

Management's Discussion and Analysis

Third Quarter ending 30th September 2025

Overall Group Performance

Hana Microelectronics Group 'Hana' Sales Revenue decreased -13% year on year to THB 5,295 million for the third quarter of 2025 from THB 6,100 million for the third quarter 2024. Sales Revenue in USD terms decreased -6% to USD 164m in Q3 2025 from USD 175m in Q3 2024. Normalised Profit decreased -24% to THB 39m in Q3 2025 from THB 52m in Q3 2024.

Net Profit decreased to THB 15m in Q325 from THB 406m in Q324, due to lower sales revenue and 7% stronger exchange rate in Q325 compared to Q324, exceptional gain in Q324.

THB '000	<u>Quarter</u>		<u>Quarter</u>		<u>%</u>	
	<u>Q325</u>		<u>Q324</u>		<u>Q325-Q324</u>	<u>Q325-Q324</u>
PCBA (Lamphun, Thailand)	2,486,671	48%	2,951,595	48%	(464,924)	-16%
PCBA (Jiaxing, China)	545,522	10%	775,824	13%	(230,302)	-30%
PCBA (Cambodia)	131,892	2%	78,650	1%	53,242	68%
IC (Ayutthaya, Thailand)	1,395,820	26%	1,530,315	25%	(134,495)	-9%
IC (Jiaxing, China)	312,207	6%	177,881	3%	134,326	76%
HTI (Ohio, USA)	344,716	7%	457,922	8%	(113,206)	-25%
IC Korea	77,858	1%	127,985	2%	(50,127)	-39%
Total Revenue	5,294,686	100%	6,100,171	100%	(805,485)	-13%

Sales Revenue Analysis

Year on Year Sales Revenue Analysis

Quarter 3 2025 sales revenue for the group decreased -6% year-on-year in USD terms to USD 164m from USD 175m in Q324. The average exchange rate for Q325 was 7% stronger at THB/USD 32.3 from THB/USD 34.8 in Q324. As a result the sales revenue in THB terms decreased -13% year on year for the quarter.

Year-on-year, in USD terms, the microelectronics divisions sales decreased by -12%. Sales in Lamphun decreased -9% and Jiaxing decreased by -24% year on year. The IC divisions sales revenues increased 8% in Q325, with revenues of the IC division in Ayutthaya decreasing -2% and Jiaxing increasing by 90%. Power Master Semiconductor 'PMS', in Korea, sales revenue decreased -34%. Hana Technologies Inc. 'HTI' the Microdisplay/RFID operation in Ohio sales revenue decreased -19% in Q325 from Q324.

Quarter on Quarter Sales Revenue Analysis

Quarter-on-Quarter, in USD terms, sales for the group increased 5% to 164m in Q325 from USD 157m in Q225. Sales in the microelectronics divisions decreased -2% with Lamphun decreasing -2% and Jiaxing decreasing -6%. Sales revenues from the IC divisions increased 12% in Q325 from Q225 with Ayutthaya sales increasing 8% and Jiaxing IC sales increasing by 36%. PMS sales increased 56% in Q325 compared to Q225. HTI sales increased 17% in Q325 compared to Q225.

Sales Revenue Split

	<u>Q3 2025</u>	<u>Q2 2025</u>	<u>Q1 2025</u>	<u>Q4 2024</u>	<u>Q3 2024</u>
PCBA (Lamphun, Thailand)	48%	50%	52%	49%	48%
PCBA (Jiaxing, China)	10%	12%	12%	15%	13%
PCBA (Cambodia)	2%	2%	1%	1%	1%
IC (Ayutthaya, Thailand)	26%	25%	23%	23%	25%
IC (Jiaxing, China)	6%	5%	4%	4%	3%
HTI (Ohio, USA)	7%	6%	7%	6%	8%
IC Korea	1%	0%	1%	2%	2%
	100%	100%	100%	100%	100%

Gross Profit / Cost of Sales Analysis

The Gross Profit margin decreased -0.2% points to 6.0% in Q325 from 6.2% Q324.

Operating Profit Analysis, Sales and Administration Analysis

Year-on-year Normalised Profit, was -24% lower at THB 39m in Q325 compared to THB 52m in Q324. The Normalised Profit margin decreased to 0.7% in Q325 from 0.8% in Q324. SG&A expenses decreased -14% in Q325 compared to Q324.

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 Q325 was THB/USD 32.29, Q324 was THB/USD 34.81, (Q225 was THB/USD 33.11).

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 32.30 at 30/09/25, and THB/USD 32.29 at 30/09/24 (32.56 at 30/06/25) or the respective rate applicable to each offshore subsidiary's base currency.

Payout Analysis

No dividends were paid out during the quarter.

Financial Status

Net Cash reserves and financial investments were THB 11.6 billion at the 30th September 2025 up from THB 9.1 billion at the 30th September 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 75 days at 30th September 2025, and 71 days in 2024.

	<u>30-Sep-25</u>	<u>30-Sep-24</u>	THB '000
Trade Receivables			
Less than 3 months	3,862,739	4,576,546	
3 - 6 months	374,304	78,761	
6 - 12 months	86,091	58,606	
More than 12 months	2,101	8,793	
Total accounts receivable - other companies	4,325,235	4,722,706	
Less : Allowance for doubtful accounts	(6,711)	(5,489)	
	<u>4,318,524</u>	<u>4,717,217</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 106 days as at 30th September 2025 and 126 days as at 30th September 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 57 days in Q325, 52 days in Q324.

Liquidity

Liquidity Current ratio is over 3 times current liabilities. Operating Cashflow (Recurring Adjusted EBITDA) in Q3 2025 was THB 384m which was -21% lower than Q3 2024 at THB 485m.

Capital Expenditure

Capital Expenditure was THB 133m in Q3 2025 and THB 329m in Q3 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	Q325		Q324		Q325-Q324	Q325-Q324
REVENUES						
Sales	5,294,686		6,100,171		(805,485)	-13%
consisting of:						
PCBA (Lamphun, Thailand)	2,486,671	48%	2,951,595	48%	(464,924)	-16%
PCBA (Jiaxing, China)	545,522	10%	775,824	13%	(230,302)	-30%
PCBA (Cambodia)	131,892	2%	78,650	1%	53,242	68%
IC (Ayutthaya, Thailand)	1,395,820	26%	1,530,315	25%	(134,495)	-9%
IC (Jiaxing, China)	312,207	6%	177,881	3%	134,326	76%
HTI (Ohio, USA)	344,716	7%	457,922	8%	(113,206)	-25%
IC (Korea)	77,858	1%	127,985	2%	(50,127)	-39%
	5,294,686	100%	6,100,171	100%	(805,485)	-13%
Other Income	75,336		66,051		9,285	14%
TOTAL OPERATING REVENUES	5,370,022		6,166,223		(796,201)	-13%
EXPENSES						
Cost of Sales	4,976,502	94%	5,721,774	94%	(745,272)	-13%
Selling & Admin. Expenses	319,286	6%	386,557	6%	(67,271)	-17%
R&D Expenses	63,150	1%	37,065	1%	26,085	70%
Other Expenses	-	0%	-	0%	-	0%
TOTAL EXPENSES	5,358,938	101%	6,145,396	101%	(786,458)	-13%
OPERATING EARNINGS incl Other Income	11,084	0%	20,827	0%	(9,743)	-47%
Other Income - non operating	45		29,129		(29,084)	-100%
Interest Income	45,596		41,247		4,349	11%
Finance Expenses	(1,439)		(23,908)		22,469	
EARNINGS before Income Tax	55,286	1%	67,294	1%	(12,008)	-18%
Corporate Income Tax	(15,177)	0%	(15,651)	0%	474	-3%
Share of Assoc. company Profit (Loss)	(753)					
Normalised Profit	39,356		51,643		(11,534)	-22%
Revaluation of Financial Instruments	-		-		-	
Exchange Gain (Loss)	(24,575)		54,777		(79,352)	
Exceptional Items	-		299,430		(299,430)	
NET EARNINGS for the Period	14,781	0%	405,850	7%	(390,316)	-96%
	(0)		-			
EARNINGS % of SALES	0%		7%		-6%	
Average number of shares (1 Baht par)	885,367		885,367		-	
EARNINGS per SHARE (baht) before exch. & exceptionals	0.04		0.06	-	0.02	
EARNINGS per SHARE (baht) after exceptionals	0.02		0.46	-	0.44	
Normalised Profit	39,356		51,643		(12,287)	-24%
EBIT (incl interest income and exch. G(L))	31,397		145,979		(114,582)	
Depreciation	373,224		435,218		(61,994)	
EBITDA (incl interest income and exch. G(L))	404,621		581,197		(176,576)	-30%
Adjusted EBITDA (excl interest income & exch. gain/loss)	383,600		485,173		(101,573)	-21%
Adjusted EBITDA % of Sales Revenue	7%		8%			

HANA MICROELECTRONICS GROUP

CONSOLIDATED STATEMENT OF EARNINGS

	YTD		YTD		YTD		YTD %
'000 Baht	30-Sep-25		30-Sep-24		Q325-Q324		Q325-Q324
REVENUES							
Sales	15,745,843		19,222,393		(3,476,550)		-18%
consisting of:							
PCBA (Lamphun, Thailand)	7,794,006	50%	9,360,234	49%	(1,566,228)		-17%
PCBA (Jiaxing, China)	1,793,760	11%	2,663,972	14%	(870,212)		-33%
PCBA (Cambodia)	300,388	2%	209,544	1%	90,844		43%
IC (Ayutthaya, Thailand)	3,904,259	25%	4,757,900	25%	(853,641)		-18%
IC (Jiaxing, China)	742,729	5%	470,593	2%	272,136		58%
HTI (Ohio, USA)	1,000,479	6%	1,372,154	7%	(371,675)		-27%
IC (Korea)	210,222	1%	387,996	2%	(177,774)		-46%
	15,745,843	100%	19,222,393	100%	(3,476,550)		-18%
Other Income	496,239		240,584		255,655		106%
TOTAL OPERATING REVENUES	16,242,082		19,462,978		(3,220,895)		-17%
EXPENSES							
Cost of Sales	14,407,575	92%	17,322,801	90%	(2,915,226)		-17%
Selling & Admin. Expenses	1,070,406	7%	1,164,590	6%	(94,185)		-8%
R&D Expenses	171,412	1%	93,254	0%	78,159		84%
Other Expenses	-	0%	-	0%	-		0%
TOTAL EXPENSES	15,649,393	99%	18,580,645	97%	(2,931,252)		-16%
OPERATING EARNINGS incl Other Income	592,689	4%	882,333	5%	(289,643)		-33%
Other Income - non operating	113		29,200		(29,087)		
Interest Income	141,755		126,103		15,652		12%
Finance Expenses	(12,101)		(73,620)		61,519		
EARNINGS before Income Tax	722,456	4%	964,015	5%	(241,559)		-25%
Corporate Income Tax	(57,729)	8%	(73,221)	8%	15,492		-21%
Share of Assoc. company Profit (Loss)	(15,988)		-				
Normalised Profit	648,739		890,794		(226,067)		-25%
Revaluation of Financial Instruments	-		-		-		
Exchange Gain (Loss)	(121,070)		(94,789)		(26,281)		
Exceptional Items	-		299,430		(299,430)		
NET EARNINGS for the Period	527,669	3%	1,095,435	6%	(551,778)		-50%
	0		0				
EARNINGS % of SALES	3%		6%		-2%		
Average number of shares (1 Baht par)	885,367		885,367		-		
EARNINGS per SHARE (baht) before exch. & exceptionals	0.73		1.01	-	0.28		
EARNINGS per SHARE (baht) after exceptionals	0.60		1.24	-	0.64		
Normalised Profit	648,739		890,794		(242,055)		
EBIT (incl interest income and exch. G(L))	597,499		942,846		(345,347)		
Depreciation	1,164,039		1,313,074		(149,035)		
EBITDA (incl interest income and exch. G(L))	1,761,538		2,255,920		(494,382)		
Adjusted EBITDA (excl interest income & exch. gain/loss)	1,740,853		2,224,606		(483,753)		
Adjusted EBITDA % of Sales Revenue	11%		12%				

HANA MICROELECTRONICS GROUP

CONSOLIDATED Balance Sheet

	Quarter 30-Sep-25	Quarter 30-Sep-24	Q325-Q324
'000 Baht			
ASSETS			
CURRENT ASSETS			
Cash in Hand & at Banks	5,428,568	5,272,772	155,796
Financial Investments	6,160,294	4,845,091	1,315,203
Accounts Receivable - trade	4,433,949	4,818,652	(384,703)
Amounts due from Related Companies	-	-	
Short Term Loans	-	-	
Inventories	5,858,571	7,989,231	(2,130,660)
Other Current Assets	412,234	124,315	287,919
TOTAL CURRENT ASSETS	22,293,616	23,050,061	(756,445)
Long Term Financial Investments	-	-	
FIXED ASSETS (net)	8,922,009	11,694,860	(2,772,851)
OTHER ASSETS	321,993	541,046	(219,053)
TOTAL ASSETS	31,537,618	35,285,967	(3,748,349)
LIABILITIES			
CURRENT LIABILITIES			
Bank Overdrafts & Loans	16,150	1,000,635	(984,485)
Accounts & Notes Payable	3,176,467	3,281,750	(105,283)
Accrued Expenses	-	-	
Short Term Provisions	322,993	322,914	79
Corporate Income Tax Payable	12,065	6,434	5,631
Current portion of Long Term Loan	2,713	46,192	(43,479)
Current portion of Lease Liabilities	-	-	
Other Current Liabilities	140,724	143,691	(2,967)
TOTAL CURRENT LIABILITIES	3,671,112	4,801,616	(1,130,504)
Long Term Loans	-	333,968	(333,968)
Other Long Term Liabilities	1,011,778	910,298	101,480
TOTAL LIABILITIES	4,682,890	6,045,882	(1,362,992)
SHAREHOLDERS EQUITY			
Share Capital	885,367	885,367	
Treasury Shares	-	-	
Share Premium	6,230,536	6,230,536	
Retained Earnings			
Appropriated Statutory Reserve	548,891	544,074	4,817
Unappropriated	19,873,438	21,780,344	(1,906,906)
Other components of shareholders equity	(683,504)	(200,236)	(483,268)
Unrealised gain(loss) on change in investments	-	-	(3)
Excess Cost over Net Book Value of Subsidiary Investments	-	-	
TOTAL SHAREHOLDERS EQUITY	26,854,728	29,240,085	(2,385,357)
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	31,537,618	35,285,967	(3,748,349)

HANA MICROELECTRONICS GROUP

CONSOLIDATED Summary Statement of Cashflows

'000 Baht	Quarter 30-Sep-25	Quarter 30-Sep-24
Cashflow from Operating Activities		
Net Earnings before tax	29,958	421,501
Adjustments to reconcile net earnings to net cash provided by operating activities		
Non Cash items		
Depreciation & Amortisation	374,124	435,218
Unrealised (gain) Loss on exchange	(33,872)	132,453
Increase (Decrease) in allowance for doubtful debts	2,838	(2,179)
Increase (Decrease) in allowance for obsolete inventories	(98,592)	12,501
Change in other provisions	184,266	6,148
	428,764	584,141
Working Capital (increase) decrease		
Trade accounts receivable	756,205	29,863
Inventories	325,067	727,878
Trade accounts payable	(12,603)	(355,906)
Other	(41,840)	(79,926)
	1,026,829	321,909
Net Cashflow from Operating Activities	1,485,551	1,327,551
Cashflow from Investing Activities		
(Increase) decrease in short term investment	(591,870)	2,889,352
Increase in property, plant and equipment	(42,658)	189,685
Proceeds from sale of fixed assets	5,797	4,812
Increase (decrease) in translation adjustment	(55,084)	(1,559,039)
Revaluation deficit on investments	(472)	(406,116)
Other		
	(684,288)	1,118,694
Cashflow from Financing Activities		
Cash received from increase in share capital	2,145	(54,534)
Dividend paid	-	-
Other	15,481	(76,566)
Net cash (used in) from financing activities	17,625	(131,100)
Net Cash, equivalents and short term liquid investments increase (decrease)	818,888	2,315,145
Cash and Equivalents at the beginning of the period	4,609,681	2,957,627
Cash and Equivalents at the end of the period	5,428,569	5,272,772

HANA MICROELECTRONICS GROUP

Financial Ratios

'000 Baht	Quarter <u>30-Sep-25</u>	Quarter <u>30-Sep-24</u>	<u>Q325-Q324</u>
Profitability Ratios			
Gross Profit Margin (%)	6%	6%	
Operating Profit Margin (%)	1%	1%	
Net Profit before Exceptional Margin (%)	1%	1%	
Net Profit after Exceptional Margin (%)	0%	7%	-7%
EBITDA margin (%)	7%	8%	-1%
Return On Equity (%) pa	0%	6%	-6%
Return On Assets (%) pa	0%	5%	-5%
Return On Operating Capital Employed (%) pa	0%	1%	-1%
Efficiency Ratios			
Working Capital Turnover (A/R+Inventory-A/P)	3	3	
Account Receivable days	75	71	4
Inventory days	106	126	- 20
Accounts Payable days	57	52	5
Liquidity Ratios			
Current Ratio	6	5	1
Quick Ratio	4	3	1
Financial Capital Ratios			
Debt / Equity	0	0	
Net Debt to Equity	0	0	
Interest Coverage	n/a	n/a	