

Overall Group Performance

Hana Microelectronics Group 'Hana' Sales Revenue decreased -7% year on year to THB 6,100 million for the third quarter of 2024 from THB 6,555 million for the third quarter 2023. Sales Revenue in USD terms decreased -6% to USD 175m in Q3 2024 from USD 186m in Q3 2023. Earnings from Operations decreased -97% to THB 21m in Q3 2024 from THB 698m in Q3 2023.

Net Profit decreased to THB 406m in Q324 from THB 734m in Q323, due to lower sales revenue in Q324 compared to Q323, and due to revaluation of inventory in Thai operations after strengthening of THB, lower gross margin and increase in capacity at the IC division in South Korea.

THB '000	Quarter		Quarter		Q324-Q323	%
	Q324		Q323			
PCBA (Lamphun, Thailand)	2,951,595	48%	3,093,717	47%	(142,122)	-5%
PCBA (Jiaxing, China)	775,824	13%	785,379	12%	(9,555)	-1%
PCBA (Cambodia)	78,649	1%	130,868	2%	(52,219)	-40%
IC (Ayutthaya, Thailand)	1,530,314	25%	1,826,504	28%	(296,190)	-16%
IC (Jiaxing, China)	177,881	3%	237,844	4%	(59,963)	-25%
HTI (Ohio, USA)	457,922	8%	388,827	6%	69,095	18%
IC Korea	127,986	2%	91,548	1%	36,438	40%
Total Revenue	6,100,171	100%	6,554,686	100%	(454,515)	-7%

Sales Revenue Analysis
Year on Year Sales Revenue Analysis

Quarter 3 2024 sales revenue for the group decreased -6% year-on-year in USD terms to USD 175m from USD 186m in Q323. The average exchange rate for Q324 was 1% stronger at THB/USD 34.8 from THB/USD 35.2 in Q323. As a result the sales revenue in THB terms decreased -7% year on year for the quarter.

Year-on-year, in USD terms, the microelectronics divisions sales decreased by -3%. Sales in Lamphun decreased -4% and Jiaxing increased by 0.2% year on year. The IC divisions sales revenues decreased -16% in Q324, with revenues of the IC division in Ayutthaya decreasing -15% and Jiaxing decreasing by -25%. Power Master Semiconductor 'PMS', in Korea, sales revenue increased 40%. Hana Technologies Inc. 'HTI' the Microdisplay/RFID operation in Ohio, USA, sales revenue increased 20% in Q324 from Q323.

Quarter on Quarter Sales Revenue Analysis

Quarter-on-Quarter, in USD terms, sales for the group decreased -5% to 175m in Q324 from USD 184m in Q224. Sales in the microelectronics divisions decreased -7% with Lamphun decreasing -4% and Jiaxing decreasing -18%. Sales revenues from the IC divisions increased 2% in Q324 from Q224 with Ayutthaya sales increasing 1% and Jiaxing IC sales increasing by 12%. PMS sales decreased -21% in Q324 compared to Q224. HTI sales decreased -4% in Q324 compared to Q224.

Sales Revenue Split

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
PCBA (Lamphun, Thailand)	48%	48%	50%	49%	47%
PCBA (Jiaxing, China)	13%	15%	14%	12%	12%
PCBA (Cambodia)	1%	1%	1%	1%	2%
IC (Ayutthaya, Thailand)	25%	24%	26%	27%	28%
IC (Jiaxing, China)	3%	2%	2%	2%	4%
HTI (Ohio, USA)	8%	7%	6%	7%	6%
IC Korea	2%	3%	1%	2%	1%
	100%	100%	100%	100%	100%

Gross Profit / Cost of Sales Analysis

The Gross Profit margin decreased -10% points to 6% in Q324 from 16% Q323. Gross Margin in Q324 decreased due to lower sales revenue in IC Divisions -2%, revaluation of inventory in Thai operations due to THB strengthening 4 baht per USD in Q324 -5%, at PMS lower selling prices due to weakness in EV market and higher operating costs to capacity expansion -3%.

Operating Profit Analysis, Sales and Administration Analysis

Year-on-year Earnings from Operations, were -97% lower at THB 21m in Q324 compared to THB 698m in Q323. The Operating margin decreased to 0.3% in Q324 from 11% in Q323. SG&A expenses decreased -3% in Q324 compared to Q323.

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 Q324 was THB/USD 34.81, Q323 was THB/USD 35.17, (Q224 was THB/USD 36.71).

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 32.29 at 30/09/24, and THB/USD 36.56 at 30/09/23 (36.85 at 30/06/24) 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 9.1 billion at the 30th September 2024 up from THB 3.5 billion at the 30th September 2023.

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 71 days at 30th September 2024, and 73 days in 2023.

	<u>30-Sep-24</u>	<u>30-Sep-23</u>	THB '000
Trade Receivables			
Less than 3 months	4,576,546	5,071,611	
3 - 6 months	78,761	80,613	
6 - 12 months	58,606	11,850	
More than 12 months	8,793	10,817	
Total accounts receivable - other companies	<u>4,722,706</u>	<u>5,174,891</u>	
Less : Allowance for doubtful accounts	(5,489)	(14,758)	
	<u>4,717,217</u>	<u>5,160,133</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 126 days as at 30th September 2024 and 162 days as at 30th September 2023.

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 52 days in Q324, 68 days in Q323.

Liquidity

Liquidity Current ratio is over 3 times current liabilities. Operating Cashflow (Recurring EBITDA) in Q3 2024 was THB 456m which was -60% lower than Q3 2023 at THB 1,127m.

Capital Expenditure

Capital Expenditure was THB 329m in Q3 2024 and THB 672m in Q3 2023. 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

On 9th August 2024, a subsidiary, received from Credit Suisse, USD 8,535,821 (THB 299m) being the final payment due from the voluntary redemption offer for the termination of Credit Suisse Asset Management (Switzerland) AG Supply Chain Fund in 2021.

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		%	
		Q324		Q323		Q324-Q323	Q324-Q323
REVENUES							
Sales		6,100,171		6,554,687		(454,516)	-7%
consisting of:							
PCBA (Lamphun, Thailand)		2,951,595	48%	3,093,717	47%	(142,122)	-5%
PCBA (Jiaxing, China)		775,824	13%	785,379	12%	(9,555)	-1%
PCBA (Cambodia)		78,649	1%	130,868	2%	(52,219)	-40%
IC (Ayutthaya, Thailand)		1,530,314	25%	1,826,504	28%	(296,190)	-16%
IC (Jiaxing, China)		177,881	3%	237,844	4%	(59,963)	-25%
HTI (Ohio, USA)		457,922	8%	388,827	6%	69,095	18%
IC (Korea)		127,986	2%	91,548	1%	36,438	40%
		<u>6,100,171</u>	100%	<u>6,554,686</u>	100%	<u>(454,515)</u>	-7%
Other Income		66,051		111,635		(45,584)	-41%
TOTAL OPERATING REVENUES		<u>6,166,222</u>		<u>6,666,321</u>		<u>(500,099)</u>	-8%
EXPENSES							
Cost of Sales		5,721,774	94%	5,523,438	84%	198,336	4%
Selling & Admin. Expenses		386,557	6%	403,051	6%	(16,493)	-4%
R&D Expenses		37,065	1%	41,681	1%	(4,617)	-11%
Other Expenses		-	0%	-	0%	-	0%
		<u>6,145,396</u>	101%	<u>5,968,170</u>	91%	<u>177,226</u>	3%
OPERATING EARNINGS		<u>20,826</u>	0%	<u>698,151</u>	10%	<u>(677,325)</u>	-97%
Other Income - non operating		26,368		30		26,338	87793%
Interest Income		41,247		14,563		26,684	183%
Finance Expenses		(23,908)		(17,357)		(6,551)	
EARNINGS before Income Tax		<u>64,533</u>	1%	<u>695,387</u>	10%	<u>(630,854)</u>	-91%
Corporate Income Tax		(15,651)	0%	(21,153)	0%	5,502	-26%
Earnings before Exch. & Exceptional Items		<u>48,882</u>		<u>674,234</u>		<u>(625,352)</u>	-93%
Revaluation of Financial Instruments		-		-		-	
Exchange Gain (Loss)		54,777		59,661		(4,884)	
Exceptional Items		302,191		-		302,191	
NET EARNINGS for the Period		<u>405,850</u>	7%	<u>733,895</u>	11%	<u>(328,045)</u>	-45%
EARNINGS % of SALES		7%		11%		-5%	
Average number of shares (1 Baht par)		885,367		804,879		80,488	
EARNINGS per SHARE (baht) before exch. & exceptionals		0.06		0.84		- 0.78	
EARNINGS per SHARE (baht) after exceptionals		0.46		0.91		- 0.45	
Earnings from Operations		20,826		698,152		(677,326)	-97%
Earnings from Operations Margin		0%		11%			
Depreciation		435,218		429,298		5,920	
EBITDA (excl exchange gain/loss)		456,044		1,127,450		(671,405)	-60%
EBITDA % of Sales Revenue		7%		17%			

HANA MICROELECTRONICS GROUP

CONSOLIDATED STATEMENT OF EARNINGS

	YTD		YTD		YTD	
	'000 Baht	30-Sep-24	30-Sep-23	Q324-Q323	Q324-Q323	YTD %
REVENUES						
Sales		19,222,393	19,930,948	(708,555)		-4%
consisting of:						
PCBA (Lamphun, Thailand)		9,360,234	49% 9,268,515	47%	91,720	1%
PCBA (Jiaxing, China)		2,663,972	14% 2,476,070	12%	187,902	8%
PCBA (Cambodia)		209,544	1% 341,238	2%	(131,694)	-39%
IC (Ayutthaya, Thailand)		4,757,900	25% 5,625,450	28%	(867,549)	-15%
IC (Jiaxing, China)		470,593	2% 777,987	4%	(307,394)	-40%
HTI (Ohio, USA)		1,372,154	7% 1,075,060	5%	297,094	28%
IC (Korea)		387,996	2% 366,623	2%	21,373	6%
		<u>19,222,393</u>	100% <u>19,930,941</u>	100%	<u>(708,548)</u>	-4%
Other Income		240,584	293,599	(53,015)		-18%
TOTAL OPERATING REVENUES		<u>19,462,978</u>	<u>20,224,540</u>	<u>(761,563)</u>		-4%
EXPENSES						
Cost of Sales		17,322,801	90% 17,307,808	87%	14,993	0%
Selling & Admin. Expenses		1,164,590	6% 1,116,944	6%	47,647	4%
R&D Expenses		93,254	0% 101,086	1%	(7,832)	-8%
Other Expenses		-	0% -	0%	-	0%
TOTAL EXPENSES		<u>18,580,645</u>	97% <u>18,525,838</u>	93%	<u>54,807</u>	0%
OPERATING EARNINGS		<u>882,333</u>	5% <u>1,698,703</u>	8%	<u>(816,370)</u>	-48%
Other Income - non operating		26,439	60,317	(33,879)		
Interest Income		126,103	52,472	73,631		140%
Finance Expenses		(73,620)	(27,166)	(46,454)		
EARNINGS before Income Tax		<u>961,254</u>	5% <u>1,784,326</u>	9%	<u>(823,072)</u>	-46%
Corporate Income Tax		(73,221)	8% (65,721)	4%	(7,500)	11%
Earnings before Exch. & Exceptional Items		<u>888,033</u>	<u>1,718,605</u>	<u>(830,572)</u>		-48%
Revaluation of Financial Instruments		-	-	-		
Exchange Gain (Loss)		(94,789)	(82,844)	(11,945)		
Exceptional Items		302,191	-	302,191		
NET EARNINGS for the Period		<u>1,095,435</u>	6% <u>1,635,761</u>	8%	<u>(540,326)</u>	-33%
EARNINGS % of SALES		6%	8%	-3%		
Average number of shares (1 Baht par)		885,367	804,879	80,488		
EARNINGS per SHARE (baht) before exch. & exceptionals		1.00	2.14	- 1.14		
EARNINGS per SHARE (baht) after exceptionals		1.24	2.03	- 0.79		
Earnings from Operations		882,332	1,698,709	(816,377)		
Earnings from Operations Margin		5%	9%			
Depreciation		1,313,074	847,481	465,593		
EBITDA (excl exchange gain/loss)		2,195,406	2,546,190	(350,784)		
EBITDA % of Sales Revenue		11%	13%			

HANA MICROELECTRONICS GROUP

CONSOLIDATED Balance Sheet

'000 Baht	Quarter <u>30-Sep-24</u>	Quarter <u>30-Sep-23</u>	<u>Q324-Q323</u>
ASSETS			
CURRENT ASSETS			
Cash in Hand & at Banks	5,272,772	3,714,132	1,558,640
Financial Investments	4,845,091	1,227,752	3,617,339
Accounts Receivable - trade	4,818,652	5,338,435	(519,783)
Amounts due from Related Companies	-	-	
Inventories	7,989,231	9,924,032	(1,934,801)
Other Current Assets	124,315	155,939	(31,624)
TOTAL CURRENT ASSETS	<u>23,050,061</u>	<u>20,360,290</u>	<u>2,689,771</u>
Long Term Financial Investments	-	152	(152)
FIXED ASSETS (net)	11,694,860	11,703,083	(8,223)
OTHER ASSETS	541,046	565,318	(24,272)
TOTAL ASSETS	<u>35,285,967</u>	<u>32,628,843</u>	<u>2,657,124</u>
LIABILITIES			
CURRENT LIABILITIES			
Bank Overdrafts & Loans	1,000,635	1,385,789	(385,154)
Accounts & Notes Payable	3,281,750	4,147,485	(865,735)
Accrued Expenses	-	365,583	(365,583)
Short Term Provisions	322,914	-	322,914
Corporate Income Tax Payable	6,434	17,283	(10,849)
Current portion of Long Term Loan	46,192	25,088	21,104
Current portion of Lease Liabilities	-	2,174	(2,174)
Other Current Liabilities	143,691	156,560	(12,869)
TOTAL CURRENT LIABILITIES	<u>4,801,616</u>	<u>6,099,962</u>	<u>(1,298,346)</u>
Long Term Loans	333,968		333,968
Other Long Term Liabilities	910,298	1,057,786	(147,488)
TOTAL LIABILITIES	<u>6,045,882</u>	<u>7,157,748</u>	<u>(1,111,866)</u>
SHAREHOLDERS EQUITY			
Share Capital	885,367	804,879	80,488
Treasury Shares	-	-	
Share Premium	6,230,536	1,723,219	4,507,317
Retained Earnings			
Appropriated Statutory Reserve	544,074	540,139	3,935
Unappropriated	21,780,344	21,463,598	316,746
Other components of shareholders equity	(200,236)	939,260	(1,139,496)
Unrealised gain(loss) on change in investments	-	-	
Excess Cost over Net Book Value of Subsidiary Investments	-	-	
TOTAL SHAREHOLDERS EQUITY	<u>29,240,085</u>	<u>25,471,095</u>	<u>3,768,990</u>
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	<u>35,285,967</u>	<u>32,628,843</u>	<u>2,657,124</u>

HANA MICROELECTRONICS GROUP

CONSOLIDATED Summary Statement of Cashflows

'000 Baht	<u>Quarter 30-Sep-24</u>	<u>Quarter 30-Sep-23</u>
<u>Cashflow from Operating Activities</u>		
Net Earnings before tax	421,501	755,048
Adjustments to reconcile net earnings to net cash provided by operating activities		
Non Cash items		
Depreciation	435,218	429,298
Unrealised (gain) Loss on exchange	132,453	(181,303)
Increase (Decrease) in allowance for doubtful debts	(2,179)	279
Increase (Decrease) in allowance for obsolete inventories	12,501	42,747
Change in other provisions	6,148	(8,948)
	<u>584,141</u>	<u>282,073</u>
Working Capital (increase) decrease		
Trade accounts receivable	29,863	188,904
Inventories	727,878	(473,471)
Trade accounts payable	(355,906)	70,475
Other	(79,926)	(35,506)
	<u>321,909</u>	<u>(249,598)</u>
Net Cashflow from Operating Activities	<u>1,327,551</u>	<u>787,523</u>
Cashflow from Investing Activities		
(Increase) decrease in short term investment	2,889,352	35,889
Increase in property, plant and equipment	189,685	(879,492)
Proceeds from sale of fixed assets	4,812	7,037
Increase (decrease) in translation adjustment	(1,559,039)	303,174
Revaluation deficit on investments	(406,116)	(76,661)
Other		
	<u>1,118,694</u>	<u>(610,053)</u>
Cashflow from Financing Activities		
Cash received from increase in share capital	(54,534)	(8,252)
Dividend paid	-	-
Other	(76,566)	776,514
Net cash (used in) from financing activities	<u>(131,100)</u>	<u>768,262</u>
Net Cash, equivalents and short term liquid investments increase (decrease)	2,315,145	945,732
Cash and Equivalents at the beginning of the period	<u>2,957,627</u>	<u>2,768,399</u>
Cash and Equivalents at the end of the period	<u>5,272,772</u>	<u>3,714,131</u>

HANA MICROELECTRONICS GROUP

Financial Ratios

'000 Baht	<u>Quarter</u> 30-Sep-24	<u>Quarter</u> 30-Sep-23	<u>Q324-Q323</u>	
Profitability Ratios				
Gross Profit Margin (%)	6%	16%	-10%	
Operating Profit Margin (%)	1%	11%	-10%	
Net Profit before Exceptional Margin (%)	1%	10%	-9%	
Net Profit after Exceptional Margin (%)	7%	11%	-4%	
EBITDA margin (%)	7%	17%	-10%	
Return On Equity (%) pa	6%	12%	-6%	
Return On Assets (%) pa	5%	9%	-4%	
Return On Operating Capital Employed (%) pa	1%	12%	-11%	
Efficiency Ratios				
Working Capital Turnover (A/R+Inventory-A/P)	2	2		
Account Receivable days	71	73	-	2
Inventory days	126	162	-	36
Accounts Payable days	52	68	-	16
Liquidity Ratios				
Current Ratio	5	3	2	
Quick Ratio	3	2	1	
Financial Capital Ratios				
Debt / Equity	0	0		
Net Debt to Equity	0	0		
Interest Coverage	n/a	n/a		