

Management's Discussion and Analysis

Fourth Quarter ending 31st December 2024

Overall Group Performance

Hana Microelectronics Group 'Hana' Sales Revenue decreased -10% year on year to THB 5,579 million for the fourth quarter of 2024 from THB 6,221 million for the fourth quarter 2023. Sales Revenue in USD terms decreased -6% to USD 164m in Q4 2024 from USD 175m in Q4 2023. Earnings from Operations decreased -230% to THB -37m in Q4 2024 from THB 29m in Q4 2023.

Net Profit decreased to THB -1,729m in Q424 from THB 125m in Q423, due to lower sales revenue in Q424 compared to Q423, and exceptional impairment loss of Powermaster investment.

| THB '000 | Quarter | | Quarter | | Q424-Q423 | % |
|--------------------------|-----------|------|-----------|------|-----------|------|
| | Q424 | | Q423 | | | |
| PCBA (Lamphun, Thailand) | 2,751,261 | 49% | 3,043,608 | 49% | (292,347) | -10% |
| PCBA (Jiaxing, China) | 818,910 | 15% | 774,477 | 12% | 44,433 | 6% |
| PCBA (Cambodia) | 66,400 | 1% | 54,031 | 1% | 12,369 | 23% |
| IC (Ayutthaya, Thailand) | 1,250,574 | 23% | 1,692,162 | 27% | (441,588) | -26% |
| IC (Jiaxing, China) | 226,030 | 4% | 136,848 | 2% | 89,182 | 65% |
| HTI (Ohio, USA) | 360,005 | 6% | 407,147 | 7% | (47,142) | -12% |
| IC Korea | 105,767 | 2% | 112,895 | 2% | (7,128) | -6% |
| Total Revenue | 5,578,947 | 100% | 6,221,169 | 100% | (642,222) | -10% |

Sales Revenue Analysis

Year on Year Sales Revenue Analysis

Quarter 4 2024 sales revenue for the group decreased -6% year-on-year in USD terms to USD 164m from USD 175m in Q423. The average exchange rate for Q424 was 5% stronger at THB/USD 34.0 from THB/USD 35.7 in Q423. As a result the sales revenue in THB terms decreased -10% year on year for the quarter.

Year-on-year, in USD terms, the microelectronics divisions sales decreased by -2%. Sales in Lamphun decreased -5% and Jiaxing increased by 10% year on year. The IC divisions sales revenues decreased -15% in Q424, with revenues of the IC division in Ayutthaya decreasing -23% and Jiaxing increasing by 73%. Power Master Semiconductor 'PMS', in Korea, sales revenue decreased -11%. Hana Technologies Inc. 'HTI' the Microdisplay/RFID operation in Ohio, USA, sales revenue decreased -9% in Q424 from Q423.

Quarter on Quarter Sales Revenue Analysis

Quarter-on-Quarter, in USD terms, sales for the group decreased -7% to 164m in Q424 from USD 176m in Q324. Sales in the microelectronics divisions decreased -2% with Lamphun decreasing -5% and Jiaxing decreasing 7%. Sales revenues from the IC divisions decreased -11% in Q424 from Q324 with Ayutthaya sales decreasing -16% and Jiaxing IC sales increasing by 30%. PMS sales decreased -14% in Q424 compared to Q324. HTI sales decreased -21% in Q424 compared to Q324.

Sales Revenue Split

| | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 |
|--------------------------|---------|---------|---------|---------|---------|
| PCBA (Lamphun, Thailand) | 49% | 48% | 48% | 50% | 49% |
| PCBA (Jiaxing, China) | 15% | 13% | 15% | 14% | 12% |
| PCBA (Cambodia) | 1% | 1% | 1% | 1% | 1% |
| IC (Ayutthaya, Thailand) | 23% | 25% | 24% | 26% | 27% |
| IC (Jiaxing, China) | 4% | 3% | 2% | 2% | 2% |
| HTI (Ohio, USA) | 6% | 8% | 7% | 6% | 7% |
| IC Korea | 2% | 2% | 3% | 1% | 2% |
| | 100% | 100% | 100% | 100% | 100% |

Gross Profit / Cost of Sales Analysis

The Gross Profit margin decreased -1% points to 5% in Q424 from 6% Q423. Gross Margin in Q424 decreased due to lower sales revenue, stronger exchange rate and factory closure costs at HTI [-1%].

Operating Profit Analysis, Sales and Administration Analysis

Year-on-year Earnings from Operations, were -230% lower at THB -37m in Q424 compared to THB 29m in Q423. The Operating margin decreased to -0.7% in Q424 from 0.5% in Q423. SG&A expenses decreased -8% in Q424 compared to Q423 due to cost reduction efforts.

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 Q424 was THB/USD 33.99, Q423 was THB/USD 35.65, (Q324 was THB/USD 34.81).

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 33.99 at 31/12/24, and THB/USD 34.22 at 31/12/23 (32.29 at 30/09/24) or the respective rate applicable to each offshore subsidiary's base currency.

Payout Analysis

In Q424 THB 221m dividend of THB 0.25 per share was paid as an interim dividend 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.

In Q423 THB 442m dividend of THB 0.50 per share was paid as an interim dividend from the profits of 2023.

In Q223 THB 402m final dividend of THB 0.50 per share was paid during the quarter from the profits of 2022.

In Q422 THB 402m dividend of THB 0.50 per share was paid as an interim dividend from the profits of 2022.

In Q222 THB 805m final dividend of THB 1.00 per share was paid during the quarter from the profits of 2021.

Financial Status

Net Cash reserves and financial investments were THB 10.2 billion at the 31st December 2024 up from THB 7.8 billion at the 31st December 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 72 days at 31st December 2024, and 75 days in 2023.

| | <u>31-Dec-24</u> | <u>31-Dec-23</u> | THB '000 |
|---|------------------|------------------|----------|
| Trade Receivables | | | |
| Less than 3 months | 4,165,292 | 4,846,118 | |
| 3 - 6 months | 83,927 | 45,888 | |
| 6 - 12 months | 67,395 | 20,445 | |
| More than 12 months | 5,411 | 8,950 | |
| Total accounts receivable - other companies | 4,322,025 | 4,921,401 | |
| Less : Allowance for doubtful accounts | (4,002) | (15,964) | |
| | <u>4,318,023</u> | <u>4,905,437</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 121 days as at 31st December 2024 and 138 days as at 31st December 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 Q424, 52 days in Q423.

Liquidity

Liquidity Current ratio is over 3 times current liabilities. Operating Cashflow (Recurring EBITDA) in Q4 2024 was THB 426m which was -6% lower than Q4 2023 at THB 454m.

Capital Expenditure

Capital Expenditure was THB 296m in Q4 2024 and THB 624m in Q4 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

Exceptional items -THB 1,844m were due to general impairment provision of Powermaster.

Subsequent Event

Sale of land held for dormitory development in Cambodia USD 1,318,182 in February 2025.

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 | | % | | |
|--|--------------------|------|------------------|------|--------------------|--|-----------|
| | Q424 | | Q423 | | Q424-Q423 | | Q424-Q423 |
| REVENUES | | | | | | | |
| Sales | 5,578,947 | | 6,221,168 | | (642,222) | | -10% |
| consisting of: | | | | | | | |
| <i>PCBA (Lamphun, Thailand)</i> | 2,751,261 | 49% | 3,043,608 | 49% | (292,347) | | -10% |
| <i>PCBA (Jiaxing, China)</i> | 818,910 | 15% | 774,477 | 12% | 44,433 | | 6% |
| <i>PCBA (Cambodia)</i> | 66,400 | 1% | 54,031 | 1% | 12,369 | | 23% |
| <i>IC (Ayutthaya, Thailand)</i> | 1,250,574 | 23% | 1,692,162 | 27% | (441,588) | | -26% |
| <i>IC (Jiaxing, China)</i> | 226,030 | 4% | 136,848 | 2% | 89,182 | | 65% |
| <i>HTI (Ohio, USA)</i> | 360,005 | 6% | 407,147 | 7% | (47,142) | | -12% |
| <i>IC (Korea)</i> | 105,767 | 2% | 112,895 | 2% | (7,128) | | -6% |
| | <u>5,578,947</u> | 100% | <u>6,221,169</u> | 100% | <u>(642,222)</u> | | -10% |
| Other Income | 101,642 | | 107,249 | | (5,607) | | -5% |
| TOTAL OPERATING REVENUES | <u>5,680,589</u> | | <u>6,328,418</u> | | <u>(647,829)</u> | | -10% |
| EXPENSES | | | | | | | |
| Cost of Sales | 5,284,246 | 95% | 5,864,285 | 94% | (580,039) | | -10% |
| Selling & Admin. Expenses | 389,748 | 7% | 405,095 | 7% | (15,347) | | -4% |
| R&D Expenses | 43,677 | 1% | 30,475 | 0% | 13,202 | | 43% |
| Other Expenses | - | 0% | - | 0% | - | | 0% |
| TOTAL EXPENSES | <u>5,717,671</u> | 102% | <u>6,299,855</u> | 101% | <u>(582,184)</u> | | -9% |
| OPERATING EARNINGS | <u>(37,082)</u> | -1% | <u>28,562</u> | 0% | <u>(65,645)</u> | | -230% |
| Other Income - non operating | (16,172) | | 0 | | (16,172) | | 0% |
| Interest Income | 67,655 | | 44,488 | | 23,167 | | 52% |
| Finance Expenses | 9,293 | | (24,668) | | 33,961 | | |
| EARNINGS before Income Tax | <u>23,694</u> | 0% | <u>48,383</u> | 1% | <u>(24,689)</u> | | -51% |
| Corporate Income Tax | (12,950) | 0% | (19,748) | 0% | 6,798 | | -34% |
| Earnings before Exch. & Exceptional Items | <u>10,744</u> | | <u>28,635</u> | | <u>(17,891)</u> | | -62% |
| Revaluation of Financial Instruments | - | | 21,456 | | (21,456) | | |
| Exchange Gain (Loss) | 104,569 | | 74,709 | | 29,860 | | |
| Exceptional Items | (1,844,420) | | - | | (1,844,420) | | |
| NET EARNINGS for the Period | <u>(1,729,107)</u> | -30% | <u>124,801</u> | 2% | <u>(1,853,907)</u> | | -1485% |
| | - | | - | | | | |

HANA MICROELECTRONICS GROUP

CONSOLIDATED Balance Sheet

| '000 Baht | Quarter <u>31-Dec-24</u> | Quarter <u>31-Dec-23</u> | <u>Q424-Q423</u> |
|---|-----------------------------|-----------------------------|--------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash in Hand & at Banks | 6,689,073 | 6,954,416 | (265,343) |
| Financial Investments | 4,055,507 | 1,938,097 | 2,117,410 |
| Accounts Receivable - trade | 4,480,722 | 5,178,141 | (697,419) |
| Amounts due from Related Companies | - | - | |
| Inventories | 7,096,004 | 8,969,347 | (1,873,343) |
| Other Current Assets | 98,064 | 119,368 | (21,304) |
| TOTAL CURRENT ASSETS | <u>22,419,370</u> | <u>23,159,370</u> | <u>(740,000)</u> |
| Long Term Financial Investments | - | - | |
| FIXED ASSETS (net) | 9,697,167 | 11,701,475 | (2,004,308) |
| OTHER ASSETS | 399,315 | 445,112 | (45,797) |
| TOTAL ASSETS | <u>32,515,852</u> | <u>35,305,957</u> | <u>(2,790,104)</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Bank Overdrafts & Loans | 509,355 | 1,076,408 | (567,053) |
| Accounts & Notes Payable | 3,026,410 | 3,390,546 | (364,136) |
| Accrued Expenses | - | 342,233 | (342,233) |
| Short Term Provisions | - | - | |
| Corporate Income Tax Payable | - | 50,816 | (50,816) |
| Current portion of Long Term Loan | 46,563 | 24,036 | 22,528 |
| Current portion of Lease Liabilities | 684 | 4,990 | (4,306) |
| Other Current Liabilities | 514,938 | 145,025 | 369,913 |
| TOTAL CURRENT LIABILITIES | <u>4,097,950</u> | <u>5,034,054</u> | <u>(936,104)</u> |
| Long Term Loans | 334,322 | 203,340 | 130,982 |
| Other Long Term Liabilities | 1,005,334 | 921,842 | 83,492 |
| TOTAL LIABILITIES | <u>5,437,606</u> | <u>6,159,236</u> | <u>(721,630)</u> |
| SHAREHOLDERS EQUITY | | | |
| Share Capital | 885,367 | 885,367 | |
| Treasury Shares | - | - | |
| Share Premium | 6,230,536 | 6,230,536 | |
| Retained Earnings | | | |
| Appropriated Statutory Reserve | 549,109 | 541,627 | 7,482 |
| Unappropriated | 19,788,234 | 21,130,039 | (1,341,805) |
| Other components of shareholders equity | (374,999) | 359,152 | (734,151) |
| Unrealised gain(loss) on change in investments | - | - | |
| Excess Cost over Net Book Value of Subsidiary Investments | - | - | |
| TOTAL SHAREHOLDERS EQUITY | <u>27,078,246</u> | <u>29,146,720</u> | <u>(2,068,474)</u> |
| TOTAL LIABILITIES & SHAREHOLDERS EQUITY | <u>32,515,852</u> | <u>35,305,957</u> | <u>(2,790,104)</u> |

HANA MICROELECTRONICS GROUP

CONSOLIDATED Summary Statement of Cashflows

| '000 Baht | Quarter 31-Dec-24 | Quarter 31-Dec-23 |
|---|----------------------|----------------------|
| Cashflow from Operating Activities | | |
| Net Earnings before tax | (1,716,157) | 144,549 |
| Adjustments to reconcile net earnings to net cash provided by operating activities | | |
| Non Cash items | | |
| Depreciation & Amortisation | 463,510 | 425,517 |
| Unrealised (gain) Loss on exchange | (136,581) | 131,000 |
| Increase (Decrease) in allowance for doubtful debts | (1,487) | 1,206 |
| Increase (Decrease) in allowance for obsolete inventories | 199,597 | 318,002 |
| Change in other provisions | 1,477,181 | 68,179 |
| | <u>2,002,221</u> | <u>943,904</u> |
| Working Capital (increase) decrease | | |
| Trade accounts receivable | 555,733 | (86,463) |
| Inventories | 694,328 | 615,647 |
| Trade accounts payable | (286,031) | (622,290) |
| Other | 70,705 | 79,577 |
| | <u>1,034,735</u> | <u>(13,529)</u> |
| Net Cashflow from Operating Activities | <u>1,320,800</u> | <u>1,074,923</u> |
| Cashflow from Investing Activities | | |
| (Increase) decrease in short term investment | 743,787 | (788,130) |
| Increase in property, plant and equipment | (268,633) | (178,558) |
| Proceeds from sale of fixed assets | 3,066 | (1,531) |
| Increase (decrease) in translation adjustment | (86,543) | (740,307) |
| Revaluation deficit on investments | 472,462 | 11,406 |
| Other | | |
| | <u>864,139</u> | <u>(1,697,120)</u> |
| Cashflow from Financing Activities | | |
| Cash received from increase in share capital | (10,791) | (29,551) |
| Dividend paid | (221,342) | (442,684) |
| Other | (536,504) | 4,334,717 |
| Net cash (used in) from financing activities | <u>(768,638)</u> | <u>3,862,482</u> |
| Net Cash, equivalents and short term liquid investments increase (decrease) | 1,416,302 | 3,240,285 |
| Cash and Equivalents at the beginning of the period | <u>5,272,772</u> | <u>3,714,132</u> |
| Cash and Equivalents at the end of the period | <u>6,689,073</u> | <u>6,954,417</u> |

HANA MICROELECTRONICS GROUP

Financial Ratios

| '000 Baht | Quarter | Quarter | | |
|--|------------------|------------------|------------------|------|
| | <u>31-Dec-24</u> | <u>31-Dec-23</u> | <u>Q424-Q423</u> | |
| Profitability Ratios | | | | |
| Gross Profit Margin (%) | 5% | 6% | | -1% |
| Operating Profit Margin (%) | 0% | 1% | | -1% |
| Net Profit before Exceptional Margin (%) | 0% | 0% | | |
| Net Profit after Exceptional Margin (%) | -31% | 2% | | -33% |
| EBITDA margin (%) | 8% | 7% | | 1% |
| Return On Equity (%) pa | -26% | 2% | | -28% |
| Return On Assets (%) pa | -21% | 1% | | -22% |
| Return On Operating Capital Employed (%) pa | -1% | 1% | | -2% |
| Efficiency Ratios | | | | |
| Working Capital Turnover (A/R+Inventory-A/P) | 2 | 2 | | |
| Account Receivable days | 72 | 75 | - | 3 |
| Inventory days | 121 | 138 | - | 17 |
| Accounts Payable days | 52 | 52 | | |
| Liquidity Ratios | | | | |
| Current Ratio | 5 | 5 | | |
| Quick Ratio | 4 | 3 | | 1 |
| Financial Capital Ratios | | | | |
| Debt / Equity | 0 | 0 | | |
| Net Debt to Equity | 0 | 0 | | |
| Interest Coverage | n/a | n/a | | |