITIES</b>	<b>4,686,317</b>	<b>7,004,347</b>	<b>(2,318,030)</b>
<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	543,531	5,578
Unappropriated	19,858,439	21,375,037	(1,516,598)
Other components of shareholders equity	(637,303)	1,142,839	(1,780,142)
Unrealised gain(loss) on change in investments	-	-	
Excess Cost over Net Book Value of Subsidiary Investments	-	-	
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>26,886,148</b>	<b>30,177,310</b>	<b>(3,291,162)</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS EQUITY</b>	<b>31,572,465</b>	<b>37,181,657</b>	<b>(5,609,192)</b>

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED Summary Statement of Cashflows

'000 Baht	Quarter 30-Jun-25	Quarter 30-Jun-24
<b>Cashflow from Operating Activities</b>		
Net Earnings before tax	54,477	407,306
Adjustments to reconcile net earnings to net cash provided by operating activities		
Non Cash items		
Depreciation & Amortisation	399,722	438,845
Unrealised (gain) Loss on exchange	38,741	24,593
Increase (Decrease) in allowance for doubtful debts	542	(9,122)
Increase (Decrease) in allowance for obsolete inventories	133,757	16,837
Change in other provisions	(22,911)	(54,096)
	549,851	417,057
Working Capital (increase) decrease		
Trade accounts receivable	(65,070)	(97,141)
Inventories	263,260	572,313
Trade accounts payable	214,655	(2,206)
Other	(51,148)	(5,601)
	361,697	467,365
<b>Net Cashflow from Operating Activities</b>	966,025	1,291,728
<b>Cashflow from Investing Activities</b>		
(Increase) decrease in short term investment	(990,280)	(575,570)
Increase in property, plant and equipment	(277,999)	(394,566)
Proceeds from sale of fixed assets	3,115	4,901
Increase (decrease) in translation adjustment	(196,806)	170,249
Revaluation deficit on investments	368,358	(100,912)
Other		
	(1,093,612)	(895,898)
<b>Cashflow from Financing Activities</b>		
Cash received from increase in share capital	33,464	(31,377)
Dividend paid	(442,683)	(442,683)
Other	(360,592)	210,266
<b>Net cash (used in ) from financing activities</b>	(769,811)	(263,794)
Net Cash, equivalents and short term liquid investments increase (decrease)	(897,398)	132,036
Cash and Equivalents at the beginning of the period	5,507,079	2,825,591
Cash and Equivalents at the end of the period	4,609,681	2,957,627

## HANA MICROELECTRONICS GROUP

## Financial Ratios

'000 Baht	Quarter 30-Jun-25	Quarter 30-Jun-24	Q225-Q224	
Profitability Ratios				
Gross Profit Margin (%)	9%	12%	-	-3%
Operating Profit Margin (%)	4%	8%	-	-4%
Net Profit before Exceptional Margin (%)	3%	7%	-	-4%
Net Profit after Exceptional Margin (%)	1%	6%	-	-5%
EBITDA margin (%)	10%	14%	-	-4%
Return On Equity (%) pa	1%	5%	-	-4%
Return On Assets (%) pa	0%	4%	-	-4%
Return On Operating Capital Employed (%) pa	3%	9%	-	-6%
Efficiency Ratios				
Working Capital Turnover (A/R+Inventory-A/P)	2	3	-	1
Account Receivable days	89	68	-	21
Inventory days	120	133	-	13
Accounts Payable days	61	60	-	1
Liquidity Ratios				
Current Ratio	6	4	-	2
Quick Ratio	4	3	-	1
Financial Capital Ratios				
Debt / Equity	0	0	-	
Net Debt to Equity	0	0	-	
Interest Coverage	n/a	n/a	-	