

**Overall Group Performance**

Hana Microelectronics Group 'Hana' Sales Revenue decreased -13% year on year to THB 6,555 million for the third quarter of 2023 from THB 7,545 million for the third quarter 2022. Sales Revenue in USD terms decreased -10% to USD 186m in Q3 2023 from USD 207m in Q3 2022. Earnings from Operations decreased -19% to THB 698m in Q3 2023 from THB 864m in Q3 2022.

Net Profit increased to THB 734m in Q323 from THB 417m in Q322, due to foreign exchange gain in Q323 and foreign exchange loss in Q322 offsetting decreased Earnings from Operations.

THB '000	Quarter		Quarter		Q323-Q322	%
	Q323		Q322			
PCBA (Lamphun, Thailand)	3,093,717	47%	2,962,554	39%	131,163	4%
PCBA (Jiaxing, China)	785,380	12%	1,188,876	16%	(403,496)	-34%
PCBA (Cambodia)	130,868	2%	67,469	1%	63,399	94%
IC (Ayutthaya, Thailand)	1,826,504	28%	2,463,527	33%	(637,023)	-26%
IC (Jiaxing, China)	237,844	4%	383,806	5%	(145,962)	-38%
HTI (Ohio, USA)	388,827	6%	369,584	5%	19,243	5%
IC Korea	91,548	1%	109,349	1%	(17,801)	-16%
<b>Total Revenue</b>	<b>6,554,688</b>	<b>100%</b>	<b>7,545,165</b>	<b>100%</b>	<b>(990,477)</b>	<b>-13%</b>

**Sales Revenue Analysis**

**Year on Year Sales Revenue Analysis**

Quarter 3 2023 sales revenue for the group decreased -10% year-on-year in USD terms to USD 186m from USD 207m in Q322. The average exchange rate for Q323 was -3.4% stronger at THB/USD 35.2 from THB/USD 36.4 in Q322. 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 -3%. Sales in Lamphun increased 8% and Jiaxing decreased by -32% year on year. The IC divisions sales revenues decreased -25% in Q323, with revenues of the IC division in Ayutthaya decreasing -23% and Jiaxing decreasing by -36%. Hana Technologies Inc. 'HTI' the Microdisplay/Rfid operation in Ohio sales revenue increased 8% in Q323 from Q322.

**Quarter on Quarter Sales Revenue Analysis**

Quarter-on-Quarter, in USD terms, sales for the group decreased -7% to 186m in Q323 from USD 196m in Q223. Sales in the microelectronics divisions decreased -6% with Lamphun decreasing -3% and Jiaxing decreasing -14%. Sales revenues from the IC divisions decreased -11% in Q323 from Q223 with Ayutthaya sales decreasing -10% and Jiaxing IC sales decreasing by -20%. HTI sales increased 11% in Q323 compared to Q223.

**Sales Revenue Split**

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
PCBA (Lamphun, Thailand)	47%	45%	48%	39%	39%
PCBA (Jiaxing, China)	12%	13%	12%	15%	16%
PCBA (Cambodia)	2%	2%	1%	1%	1%
IC (Ayutthaya, Thailand)	28%	29%	28%	32%	33%
IC (Jiaxing, China)	4%	4%	4%	5%	5%
HTI (Ohio, USA)	6%	5%	5%	6%	5%
IC Korea	1%	2%	2%	2%	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 increased 1% points to 16% in Q323 from 15% Q322. Gross Margin in Q323 increased due to lower labour cost and lower indirect material costs.

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

Year-on-year Earnings from Operations, were -19% lower at THB 698m in Q323 compared to THB 864m in Q322. The Operating margin was similar at 11% in Q323 and 11% in Q322. SG&A expenses increased 11% in Q323 compared to Q322.

## **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 Q323 was THB/USD 35.17, Q322 was THB/USD 36.41 (and Q223 was THB/USD 34.48).

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 36.56 at 30/09/23, and 37.91 at 30/09/22 (35.59 at 30/06/23) 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 3.6 billion at the 30th September 2023 down from THB 3.8 billion at the 30th September 2022.

## **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 73 days at 30th September 2023, and 70 days in 2022.

	<u>30-Sep-23</u>	<u>30-Sep-22</u>	THB '000
Trade Receivables			
Less than 3 months	5,071,611	5,551,726	
3 - 6 months	80,613	13,647	
6 - 12 months	11,850	3,686	
More than 12 months	10,817	11,128	
Total accounts receivable - other companies	5,174,891	5,580,187	
Less : Allowance for doubtful accounts	(14,758)	(20,669)	
	<u>5,160,133</u>	<u>5,559,518</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 162 days as at 30th September 2023 and 129 days as at 30th September 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. Average accounts payable were 68 days in Q323, 68 days in Q322.

## **Liquidity**

Liquidity Current ratio is approximately 3 times current liabilities. Operating Cashflow (Recurring EBITDA) in Q3 2023 was THB 1,127m which was -12% lower than Q3 2022 at THB 1,284m.

## **Capital Expenditure**

Capital Expenditure was THB 672m in Q3 2023 and THB 805m in Q3 2022. 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.  $(1 - 0.60) \times \text{Sales Revenue} \times 10\%$ ).

*Out of the groups 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.

## **Exceptional Items**

None

## **Subsequent Event**

On 19th October, 2023 the company issued 80,487,800 ordinary shares at THB 57.00 per share, through a private placement raising THB 4,587,804,600.

The purpose of the funds utilisation is to finance the investment in machinery for silicon carbide production of Power Master Semiconductor Co., LTD and to finance the investment in machinery to expand the company's core business.

## **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 the continuing severity, magnitude and duration of the COVID-19 pandemic, including impacts of the pandemic, of businesses' and governments' responses to the pandemic the extent to which the COVID-19 pandemic and related impacts, including global supply chain disruptions.

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED STATEMENT OF EARNINGS

	'000 Baht	Quarter		Quarter		%	
		Q323		Q322		Q323-Q322	Q323-Q322
<b>REVENUES</b>							
Sales		6,554,687		7,545,165		(990,478)	-13%
consisting of:							
<i>PCBA (Lamphun, Thailand)</i>		3,093,717	47%	2,962,554	39%	131,163	4%
<i>PCBA (Jiaxing, China)</i>		785,380	12%	1,188,876	16%	(403,496)	-34%
<i>PCBA (Cambodia)</i>		130,868	2%	67,469	1%	63,399	94%
<i>IC (Ayutthaya, Thailand)</i>		1,826,504	28%	2,463,527	33%	(637,023)	-26%
<i>IC (Jiaxing, China)</i>		237,844	4%	383,806	5%	(145,962)	-38%
<i>HTI (Ohio, USA)</i>		388,827	6%	369,584	5%	19,243	5%
<i>IC (Korea)</i>		91,548	1%	109,349	1%	(17,801)	-16%
		<u>6,554,688</u>	100%	<u>7,545,165</u>	100%	<u>(990,477)</u>	-13%
Other Income		<u>111,635</u>		<u>109,771</u>		<u>1,864</u>	2%
<b>TOTAL OPERATING REVENUES</b>		<u>6,666,323</u>		<u>7,654,936</u>		<u>(988,613)</u>	-13%
<b>EXPENSES</b>							
Cost of Sales		5,523,438	84%	6,378,373	85%	(854,935)	-13%
Selling & Admin. Expenses		403,051	6%	368,738	5%	34,312	9%
R&D Expenses		41,681	1%	43,440	1%	(1,758)	-4%
Other Expenses		-	0%	-	0%	-	0%
		<u>5,968,170</u>	91%	<u>6,790,551</u>	90%	<u>(822,381)</u>	-12%
<b>TOTAL EXPENSES</b>		<u>5,968,170</u>	91%	<u>6,790,551</u>	90%	<u>(822,381)</u>	-12%
<b>OPERATING EARNINGS</b>		<u>698,153</u>	10%	<u>864,385</u>	11%	<u>(166,232)</u>	-19%
Other Income - non operating		30		655		(625)	-95%
Interest Income		14,563		23,721		(9,158)	-39%
Finance Expenses		(17,357)		(2,513)		(14,844)	
<b>EARNINGS before Income Tax</b>		<u>695,389</u>	10%	<u>886,248</u>	12%	<u>(190,859)</u>	-22%
Corporate Income Tax		(21,153)	0%	(46,248)	-1%	25,095	-54%
<b>Earnings before Exch. &amp; Exceptional Items</b>		<u>674,236</u>		<u>840,000</u>		<u>(165,764)</u>	-20%
Revaluation of Financial Instruments		-		-		-	
Exchange Gain (Loss)		59,661		(423,364)		483,025	
Exceptional Items		-		-		-	
<b>NET EARNINGS for the Period</b>		<u>733,897</u>	11%	<u>416,636</u>	5%	<u>317,261</u>	76%
<b>EARNINGS % of SALES</b>							
Average number of shares (1 Baht par)		804,879		804,879		-	
EARNINGS per SHARE (baht) before exch. & exceptionals		0.84		1.04	-	0.20	
EARNINGS per SHARE (baht) after exceptionals		0.91		0.52		0.39	
Earnings from Operations		698,152		864,385		(166,233)	-19%
Earnings from Operations Margin		11%		11%			
Depreciation		429,298		419,470		9,828	
EBITDA (excl exchange gain/loss)		1,127,450		1,283,855		(156,404)	-12%
EBITDA % of Sales Revenue		17%		17%			

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED STATEMENT OF EARNINGS

	'000 Baht	YTD		YTD		YTD		YTD %	
		30-Sep-23		30-Sep-22		Q323-Q322		Q323-Q322	
<b>REVENUES</b>									
Sales		19,930,948		20,042,062		(111,114)			-1%
consisting of:									
PCBA (Lamphun, Thailand)		9,268,521	47%	8,324,309	40%	944,213			11%
PCBA (Jiaxing, China)		2,476,070	12%	2,737,097	14%	(261,027)			-10%
PCBA (Cambodia)		341,238	2%	136,080	1%	205,158			151%
IC (Ayutthaya, Thailand)		5,625,450	28%	6,748,538	34%	(1,123,088)			-17%
IC (Jiaxing, China)		777,987	4%	970,643	5%	(192,656)			-20%
HTI (Ohio, USA)		1,075,060	5%	944,294	5%	130,766			14%
IC (Korea)		366,623	2%	181,102	1%	185,520			102%
		<u>19,930,948</u>	100%	<u>20,042,062</u>	100%	<u>(111,115)</u>			-1%
Other Income		331,417		337,201		(5,784)			-2%
<b>TOTAL OPERATING REVENUES</b>		<u>20,262,365</u>		<u>20,379,263</u>		<u>(116,899)</u>			-1%
<b>EXPENSES</b>									
Cost of Sales		17,307,809	87%	17,334,768	86%	(26,959)			0%
Selling & Admin. Expenses		1,094,533	5%	1,082,904	5%	11,629			1%
R&D Expenses		101,086	1%	121,073	1%	(19,987)			-17%
Other Expenses		-	0%	-	0%	-			0%
<b>TOTAL EXPENSES</b>		<u>18,503,428</u>	93%	<u>18,538,745</u>	92%	<u>(35,317)</u>			0%
<b>OPERATING EARNINGS</b>		<u>1,758,937</u>	9%	<u>1,840,518</u>	9%	<u>(81,582)</u>			-4%
Other Income - non operating		83		1,668		(1,585)			
Interest Income		52,477		71,097		(18,620)			-26%
Finance Expenses		(27,166)		(6,629)		(20,537)			
<b>EARNINGS before Income Tax</b>		<u>1,784,331</u>	9%	<u>1,906,654</u>	9%	<u>(122,324)</u>			-6%
Corporate Income Tax		(65,720)	4%	(75,940)	4%	10,220			-13%
<b>Earnings before Exch. &amp; Exceptional Items</b>		<u>1,718,611</u>		<u>1,830,714</u>		<u>(112,104)</u>			-6%
Revaluation of Financial Instruments		-		-		-			
Exchange Gain (Loss)		(82,844)		(804,124)		721,280			
Exceptional Items		-		-		-			
<b>NET EARNINGS for the Period</b>		<u>1,635,767</u>	8%	<u>1,026,590</u>	5%	<u>609,176</u>			59%
<b>EARNINGS % of SALES</b>									
Average number of shares (1 Baht par)		804,879		804,879		-			
EARNINGS per SHARE (baht) before exch. & exceptionals		2.14		2.27		-			0.13
EARNINGS per SHARE (baht) after exceptionals		2.03		1.28					0.75
Earnings from Operations		1,758,937		1,840,518		(81,581)			
Earnings from Operations Margin		9%		9%					
Depreciation		1,276,779		1,160,453		116,326			
EBITDA (excl exchange gain/loss)		3,035,716		3,000,971		34,745			
EBITDA % of Sales Revenue		15%		15%					

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED Balance Sheet

'000 Baht	Quarter <u>30-Sep-23</u>	Quarter <u>30-Sep-22</u>	<u>Q323-Q322</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash in Hand & at Banks	3,714,132	2,423,687	1,290,445
Financial Investments	1,227,752	1,394,816	(167,064)
Accounts Receivable - trade	5,338,435	5,827,804	(489,369)
Amounts due from Related Companies	-	-	
Inventories	9,924,032	9,128,291	795,741
Other Current Assets	155,939	139,810	16,129
<b>TOTAL CURRENT ASSETS</b>	<u>20,360,290</u>	<u>18,914,408</u>	<u>1,445,882</u>
Long Term Financial Investments	152	97	55
<b>FIXED ASSETS (net)</b>	11,703,083	10,656,202	1,046,881
OTHER ASSETS	565,318	605,320	(40,002)
<b>TOTAL ASSETS</b>	<u>32,628,843</u>	<u>30,176,027</u>	<u>2,452,816</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank Overdrafts & Loans	1,385,789	-	1,385,789
Accounts & Notes Payable	4,147,485	4,835,368	(687,883)
Short Term Provisions	-	379,067	(379,067)
Corporate Income Tax Payable	17,283	46,736	(29,453)
Current portion of Long Term Loan	25,088		25,088
Current portion of Lease Liabilities	367,757	4,915	362,842
Other Current Liabilities	156,560	279,189	(122,629)
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,099,962</u>	<u>5,545,275</u>	<u>554,687</u>
<b>LONG TERM LIABILITIES</b>	1,057,786	832,913	224,873
<b>TOTAL LIABILITIES</b>	<u>7,157,748</u>	<u>6,378,188</u>	<u>779,560</u>
<b>SHAREHOLDERS EQUITY</b>			
Share Capital	804,879	804,879	
Treasury Shares	-	-	
Share Premium	1,723,219	1,723,219	
Retained Earnings			
Appropriated Statutory Reserve	540,139	514,958	25,181
Unappropriated	21,463,598	19,565,664	1,897,934
Translation adj. & Investment revaluation	939,260	1,189,119	(249,859)
Unrealised gain(loss) on change in investments	-	-	
Excess Cost over Net Book Value of Subsidiary Investments	-	-	
<b>TOTAL SHAREHOLDERS EQUITY</b>	<u>25,471,095</u>	<u>23,797,839</u>	<u>1,673,256</u>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS EQUITY</b>	<u>32,628,843</u>	<u>30,176,027</u>	<u>2,452,816</u>

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED Summary Statement of Cashflows

'000 Baht	Quarter <u>30-Sep-23</u>	Quarter <u>30-Sep-22</u>
<b><u>Cashflow from Operating Activities</u></b>		
Net Earnings before tax	755,050	462,884
<b>Adjustments to reconcile net earnings to net cash provided by operating activities</b>		
<b>Non Cash items</b>		
Depreciation	429,298	419,470
Unrealised (gain) Loss on exchange	(181,303)	87,528
Increase (Decrease) in allowance for doubtful debts	279	2,567
Increase (Decrease) in allowance for obsolete inventories	42,747	30,495
Change in other provisions	(8,948)	(10,151)
	<u>282,073</u>	<u>529,909</u>
<b>Working Capital (increase) decrease</b>		
Trade accounts receivable	188,904	(804,048)
Inventories	(473,471)	(903,915)
Trade accounts payable	70,475	327,222
Other	(35,506)	57,915
	<u>(249,598)</u>	<u>(1,322,826)</u>
<b>Net Cashflow from Operating Activities</b>	<u>787,525</u>	<u>(330,033)</u>
<b>Cashflow from Investing Activities</b>		
(Increase) decrease in short term investment	35,889	23,173
Increase in property, plant and equipment	(879,492)	(863,897)
Proceeds from sale of fixed assets	7,037	10,832
Increase (decrease) in translation adjustment	303,174	489,578
Revaluation deficit on investments	(76,661)	15,217
Other		
	<u>(610,053)</u>	<u>(325,097)</u>
<b>Cashflow from Financing Activities</b>		
Cash received from increase in share capital	(8,252)	(935)
Dividend paid	-	-
Other	776,514	(302,344)
Net cash (used in ) from financing activities	<u>768,262</u>	<u>(303,279)</u>
Net Cash, equivalents and short term liquid investments increase (decrease)	945,734	(958,409)
Cash and Equivalents at the beginning of the period	<u>2,768,399</u>	<u>3,382,096</u>
Cash and Equivalents at the end of the period	<u>3,714,133</u>	<u>2,423,687</u>



# HANA MICROELECTRONICS GROUP

## Financial Ratios

'000 Baht	<u>Quarter</u> <u>30-Sep-23</u>	<u>Quarter</u> <u>30-Sep-22</u>	<u>Q323-Q322</u>	
<b>Profitability Ratios</b>				
Gross Profit Margin (%)	16%	15%		1%
Operating Profit Margin (%)	11%	12%		-1%
Net Profit before Exceptional Margin (%)	10%	11%		-1%
Net Profit after Exceptional Margin (%)	11%	6%		5%
EBITDA margin (%)	17%	17%		
Return On Equity (%) pa	12%	7%		5%
Return On Assets (%) pa	9%	6%		3%
Return On Operating Capital Employed (%) pa	12%	17%		-5%
<b>Efficiency Ratios</b>				
Working Capital turnover	2	3	-	1
Account Receivable days	73	70		3
Inventory days	162	129		33
Accounts Payable days	68	68		
<b>Liquidity Ratios</b>				
Current Ratio	3	3		
Quick Ratio	2	2		
<b>Financial Capital Ratios</b>				
Debt / Equity	0	0		
Net Debt to Equity	0	0		
Interest Coverage	n/a	n/a		