



**HANA Microelectronics Public Company Limited**  
**Management's Discussion and Analysis**  
**First Quarter Ended 31st March 2026**

**Overall Group Performance**

Hana Microelectronics Group 'Hana' Sales Revenue decreased -6% year on year to THB 4,932 million for the first quarter of 2026 from THB 5,252 million for the first quarter 2025. Sales Revenue in USD terms increased 1% to USD 156 million in Q1 2026 from USD 155 million in Q1 2025. Normalised Profit decreased -77% to THB 103 million in Q1 2026 from THB 458 million in Q1 2025.

Net Profit decreased to THB 103 million in Q1 2026 from THB 478 million in Q1 2025, mainly due to 2025 having higher other income.

<b>Sales Revenue</b>	<b>Quarter</b>		<b>Quarter</b>		<b>Q126-Q125</b>	<b>%</b>
THB '000	<b>Q126</b>		<b>Q125</b>			<b>Q126-Q125</b>
PCBA (Lamphun, Thailand)	2,206,196	46%	2,719,048	51%	(512,852)	-19%
PCBA (Jiaxing, China)	512,511	10%	648,757	12%	(136,246)	-21%
PCBA (Cambodia)	146,437	3%	75,606	1%	70,831	94%
IC (Ayutthaya, Thailand)	1,240,574	25%	1,186,065	23%	54,509	5%
IC (Jiaxing, China)	408,816	8%	191,847	4%	216,969	113%
HTI (Ohio, USA)	365,658	7%	349,965	7%	15,693	4%
IC Korea	52,060	1%	80,789	2%	(28,729)	-36%
<b>Total Revenue</b>	<b>4,932,252</b>	<b>100%</b>	<b>5,252,077</b>	<b>100%</b>	<b>(319,825)</b>	<b>-6%</b>

**Sales Revenue Analysis**

**Year on Year Sales Revenue Analysis**

Quarter 1 2026 sales revenue for the group increased 1% year-on-year in USD terms to USD 156 million from USD 155 million in Q1 2025. The average exchange rate for Q1 2026 was 7% stronger at THB/USD 31.6 from THB/USD 34.0 in Q1 2025. As a result, the sales revenue in THB terms decreased -6% year on year for the quarter.

YEAR-on-YEAR, in USD terms, the microelectronics divisions sales decreased by -9%. Sales in Lamphun decreased -13%, Jiaxing decreased by -15% and Cambodia increased 108% year on year. The IC divisions sales revenues increased 29% in Q1 2026, with revenues of the IC division in Ayutthaya increasing 12% and Jiaxing increasing 129%. Power Master Semiconductor 'PMS', in Korea, sales revenue decreased -31%. Hana Technologies Inc. 'HTI' the Microdisplay/RFID operation in Ohio sales revenue increased 12% in Q1 2026 from Q1 2025.

**Quarter on Quarter Sales Revenue Analysis**

QUARTER-on-QUARTER, in USD terms, sales for the group decreased 4% to USD 156 million in Q1 2026 from USD 150 million in Q4 2025. Sales in the microelectronics divisions decreased -1% with Lamphun decreasing -2%, Jiaxing decreasing -6% and Cambodia increasing 45%. Sales revenues from the IC divisions increased 9% in Q1 2026 from Q4 2025 with Ayutthaya sales increasing 6% and Jiaxing IC sales increasing by 18%.

PMS sales increased 24% in Q1 2026 compared to Q4 2025. HTI sales increased 32% in Q1 2026 compared to Q4 2025.

<b>Sales Revenue Split</b>	<b>Q1 2026</b>	<b>Q4 2025</b>	<b>Q3 2025</b>	<b>Q2 2025</b>	<b>Q1 2025</b>
PCBA (Lamphun, Thailand)	46%	47%	48%	50%	52%
PCBA (Jiaxing, China)	10%	12%	10%	12%	12%
PCBA (Cambodia)	3%	2%	2%	2%	1%
IC (Ayutthaya, Thailand)	25%	25%	26%	25%	23%
IC (Jiaxing, China)	8%	7%	6%	5%	4%
HTI (Ohio, USA)	7%	6%	7%	6%	7%
IC Korea	1%	1%	1%	0%	1%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

The Gross Profit margin decreased -0.8% points to 9.3% in Q1 2026 from 10.1% Q1 2025, due to lower gross margin at HTI due to product mix change, offsetting higher IC Division sales revenue in Q1 2026 compared to Q1 2025.

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

Year-on-year Normalised Profit, was -77% lower at THB 103 million in Q1 2026 compared to THB 458 million in Q1 2025, mainly due to THB 260 million higher Other Income in Q1 2025.

The Normalised Profit margin decreased to 2.1% in Q1 2026 from 8.7% in Q1 2025.

SG&A expenses increased 3% in Q1 2026 compared to Q1 2025 due to higher R&D expenses.

### **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 Q1 2026 was THB/USD 31.61, Q1 2025 was THB/USD 33.96, (Q4 2025 was THB/USD 32.18).

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 32.68 at 31/03/26, and THB/USD 33.93 at 31/03/25 (31.58 at 31/12/25) or the respective rate applicable to each offshore subsidiary's base currency.

### **Payout Analysis**

No Dividends were paid in Q1 2026

### **Financial Status**

Net Cash reserves and financial investments were THB 11.6 billion at the 31st March 2026 up from THB 10.2 billion at the 31st March 2025.

### **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 87 days at 31st March 2026, and 85 days in 2025.

<b>Trade Receivables</b>	<b>THB '000</b>	<b>31 Mar 26</b>	<b>31 Mar 25</b>
Less than 3 months		4,021,913	4,658,725
3 - 6 months		302,153	51,471
6 - 12 months		281,673	69,074
More than 12 months		37,516	2,335
Total accounts receivable - other companies		4,643,255	4,781,605
Less: Allowance for doubtful accounts		(85,943)	(3,331)
		<b>4,557,312</b>	<b>4,778,274</b>

### **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 130 days as at 31st March 2026 and 152 days as at 31st March 2025.

### **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 36 days in Q1 2026, 38 days in Q1 2025.

### **Liquidity**

Liquidity Current ratio is over 3 times current liabilities. Operating Cashflow (Recurring Adjusted EBITDA) in Q1 2026 was THB 436 million which was -48% lower than Q1 2025 at THB 839 million.

### **Capital Expenditure**

Capital Expenditure was THB 236 million in Q1 2026 and THB 210 million in Q1 2025. 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 cash to fund certain subsidiaries capital expenditure. 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 200 million 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**

Exceptional Items of THB 114.5 million due to a customer's loss in business. Consisting of inventory write down provision THB 60.5 million (increasing Cost of Sales) and increase in doubtful debts THB 54 million (increasing Administrative Expenses).

### **Subsequent Event**

None

### **Forward Looking Statement**

#### **Factors That May Affect 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.