

No. SICT 012/2022

10 August 2022

Subject: Management Discussion and Analysis for Quarter 2/ 2022

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 2/ 2022, as the details follows:

(Million Baht)

Statements of Comprehensive Income	Quarter2/2022	Quarter2/2021	Increase (Decrease)	
			Million Baht	%
Revenue from sales and services	150.3	110.4	39.9	36%
Costs of sales or services	65.6	50.8	14.8	29%
<b>Gross profits</b>	<b>84.7</b>	<b>59.5</b>	<b>25.1</b>	<b>42%</b>
Other income	3.2	1.5	1.7	114%
Distribution costs	7.32	7.33	(0.02)	-0.2%
Administrative expenses	23.0	31.5	(8.5)	-27%
Other expenses	0.0	0.0	n.a.	n.a.
Other gains (losses)	(21.90)	0.04	n.a.	n.a.
<b>Profit (loss) from operating activities</b>	<b>35.7</b>	<b>22.2</b>	<b>13.5</b>	<b>61%</b>
Finance income	0.12	0.17	(0.05)	-30%
Finance costs	0.15	0.18	(0.03)	-16%
<b>Profit (loss) before tax expense</b>	<b>35.7</b>	<b>22.2</b>	<b>13.5</b>	<b>61%</b>
Tax income (expense)	(1.96)	0.1	n.a.	n.a.
<b>Profit (loss) for the period</b>	<b>33.7</b>	<b>22.3</b>	<b>11.4</b>	<b>51%</b>

#### Revenue from sales and services

Starting from Quarter 2/2022, the Company has updated the category of application groups in order to be aligned with the current business portfolio. The application groups of the Company comprise of Animal Identification, Immobilizer, Industrial IoT, and NFC and others.



For Quarter 2/2022, the Company's revenue from sales and services accounted for 150.3 million Baht, increasing 39.9 million Baht or 36% from the same period last year. Immobilizer group and Animal identification group contributed most of an increased amount of Quarter 2/2022 revenue. The revenue from Immobilizer group and Animal identification group in this Quarter increased 124% and 40% respectively, compared to Quarter 2/2021.

### Revenue Structure

For Quarter 2/2022, the company's revenues are derived from 4 product groups: Animal identification group accounted for 51.7 million Baht, representing 34% of total revenue, Industrial IoT group accounted for 49.3 million Baht, representing 33% of total revenue, Immobilizer group accounted for 48.0 million Baht, representing 32% of total revenue, and NFC and others group accounted for 1.2 million Baht, representing 1% of total revenue.

A rise in the Company's revenue in Quarter 2/2022 was supported by an increase in revenue from main product groups. Compared to Quarter 2/2021, revenue from Animal identification group rose by 40% owing to a demand increase from current main customers due to the expansion of the market. Revenue from Industrial IoT group increased 1% from the same period last year, from an expansion of the industrial use of RFID solutions. Revenue from Immobilizer group rose sharply by 124% compared to Quarter 2/2021, from the improved ability of product delivery matching with the customer demands and partly from the new product launch. For innovative NFC group and others, the decrease of revenue was 63% from the same period last year, due mainly to supply shortage situation.

### Cost of Goods Sold and Gross Profit

Cost of goods sold (COGS) for Quarter 2/2022 accounted for 65.6 million Baht, increasing 14.8 million Baht or 29% from Quarter 2/2021, in line with an increase in revenue. The increase in COGS in Quarter 2/2022 was partly from an increase of the raw material prices and manufacturing service charges for goods production.

Gross Profit in Quarter 2/2022 was at 84.7 million Baht, growing 25.1 million Baht or 42% from the same period last year. Gross Profit Margin in Quarter 2/2022 stood at 56%, which improved from 54% in Quarter 2/2021

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 a key challenge for the Company. The Company expected impacts from such higher costs to gradually book into account in the second half of the year.



### Other Income

In Quarter 2/2022, the company had other income equal to 3.2 million Baht, increasing 1.7 million Baht or 114%, mainly from realized gain from exchange rate.

### Selling and Administrative Expenses

Selling expenses in Quarter 2/2022 was at 7.32 million Baht, decreasing 0.02 million Baht or 0.2% compared to the same period last year.

Administrative expenses in Quarter 2/2022 accounted for 23.0 million Baht, decreasing 8.5 million Baht or 27% compared to Quarter 2/2021, due mainly to a decrease in an impairment loss in intangible assets.

### Other Gains (Losses)

This is the net unrealized gain (loss) from the exchange rate that do not enter the hedging accounting conditions. For Quarter 2/2022, the Company had an unrealized loss on an exchange rate of 21.9 million Baht from weaker-than-expected Thai Baht.

The situation of the Baht in the second half of the year remains difficult to predict. However, the Company is in the process of urgently adjusting its plans for exchange rate management and closely monitoring the situation to cope volatile and unpredictable conditions to minimize the long-term impact on the company as much as possible.

### Net Profit

The Company had a Quarter 2/2022 net profit of 33.7 million Baht, growing 11.4 million Baht or 51% compared to the same period last year, representing a net profit margin of 22%, improving from 20% in Quarter 2/2021

### Statement of Financial Position

Total assets of the company at the end of Quarter 2/2022 were 563.9 million Baht, increasing 79.1 million Baht from 484.8 million Baht at the end of 2021. Current assets increased around 73.5 million Baht, mainly due to an increase in cash and cash equivalent which in line with a rise in revenue, and an increase in inventory from increased sales orders supporting the Company plan. Non-current assets increased around 5.6 million Baht, mainly from an increase in other intangible assets.

The Company had total liabilities at the end of Quarter 2/2022 equal to 120.9 million Baht, increasing 30.7 million Baht from the end of 2021, which was 90.2 million Baht. The rise was from an increase in current liabilities around 29.8 million Baht, primarily due to an increase in other current financial liabilities caused by



unrealized losses from foreign exchange forward contract, and an increase in trade payables, especially foreign 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 2/2022 was at 443.0 million Baht, rising from the end of 2021 which was 394.6 million Baht. The rise was due mainly to an increase in the unappropriated retained earnings at the end of Quarter 2/2022 of around 46.9 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

