

No. SICT 010/2026

14 May 2026




Subject: Management Discussion and Analysis for Quarter 1/2026

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

Business, Economic and Industry Overview Impacting Operations

Business Overview

The Company engaged in design, research and development of integrated circuits (ICs) or microchips and commercialization of RFID microchips and systems (Radio Frequency Identification), which is a technology used for identifying and gathering information about registered objects or animals via radio frequency. After the design process, the Company outsources the manufacturing and assembly of the microchips. The Company closely controls the production quality throughout the processes according to the Company's design and quality requirements and the products are sold under the Company's brand, "SIC." Microchip products of the Company are categorized into four main groups:

<p>1. Animal Identification</p>  <p>supplies microchips animal identification tag makers supplies ear tags livestock farmers</p>	<p>Electronic identification tags are RFID-based devices used to track livestock and companion animal data, including breed, feeding records, and vaccination history, offering long-range communication, high quality, and full compliance with international standards.</p>
<p>2. Immobilizer</p>  <p>Supplies Microchips Spare automotive immobilizer manufacturers Supplies Immobilizer Spare automotive immobilizer Service centres</p>	<p>Immobilizer are RFID-based devices designed to enhance vehicle security by preventing engine ignition when unauthorized or counterfeit keys are used. The Company's products are compatible with approximately 99% of vehicle models currently available in the market.</p>
<p>3. Industrial IoT</p>  <p>Supplies Microchips Customers resell to various industrial operators Used in automated material systems Used in access control systems</p>	<p>RFID microchip technology in this group is applied across a wide range of industrial processes, including access control systems, smart toys, waste management solutions, and factory automation systems related to automated material handling, warehousing, and logistics.</p>
<p>4. NFC & Other</p>  <p>Supplies Microchips Customer group seeking to add value to their products Used in smart label systems Used in chemical sensing/measurement systems</p>	<p>NFC microchips are designed for use with modern smartphones and can be applied to smart labeling solutions for anti-counterfeiting purposes, as well as sensor-based applications such as detecting water contaminants and measuring glucose levels, hormones, and viruses, aligning with the growing trend toward digital healthcare.</p>



Competitive Environment

The Company operates in designs, research, and development and sales & marketing of RFID microchips, with a strong focus on in-house intellectual property and patent creation in R&D to support application-specific use cases across the Animal Identification, Immobilizer, Industrial IoT, and NFC segments. Each segment involves distinct operating environments, regulatory standards, and technical requirements, contributing to a highly competitive industry landscape. As an international fabless semiconductor company, the Company primarily serves global customers on a business-to-business (B2B) basis, supplying device manufacturers and solution providers through chip design, board level design and development, and joint solution development for both hardware and software systems. The competitive landscape includes global semiconductor manufacturers with scale advantages and extensive customer networks, as well as regional players in Asia competing primarily on cost.

Competing in global market, the Company differentiates itself through its expertise and IPs in analog mixed-signal (AMS) IC design with state of the art and/or best-in-class performance, unique chip and system features matching to individual needs of applications, high flexibility in supply chain, strong technical supports as well as high level product reliability. In addition, the Company's ability to develop application-specific IC solutions tailored to the requirements of specialized industries with product customization flexibility, helps mitigate price-based competition and supports the development of long-term customer relationships within niche markets.

Industry Overview and Trends

In 2025, the global semiconductor market grew strongly by 26.2% to USD 795.6 billion, marking one of the highest annual growth rates in industry history. Growth was led by Asia Pacific and the Americas, reflecting rising demand from data center infrastructure, AI-related systems, High Bandwidth Memory chip and advanced logic chips. By product segment, Logic and Memory drove the expansion, while Sensors and Analog, key components of RFID chips and readers, continued to grow steadily. For 2026, WSTS projects that global semiconductor sales will continue expanding and approach the USD 1 trillion mark.

The global Radio Frequency Identification (RFID) market reached USD 18.5 billion in 2025 and is on a steady growth trajectory, with the market size projected to reach USD 62.3 billion by 2035. This trajectory reflects the digital transition in which businesses increasingly prioritize data accuracy and real-time tracking, aligning with overall semiconductor industry growth.

Key growth drivers of the RFID market include increasing demand for fully traceability requirements in supply chain management, particularly in the retail and logistics sectors, where RFID adoption helps reduce inventory discrepancies and supports omnichannel operations. Growth is further supported by government initiatives and evolving international regulations, such as item level traceability requirements in European Digital Product Passport program, which are expected to become widely adopted industry standards in the near future. Additionally, the expansion of contactless payment systems, aligned with the global shift toward cashless societies



and the development of smart public transportation systems across multiple countries, continues to drive broader RFID adoption.

The industry is moving toward a data-driven future in which RFID is expected to evolve beyond simple data identification into an important source of edge intelligence for artificial intelligence applications. RFID will increasingly be integrated with AI systems as a reliable field-level data source, enables advanced analytics and consumer behavior forecasting, alongside the development of higher-performance, application-specific chips and tags at more cost-efficient levels. The Asia-Pacific region, including Thailand, remains a high-growth market, supported by the continued expansion of the semiconductor industry, presenting a strategic opportunity for the Company to leverage its expertise in application-specific microchip design to differentiate itself globally, deliver value-added solutions, and strengthen long-term competitiveness and sustainable growth.

Reference:

1. World Semiconductor Trade Statistics: Global-Semiconductor-Market-grows-26-in-2025-to-796B
2. Global Market Insights: RFID Market Size & Share 2026-2035
3. Business Research Insights: Passive RFID Tags Market Forecast from 2026 to 2035
4. Research and Markets: RFID Market - Strategic Insights and Forecasts (2026-2031)



Performance Summary

Financial Performance

In Q1/2026, the Company reported total revenue from sales and services of 170.89 million baht, increase of 32.35 million baht or 23.3% from the previous quarter, driven by product deliveries reflecting seasonal patterns of the Company's normal business operations. Compared to the same period last year, revenue decreased by 23.56 million baht or 12.1%, primarily due to lower revenue from the Animal ID product group following an extension of delivery timelines, and partly from Thai baht appreciation during the quarter.

Net profit for the quarter totaled 24.73 million baht, an increase of 23.28 million baht or 1,614.1% from the previous quarter, supported by higher revenue, an improved gross profit margin, and partly from the recognition of foreign exchange gains following Thai baht depreciation during the quarter, while compared to the same period last year, net profit decreased by 9.21 million baht or 27.1%, in line with lower revenue, with details of the changes as follows:

(Unit: Million Baht)

Statement of Comprehensive Income	Q1/2025	Q4/2025	Q1/2026	Change	
				%QoQ	%YoY
Revenue from sales and services	194.45	138.55	170.89	23.3%	-12.1%
Costs of sales and services	(113.96)	(83.71)	(100.03)	19.5%	-12.2%
Gross profits	80.50	54.84	70.86	29.2%	-12.0%
Other income*	1.26	0.32	7.44	2,256.5%	491.1%
Selling and distribution expenses	(6.29)	(7.91)	(8.74)	10.4%	38.9%
Administrative expenses	(41.24)	(46.38)	(45.50)	-1.9%	10.3%
<i>Research expenses</i>	(14.91)	(16.55)	(10.30)	-37.8%	-30.9%
<i>FX Losses*</i>	N/A	(2.42)	N/A	N/A	N/A
<i>Other administrative expenses</i>	(26.34)	(27.40)	(35.20)	28.5%	33.7%
Profit (loss) from operating activities	34.22	0.87	24.06	2,679.1%	-29.7%
Finance income	0.11	0.75	0.52	-30.4%	367.5%
Finance costs	(0.57)	(0.06)	(0.05)	-11.2%	-90.8%
Share of profit (loss) from investment in joint ventures	0.11	(0.10)	(0.12)	15.6%	N/A
Profit (loss) before tax expense	33.88	1.45	24.41	1,582.4%	-27.9%
Tax income (expense)	0.06	(0.01)	0.31	N/A	406.1%
Profit (loss) for the period	33.94	1.44	24.73	1,614.1%	-27.1%
Gross Profit Margin (%)	41.4	39.6	41.5	N/A	N/A
Net Profit Margin (%)	17.5	1.0	14.5	N/A	N/A

* In Q1/2026, the Company recognized a realized FX gain of 4.32 million baht and an unrealized FX gain of 3.04 million baht, resulting in a combined gain of 7.36 million baht, which has been presented under "Other income." This presentation is consistent with Q1/2025, in which the Company recognized a realized FX loss of 0.69 million baht and an unrealized FX gain of 1.69 million baht, for a combined gain of 0.99 million baht. In Q4/2025, the Company recognized a realized FX loss of 0.57 million baht and an unrealized FX loss of 1.86 million baht, for a combined loss of 2.42 million baht, which was presented under "Administrative expenses."



Revenue from Sales and Services

In Q1/2026, the Company recorded revenue from sales and services of 170.89 million baht, increasing 32.35 million baht or 23.3% quarter-on-quarter due to higher revenue across all product groups in line with normal business seasonality. However, revenue decreased 23.56 million baht or 12.1% year-on-year, mainly due to lower sales in the Animal Identification group, and was partly impacted by the appreciation of the Thai baht by approximately 7.3% compared to the same period last year, which adversely affected the translation of foreign currency-denominated revenue into Thai baht.

In USD terms, the Company recorded revenue of 5.45 million USD, increasing 1.10 million USD, or 25.4% quarter-on-quarter, while decreasing 0.30 million USD, or 5.2% year-on-year.

Revenue Structure – Breakdown by Product Group

(Unit: Million Baht)

Product Group	Q1/2025	Q4/2025	Q1/2026	Change	
				%QoQ	%YoY
Animal Identification	136.91	95.42	108.44	13.6%	-20.8%
Immobilizer	18.49	9.93	17.11	72.3%	-7.4%
Industrial IoT	37.38	32.65	43.94	34.6%	17.5%
NFC & Other	1.68	0.54	1.40	157.9%	-16.5%
Total revenue	194.45	138.55	170.89	23.3%	-12.1%
Total Revenue (Million USD)	5.75	4.34	5.45	25.4%	-5.2%
Average Exchange Rate (THB/USD)	33.83	31.89	31.36	-1.7%	-7.3%

1) Revenue from the Animal Identification group

In Q1/2026, revenue from the Animal Identification group amounted to 108.44 million baht, increasing 13.02 million baht or 13.6% quarter-on-quarter, driven by seasonal factors in customers' operations, which enabled the Company to deliver products in line with plan. However, revenue declined by 28.47 million baht or 20.8% year-on-year, primarily due to the rescheduling of certain deliveries by customers. Revenue from these orders is expected to be gradually recognized in the next quarter.

Over the long term, the Company continues to benefit from government policies in overseas markets. Argentina has mandated electronic animal identification for cattle, buffaloes, and deer, along with funding support for operators, with order inflows from this market beginning to materialize on a continuous basis. Meanwhile, Brazil has announced the National Individual Identification Plan (PNIB) to transition livestock traceability from herd-level to individual-level tracking between 2025 - 2032, with electronic identification designated as a key solution. In addition, the increasing global emphasis on animal health, food safety, and meat traceability to support long-term sustainability in food supply remains a key factor supporting the Company's future growth.



2) Revenue from the Immobilizer group

In Q1/2026, revenue from the Immobilizer group amounted to 17.11 million baht, increasing 7.18 million baht or 72.3% quarter-on-quarter, driven by higher orders across multiple products from 2-3 existing customers in the EU. Revenue returned to a level broadly in line with the same period last year of 18.49 million baht. However, the Company continues to closely monitor inventory destocking in the market and trends in the global automotive industry. Revenue from the ULTX, the group's core product, accounted for 51.6% of total Immobilizer revenue.

The Company is currently collaborating with customers in both existing and new markets on the joint-development projects for both system and chip solutions, supporting its long-term strategy to expand new product designs and drive sustainable revenue growth.

3) Revenue from Industrial IoT group

In Q1/2026, revenue from the Industrial IoT group totaled 43.94 million baht, increasing 11.29 million baht, or 34.6% quarter-on-quarter, and increasing 6.56 million baht or 17.5% year-on-year. The growth was driven by strong order demand from customers in the Asia region.

The Company launched new products in this group late last year and plans to continue developing and launching new products to address the needs of new customer groups. The ongoing expansion of digitalization, automation, and device connectivity across sectors such as manufacturing, modern agriculture, and logistics is expected to remain a key growth driver for the Industrial IoT segment going forward.

4) Revenue from NFC and others group

In Q1/2026, revenue from the NFC and Others group amounted to 1.40 million baht, increasing 0.86 million baht or 157.9% quarter-on-quarter, while declining 0.28 million baht, or 16.5% year-on-year. The year-on-year softness reflected the multi-stage development cycle inherent to NFC applications, encompassing design, testing, and integration with customers' systems. However, the Company continued development of new NFC-based products in collaboration with customers across Industrial NFC, authentication, and sensor applications, supporting the gradual expansion of this segment's revenue contribution.

Costs of Sales and Services

In Q1/2026, cost of sales and services amounted to 100.03 million baht, increasing 16.32 million baht, or 19.5% quarter-on-quarter, in line with higher revenue during the period. On a year-on-year basis, costs of sales and services decreased 13.92 million baht or 12.2%, consistent with the decline in revenue over the same period.



Gross Profit and Gross Profit Margin

In Q1/2026, the Company recorded gross profit of 70.86 million baht, increasing 16.02 million baht or 29.2% quarter-on-quarter, in line with higher revenue driven by seasonal factors. However, gross profit decreased 9.64 million baht or 12.0% year-on-year, primarily due to lower revenue from the Animal Identification product group resulting from customer-requested delivery rescheduling, as previously discussed.

Gross profit margin improved to 41% from 40% in previous quarter, driven by a favorable product mix shift. The Animal Identification product group's revenue contribution moderated to 63% from 69%, while the higher-margin Immobilizer and Industrial IoT product groups gained share. Additionally, the on-plan ramp-up of new products launched in 2025 continued to improve profitability. On a year-on-year basis, gross profit margin remained stable at 41%, in line with the same period last year.

Other Income

In Q1/2026, the Company recorded other income of 7.44 million baht, primarily driven by foreign exchange gains, both realized and unrealized, totaling 7.36 million baht, resulting from the depreciation of the Thai baht during the quarter. These items were presented under other income. In comparison, the Company reported other income of 0.32 million baht in the previous quarter, with no foreign exchange gains recognized. In the same period last year, other income amounted to 1.26 million baht, including foreign exchange gains of 0.99 million baht.

Selling and Distribution Expenses

In Q1/2026, the Company's selling and distribution expenses amounted to 8.74 million baht, increasing 0.83 million baht or 10.4% quarter-on-quarter and increasing 2.45 million baht or 38.9% year-on-year, mainly due to higher salaries and employee benefits expenses.

Administrative Expenses

In Q1/2026, the Company's administrative expenses amounted to 45.50 million baht, decreasing 0.87 million baht or 1.9% quarter-on-quarter, mainly due to lower research and travel expenses. On a year-on-year basis, administrative expenses increased 4.26 million baht or 10.3%, primarily due to intangible asset impairment losses of 4.89 million baht from three research and development projects. These projects involved new technology that took longer to develop than originally estimated, resulting in delayed revenue recognition from new product sales. This caused the discounted cash flow projections to decrease, necessitating the asset impairment recognition.

Finance Costs

In Q1/2026, the Company's finance costs amounted to 0.05 million baht, slightly decreasing from 0.06 million baht in the previous quarter and lower than 0.57 million baht in the same period last year. The decline was mainly due to the full repayment of short-term borrowings from financial institutions in September 2025, resulting in no related interest expenses in the current period.



Share of profit (loss) from investment in joint ventures

The Company has an investment in a joint venture with a 25% stake in Adaptrics Company Limited, which is currently in the phase of business development and ongoing customer base expansion. In Q1/2026, the Company recorded a share of loss of 0.12 million baht, broadly in line with 0.10 million baht in previous quarter. In contrast, the Company recorded a share of profit of 0.11 million baht in the same period last year.

Adaptrics continues to focus on the development of RFID solutions as a key strategic initiative to expand the application of smart technologies across various sectors. During the period, the company introduced an advanced NFC wristband system to enhance the efficiency of graduation ceremony management for educational institutions, supporting its continued business development.

Tax income (expense)

The Company benefits from tax incentives granted by the Board of Investment (BOI). As the majority of the Company's revenue is generated from BOI-promoted activities, it is therefore subject to a reduced corporate income tax rate, supporting overall profitability.

In Q1/2026, the Company recorded tax income of 0.31 million baht, compared to tax expenses of 0.01 million baht in the previous quarter and tax income of 0.06 million baht in the same period last year. The change was primarily attributable to a higher recognition of deferred tax income.

Net Profit

In Q1/2026, the Company recorded net profit of 24.73 million baht, increasing 23.28 million baht or 1,614.1% quarter-on-quarter, in line with higher revenue from sales and services, an improved gross profit margin from 40% to 41%, and partly from the recognition of foreign exchange gains during the quarter. As a result, the net profit margin for the quarter rose to 14%, up from 1% in the previous quarter.

However, compared to the same period last year, net profit decreased 9.21 million baht or 27.1%, primarily due to lower revenue from sales and services, coupled with higher selling and administrative expenses, particularly salaries and employee benefits, as well as the recognition of an impairment loss on intangible assets as discussed above. As a result, the net profit margin declined from 17% in the same period last year to 14%.



Financial Position Summary

Statements of Financial Position

Financial Position	As at				Change	
	31 Dec 2025		31 Mar 2026		Million Baht	%
	Million Baht	%	Million Baht	%		
Current assets	620.72	67.1	640.16	67.7	19.44	3.1%
Non-Current assets	304.54	32.9	305.20	32.3	0.66	0.2%
Total Asset	925.26	100.0	945.36	100.0	20.10	2.2%
Current Liabilities	102.79	11.1	97.83	10.3	(4.96)	-4.8%
Non-Current Liabilities	46.46	5.0	47.28	5.0	0.82	1.8%
Total Liabilities	149.25	16.1	145.11	15.3	(4.14)	-2.8%
Total shareholders' equity	776.01	83.9	800.25	84.7	24.24	3.1%

Total Asset

As of March 31, 2026, the Company's total assets amounted to 945.36 million baht, representing an increase of 20.10 million baht from 925.26 million baht as of the end of 2025, driven by the following key factors:

- Current assets totaled 640.16 million baht, increasing 19.44 million baht from the end of 2025, primarily due to higher advance payments for raw materials and an increase in cash and cash equivalents from operating cash inflows, while inventories declined following product deliveries in line with planned schedules.
- Non-current assets amounted to 305.20 million baht, increasing 0.66 million baht from the end of 2025, primarily driven by higher leasehold improvements and equipment from partial office renovations, together with an increase in intangible assets from projects under development to support future product launches, while right-of-use assets related to office space declined.

Total Liabilities

As of March 31, 2026, the Company reported total liabilities of 145.11 million baht, representing a decrease of 4.14 million baht from 149.25 million baht at the end of 2025. The key changes were as follows:

- Current liabilities totaled 97.83 million baht, decreasing 4.96 million baht from the end of 2025, primarily due to a decline in other current payables, mainly from lower accrued bonuses. However, other current liabilities increased, driven by higher withholding tax payable and advance receipts from customers.
- Non-current liabilities amounted to 47.28 million baht, increasing 0.82 million baht from the end of 2025, due to higher provisions for long-term employee benefits.



Total Shareholders' Equity

As of March 31, 2026, shareholders' equity amounted to 800.25 million baht, increasing 24.24 million baht from 776.01 million baht at the end of 2025. The increase was primarily driven by higher retained earnings from the Company's operating results for the period ended March 31, 2026.

Cash Flow Liquidity and Capital Resource

Statement of Cashflow (Million Baht)	For the three-month period ended		Change	
	31 Mar 2025	31 Mar 2026	Million Baht	%
Cash Flow from Operating Activities				
Net cash provided by operating activities	45.36	39.54	(5.81)	-12.8%
Cash Flow from Investing Activities				
Net cash used in investing activities	(14.02)	(26.58)	(12.57)	89.7%
Cash Flow from Financing Activities				
Net cash used in financing activities	(33.93)	(1.30)	32.64	-96.2%
Effects of exchange rate to cash and cash equivalents	0.93	1.74	0.81	86.7%
Net increase (decrease) in cash and cash equivalents	(1.66)	13.41	15.06	-910.2%
Cash and cash equivalents as at 1 January	62.45	123.82	61.36	98.2%
Cash and cash equivalents as at	60.80	137.23	76.43	125.7%

As of March 31, 2026, the Company had cash and cash equivalents of 137.23 million baht, increasing from 60.80 million baht as of March 31, 2025. The change was driven by cash flows from the Company's operating, investing, and financing activities, as summarized below.

- Net cash provided by operating activities totaled 39.54 million baht, primarily driven by profit from operations before changes in operating assets and liabilities of 47.72 million baht, together with movements in working capital, particularly a reduction in inventories of 22.16 million baht from product sales during the quarter, coupled with a decrease in trade receivables and other current receivables of 14.14 million baht from collections received during the period. Meanwhile, other current assets increased 36.61 million baht, reflecting higher advance payments for raw materials following a change in supplier, which resulted in a revised payment process.
- Net cash used in investing activities totaled 26.58 million baht, mainly attributable to net investments in intangible assets for product development and design projects of 23.44 million baht, reflecting the Company's continued investment in technological capabilities and long-term growth, together with purchases of leasehold improvements and equipment of 3.14 million baht.
- Net cash used in financing activities totaled 1.30 million baht, primarily due to lease liability payments of 1.29 million baht.



Key Financial Ratios

Financial Ratios	Unit	2024	2025	Q1/2025	Q1/2026
Current Ratios	times	3.45	6.04	4.17	6.54
Average Sale Period*	days	223	169	198	180
Average Collection Period	days	27	33	59	44
Average Payment Period	days	75	25	28	30
Cash Conversion Cycle	days	174	177	229	194
Gross Profit Margin (GPM)	%	43%	44%	41%	41%
Net Profit Margin (NPM)	%	15%	12%	17%	14%
Return on Assets (ROA)	%	10%	8%	9%	7%
Return on Equity (ROE)	%	15%	11%	12%	9%
Debt to Equity Ratio	times	0.31	0.19	0.25	0.18

*Inventory excludes raw materials

As of March 31, 2026, the Company reported a current ratio of 6.54 times, reflecting continued improvement in overall liquidity management and a strong capacity to meet short-term obligations. The average inventory holding period shortened to 180 days, in line with a reduction in inventory levels driven by more efficient inventory management. The debt-to-equity ratio stood at 0.18 times, continuing its downward trend from the end of 2024 and 2025, as the Company carries no financial institution borrowings. This reflects a solid capital structure with low financial risk, while providing capacity to support additional borrowing for future business expansion.

Factors Affecting Future Operations and Growth

Research and Development: Continuous investment in research and development is a key driver of the Company's competitiveness and long-term growth, enabling the development of new products, enhancement of existing offerings, and expansion into new markets. However, technology development requires significant investment as well as sufficient time for development and testing, which may affect the Company's cost structure and the timing of revenue recognition in the short term. Several new R&D activities have involved in completely new technologies for the Company. This leads to higher expenses in competency development in both resource skills and R&D's tools and equipment. Besides, new intellectual properties including new patents are inevitable in order to acquire an international acceptance level of the new products. Therefore, these R&D and abovementioned related-activities are crucial to increase the level of business sustainability for a highly dynamic semiconductor market.

Workforce Capability Development: A key element of the Company's competitiveness is its access to highly specialized talent. Accordingly, the Company places strong emphasis on human capital development to support the semiconductor industry. This effort is further supported by government initiatives, including the establishment of a national semiconductor network, which helps develop and supply skilled professionals directly to the industry.



Such initiatives mitigate talent shortage risks and support the Company's long-term capabilities in integrated circuit design and innovation.

Government Support Measures: In early January 2026, the Thailand Board of Investment announced new incentives to promote the semiconductor and advanced electronics industry, with a focus on analog and sensor microchip design. The measures include tax incentives, support for research and development, and workforce development initiatives. These policies are expected to positively support the Company's operational capabilities and long-term growth prospects.

Constraints and Risks: While the industry continues to demonstrate positive growth prospects, several constraints may affect business expansion. These include high research and development costs, volatility in the semiconductor supply chain, price competition from low-cost manufacturers, differences in regulatory requirements across jurisdictions, and technological change. Addressing these challenges requires ongoing investment, effective cost management, and continuous innovation to sustain competitiveness.

Please be informed accordingly.

Best regards

(Dr. Bodin Kasemset)

Chief Executive Officer

Silicon Craft Technology Public Company Limited

