

No. SICT 003/2022

24 February 2022

Subject: Management Discussion and Analysis for the year 2021

Attn: Governors and President Market for Alternative Investment (mai)

Silicon Craft Technology Public Company Limited ("the Company") would like to submit the Management Discussion and Analysis of the operating results for the year 2021, as the details follows:

(Million Baht)

Statements of Comprehensive Income	For the Year Ended 31 December 2021	For the Year Ended 31 December 2020	Increase (Decrease)	
			Million Baht	%
Revenue from sales and services	421.7	337.9	83.8	25%
Costs of sales or services	199.1	188.2	10.9	6%
<b>Gross profits</b>	<b>222.6</b>	<b>149.7</b>	<b>72.9</b>	<b>49%</b>
Other income	8.4	4.0	4.4	107%
Distribution costs	31.6	24.6	7.0	28%
Administrative expenses	121.5	98.2	23.3	24%
Other expenses	8.0	-	8.0	n.a.
Other gains (losses)	(5.9)	3.9	(9.8)	-253%
<b>Profit (loss) from operating activities</b>	<b>64.0</b>	<b>34.7</b>	<b>29.3</b>	<b>84%</b>
Finance income	0.7	0.3	0.3	100%
Finance costs	0.7	0.9	(0.2)	-25%
<b>Profit (loss) before tax expense</b>	<b>64.0</b>	<b>34.1</b>	<b>29.9</b>	<b>87%</b>
Tax income (expense)	0.07	0.25	(0.18)	-73%
<b>Profit (loss) for the period</b>	<b>64.0</b>	<b>34.4</b>	<b>29.6</b>	<b>86%</b>

#### Revenue from sales and services

For the year 2021, the Company's revenue from sales and services accounted for 421.7 million Baht, increasing 83.8 million Baht or 25% from the previous year. Access control and reader group contributed most of an increased amount of the year 2021 revenue. The revenue from Access control and reader group in this year increased 41% compared to the year 2020, due mainly to increased demand from main customers, and partly from selling price adjustment in line with the current market situation.



### Revenue Structure

For the year 2021, the company's revenues are derived from 4 product groups: Animal identification group accounted for 139.7 million Baht, representing 33% of total revenue, Access control and reader group accounted for 171.9 million Baht, representing 41% of total revenue, Immobilizer group accounted for 100.4 million Baht, representing 24% of total revenue, and NFC and others group accounted for 9.7 million Baht, representing 2% of total revenue.

A rise in the Company's revenue in 2021 was supported by an increase in revenue from all product groups. Compared to the year 2020, revenue from Animal identification group rose 15% owing to a demand increase from customers. For Access control and reader group, revenue increased 41% from the previous year caused by an expansion of the industrial use of RFID solutions. Revenue from Immobilizer group rose by 16% compared to the year 2020 from the gained market share. For innovative NFC and others group, though growth of revenue was 19% from the previous year, the Company could not fulfill all business growth potentials due to the shortage of product wafers.

### Cost of Goods Sold and Gross Profit

Cost of goods sold (COGS) for the year 2021 accounted for 199.1 million Baht, increasing 10.9 million Baht or 6% from last year. The increase in COGS was smaller than an increase in revenue, because of well-controlled costs and Inventory management. The increase in COGS in the year 2021 was mainly from an increase of the raw material prices and manufacturing service charges for goods production.

Gross Profit in 2021 was at 222.6 million Baht, growing 72.9 million Baht or 49% compared to last year. Gross Profit Margin in 2021 stood at 53%, which improved from 44% in the year 2020.

However, risk factors in terms of raw material costs and higher production costs resulting from the supply shortage in the market due to insufficient capacity of the whole semiconductor supply chain still be challenges for the Company. However, the Company has implemented plans to minimize the impact on the company's own business and on its customers' business operations as much as possible.

### Other Income

In the year 2021, the company had other income equal to 8.4 million Baht, increasing 4.4 million Baht or 107%, mainly from funding supported by external agencies for research and development projects.



### Selling and Administrative Expenses

Selling expenses in the year 2021 was at 31.6 million Baht, increasing 7.0 million Baht or 28% compared to the previous year, mainly because of a resource increase to support business growth.

Administrative expenses in 2021 accounted for 121.5 million Baht, increasing 23.3 million Baht or 24% compared to the year 2020, due mainly to an impairment in intangible assets amounting around 32.6 million Baht. The impairment was caused by the period extension of the development projects, which is the result of the prolonged COVID-19 pandemic. However, if such impairment is not included, the administrative expenses are in line with the company's plan.

### Other Gains (Losses)

This is the net unrealized gain (loss) from the exchange rate that do not enter the hedging accounting conditions. For the year 2021, the Company had an unrealized loss on an exchange rate of 5.9 million Baht.

### Net Profit

The Company had 2021 net profit of 64.0 million Baht, growing 29.6 million Baht or 86% compared to the previous year, representing a net profit margin of 15%, improving from 10% in 2020.

### Statement of Financial Position

Total assets of the company at the end of 2021 were 484.8 million Baht, increasing 66.2 million Baht from 418.6 million Baht at the end of 2020. Current assets increased around 75 million Baht, mainly due to an increase in inventory which is in line with the Company plan, and a rise in foreign trade receivables from higher sales which waiting to be charged based on those payment period. Non-current assets slightly decreased around 8.7 million Baht.

The Company had total liabilities at the end of 2021 equal to 90.2 million Baht, increasing 20.6 million Baht from the end of 2020, which was 69.6 million Baht. The rise was from an increase in current liabilities around 24.0 million Baht, due mainly to increased domestic and foreign trade payables in accordance with the orders for production materials which are in line with the Company's plan, and other current financial liabilities.

The Company's shareholders' equity at the end of 2021 was at 394.6 million Baht, rising from the end of 2020 which was 349.0 million Baht. The rise was due to an increase in the unappropriated retained earnings at the end of 2021 of around 45.0 million Baht, from the end of 2020, which was based on the Company's results, together with other comprehensive losses amounting 3.7 million Baht arising from hedging accounting policy for derivatives items.



Please be informed accordingly.

Best regards

(Dr. Bodin Kasemset)

Chief Executive Officer

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