

No. SICT 012/2023

12 May 2023

Subject: Management Discussion and Analysis for Quarter 1/ 2023

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 Quarter 1/ 2023, as the details follows:

(Million Baht)

Statements of Comprehensive Income	Quarter1/2023	Quarter1/2022	Increase (Decrease)	
			Million Baht	%
Revenue from sales and services	217.4	139.6	77.9	55.8%
Costs of sales or services	(120.6)	(61.6)	59.0	95.7%
Gross profits	96.8	77.9	18.9	24.3%
Other income	1.3	0.8	0.5	62.2%
Distribution costs	(9.7)	(7.0)	2.7	38.6%
Administrative expenses	(28.6)	(35.0)	(6.4)	-18.4%
Other expenses	0.0	(2.1)	(2.1)	n.a.
Other gains (losses)	2.2	(1.7)	3.9	n.a.
Profit (loss) from operating activities	62.0	32.9	29.1	88.5%
Finance income	0.1	0.1	(0.0)	-19.9%
Finance costs	(0.5)	(0.1)	0.4	235.2%
Profit (loss) before tax expense	61.7	32.9	28.8	87.4%
Tax income (expense)	(2.2)	(2.5)	(0.3)	-15.1%
Profit (loss) for the year	59.5	30.4	29.1	96.0%

Revenue from sales and services

For Quarter 1/2023, the Company's revenue from sales and services accounted for 217.4 million Baht, increasing 77.9 million Baht or 56% from the same period last year. Animal identification groups contributed most of an increased amount of Quarter 1/2023 revenue, which increased by 45.4 million Baht or 94% from the same period last year.



SILICON CRAFT TECHNOLOGY PLC

40 Thetsaban Rangsan Nua Rd., Ladyao, Chatuchak, Bangkok 10900 THAILAND.

T +66 2 589 9991 F +66 2 589 8881 E info@sic.co.th

(Million Baht)

Revenue breakdown by product application	Quarter1/2023	Quarter1/2022	Increase (Decrease)	
			Million Baht	%
Revenue from Animal identification group	93.6	48.2	45.4	94%
Revenue from Immobilizer group	57.7	41.4	16.3	40%
Revenue from Industrial IoT group	61.5	44.9	16.6	37%
Revenue from NFC and others group	4.6	5.1	(0.5)	-10%
Profit (loss) for the period	217.4	139.6	77.8	56%

Revenue Structure

For Quarter 1/2023, the company's revenues are derived from 4 product groups: Animal identification group accounted for 93.6 million Baht, representing 43% of total revenue, Immobilizer group accounted for 57.7 million Baht, representing 27% of total revenue, Industrial IoT group accounted for 61.5 million Baht, representing 28% of total revenue, and NFC and others group accounted for 4.6 million Baht, representing 2% of total revenue.

A rise in the Company's revenue in Quarter 1/2023 was mainly supported by an increase in revenue from Animal Identification groups. Compared to Quarter 1/2022, revenue from the Animal Identification group rose by 94% due to the expansion of the market from the progress in the enforcement of electronic identification tags for sheep and goats in Australia and the trend to enforce in other nations, partly from the spread of viral diseases in animals. Revenue from Immobilizer group rose by 40% from the same period last year, from increasing demands of key customers in Europe and revenue from ULTX. Revenue from Industrial IoT group increased 36% compared to Quarter 1/2022, from the growth of key customers in Asia. For the innovative NFC group and others, there is a decrease in revenue at 10% compared to the same period last year,



(Unit: Million USD)

Revenue breakdown by product application	Quarter1/2023	Quarter1/2022	Increase (Decrease)	
			Million Dollars	%
Revenue from Animal identification group	2.77	1.46	1.31	90%
Revenue from Immobilizer group	1.71	1.26	0.45	36%
Revenue from Industrial IoT group	1.81	1.37	0.44	33%
Revenue from NFC and others group	0.14	0.15	(0.01)	-11%
Profit (loss) for the period	6.43	4.24	2.19	52%

However, if excluding the impact of currency fluctuations by comparing revenues in U.S. dollars, which is the company's primary operating currency, for Quarter 1/2023, the company's revenue from sales and services were accounted for 6.43 million USD, increasing 2.19 million USD or 52% from the same period last year.

Cost of Goods Sold and Gross Profit

Cost of goods sold (COGS) for Quarter 1/2023 accounted for 120.6 million Baht, increasing 59.0 million Baht or 96% from Quarter 1/2022, growing faster than revenue growth.

Gross Profit in Quarter 1/2023 was at 96.8 million Baht, growing 18.9 million Baht or 24% from the same period last year. Gross Profit Margin in Quarter 1/2023 stood at 45%, which slightly decreased from 56% in Quarter 1/2022. The increase in COGS in Quarter 1/2023 was mainly from an increase of the raw material prices, manufacturing service and product testing charges for goods production, and an increase of the employee costs.

However, the company has taken actions to address the increasing costs, such as maintaining a balance between selling prices and increasing costs by negotiating prices with customers and certain partners. Accelerate the introduction of new products in order to maintain an acceptable gross profit margin, and control the waste rate from production and product testing, etc.

Other Income

In Quarter 1/2023, the company had other income equal to 1.3 million Baht, increasing 0.5 million Baht or 62%, mainly from increasing in realized gain from the foreign exchange rate.



Selling and Administrative Expenses

Selling expenses in Quarter 1/2023 were at 9.7 million Baht, increasing 2.7 million Baht or 39% compared to the same period last year from the increase in employee expenses, which is in line with the company's growth.

Administrative expenses in Quarter 1/2023 accounted for 28.6 million Baht, decreasing 6.4 million Baht or 18% compared to Quarter 1/2022, due mainly to a decrease in an impairment loss in intangible assets.

Other Gains (Losses)

This is the net unrealized gain (loss) from the foreign exchange forward contracts that do not designate as a qualify for hedge accounting. For Quarter 1/2023, the Company had an unrealized gain on an exchange rate of 2.2 million Baht from the Thai Baht's appreciation.

However, the Company has closely monitored the economic situation and interest rate trends from the Bank of Thailand and commercial banks. The Company considers using foreign exchange hedging instruments by purchasing forward contracts in a proportional manner that is appropriate and consistent with the value of orders from customers and the cost of goods over time and establish mechanisms to adjust the plan adaptively to mitigate the risk from current volatile and unpredictable conditions, in order to minimize the long-term impact on the company as much as possible. However, the company is in the process of adjusting the plans and policies for the exchange rate in the long term, by considering reducing the volume of forward contracts and balancing expenses and income in the same currency.

Net Profit

The Company had a Quarter 1/2023 net profit of 59.5 million Baht, growing 29.1 million Baht or 96% compared to the same period last year, representing a net profit margin of 27%, decreasing from 22% in Quarter 1/2022 mainly due to an increase in revenue from sales and services, a decline in total expenses, and an increase in a gain on an exchange rate.

Statement of Financial Position

Total assets of the company at the end of Quarter 1/2023 were 834.3 million Baht, increasing 183.0 million Baht from 651.3 million Baht at the end of 2022. Current assets increased around 174.7 million Baht, mainly due to an increase in inventory consistent with an increase in sales orders, and an increase in cash and cash equivalent which in line with a rise in revenue. Non-current assets increased around 8.3 million Baht, mainly from an increase in other intangible assets.



The Company had total liabilities at the end of Quarter 1/2023 equal to 260.2 million Baht, increasing 123.8 million Baht from the end of 2022, which was 136.5 million Baht. The rise was primarily due to an increase in short-term loans from financial institutions, and an increase in trade payables in accordance with the orders for production materials which are in line with the Company's plan.

The Company's shareholders' equity at the end of Quarter 1/2023 was at 574.1 million Baht, rising from the end of 2022 which was 514.9 million Baht. The rise was due mainly to an increase in the unappropriated retained earnings at the end of Quarter 1/2023 of around 59.5 million Baht from the end of 2021, which is based on the results of operations in the past period.

Please be informed accordingly.

Best regards

(Dr. Bodin Kasemset)

Chief Executive Officer

Silicon Craft Technology Public Company Limited

