

No. SICT 008/2021

13 May 2021

Subject: Management Discussion and Analysis for Quarter 1/ 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 Quarter 1/ 2021, as the details follows:

(Million Baht)

Statements of Comprehensive Income	Quarter1/2021	Quarter1/2020	Increase (Decrease)	
			Million Baht	%
Revenue from sales and services	101.3	95.2	6.1	6%
Costs of sales or services	52.3	49.0	3.4	7%
Gross profits	49.0	46.2	2.7	6%
Other income	2.9	1.8	1.1	60%
Distribution costs	7.9	6.4	1.4	22%
Administrative expenses	19.5	19.9	(0.4)	-2%
Other gains (losses)	(4.1)	(5.9)	1.9	n.a.
Profit (loss) from operating activities	20.4	15.7	4.7	30%
Finance income	0.2	0.0	0.2	704%
Finance costs	0.2	0.1	0.0	34%
Profit (loss) before tax expense	20.4	15.6	4.8	31%
Tax income (expense)	0.3	0.0	0.3	846%
Profit (loss) for the period	20.1	15.6	4.5	29%

Revenue from sales and services

For Quarter 1/2021, the Company's revenue from sales and services accounted for 101.3 million Baht, increasing 6.1 million Baht or 6% from the same period last year. Animal identification group* contributed most of an increased amount of Quarter 1/2021 revenue. The revenue from Animal identification group in this quarter increased 17% compared to Quarter 1/2020, due mainly to an increased order from three main customers.



Revenue Structure*

For Quarter 1/2021, the company's revenues are derived from 4 product groups: Animal identification group accounted for 38.4 million Baht, representing 38% of total revenue, Access control and reader group accounted for 30.6 million Baht, representing 30% of total revenue, Immobilizer group accounted for 30.3 million Baht, representing 30% of total revenue, and NFC and others group accounted for 2 million Baht, representing 2% of total revenue.

For Quarter 1/2021, revenue from Animal identification group rose 17% compared to Quarter 1/2020 due mainly to an increased order from three main customers, while Access control and reader group increased 2% from the same period last year. Revenue from Immobilizer group slightly decreased by 3% compared to Quarter 1/2021, while NFC and others group grew 76% from the same period last year.

*Note: *The classification of revenue in each product group is adjusted to reflect the customer's actual use of the products.*

Cost of Goods Sold and Gross Profit

Cost of goods sold (COGS) for Quarter 1/2021 accounted for 52.3 million Baht, increasing 3.4 million Baht or 7% from Quarter 1/2021. The increase was in line with an increase in revenue, because of well-managed and controlled COGS. The increase in COGS in Quarter 1/2021 was due mainly to an increase in materials prices for productions and outsourcing costs.

Gross Profit in Quarter 1/2021 was at 49.0 million Baht, growing 2.7 million Baht or 6% compared to Quarter 1/2020. Gross Profit Margin in Quarter 1/2021 stood at 48%, which similar to the number in the same period last year.

Other Income

In Quarter 1/2021, the company had other income equal to 2.9 million Baht, increasing 1.1 million Baht or 60%, mainly from funding support from external agencies for research and development projects.

Selling and Administrative Expenses

Selling expenses in Quarter 1/2021 was at 7.9 million Baht, increasing 1.4 million Baht or 22% compared to the same period last year, mainly because of an increase in the number of sale staff to support business growth.

Administrative expenses in Quarter 1/2021 accounted for 19.5 million Baht, slightly dropping 0.4 million Baht or 2% from effective cost management and control.



Other Gains (Losses)

This is the net unrealized gain (loss) from the exchange rate that do not enter the hedging accounting conditions. For Quarter 1/2021, the Company had an unrealized loss on exchange rate of 4.1 million Baht. In the quarter, hedging accounting policy was implemented for derivatives items to reflect the actual gains and losses on forward foreign exchange contracts in the financial statements which the Company hedges against fluctuations in foreign exchange rates.

Net Profit

The Company had Quarter 1/2021 net profit of 20.1 million Baht, growing 4.5 million Baht or 29% compared to the same period last year, representing a net profit margin of 20%, improving from 16% in Quarter 1/2020.

Statement of Financial Position

Total assets of the company at the end of Quarter 1/2021 were 447.8 million Baht, increasing 29.2 million Baht from 418.6 million Baht at the end of 2020. Current assets increased around 25 million Baht, mainly from a rise in cash and cash equivalents as a result of customer payments occurring during the period, and an increase in foreign trade receivables. Non-current assets increased around 4 million Baht, mainly due to an increase in intangible assets.

The Company had total liabilities at the end of Quarter 1/2021 equal to 82.1 million Baht, increasing 12.5 million Baht from the end of 2020 which was 69.6 million Baht. The rise was due mainly to increased domestic and foreign trade payables in accordance with the orders for production materials on a regular basis.

The Company's shareholders' equity at the end of Quarter 1/2021 was at 365.8 million Baht, rising from the end of 2020 which was 349.0 million Baht. The rise was due to the unappropriated retained earnings at the end of Quarter 1/2021 accounted for 20.1 million Baht, which was based on the quarter's results, together with other comprehensive losses amounting 3.3 million Baht arising from the start of hedging accounting policy for derivatives items.

Please be informed accordingly.

Best regards

(Mr. Manop Dhamsirianunt)

Chief Executive Officer

Silicon Craft Technology Public Company Limited

