

No. SICT 010/2022

12 May 2022

Subject: Management Discussion and Analysis for Quarter 1/ 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 1/ 2022, as the details follows:

(Million Baht)

Statements of Comprehensive Income	Quarter 1/2022	Quarter 1/2021	Increase (Decrease)	
			Million Baht	%
Revenue from sales and services	139.6	101.3	38.3	38%
Costs of sales or services	61.6	52.3	9.3	18%
Gross profits	77.9	49.0	28.9	59%
Other income	0.8	2.9	(2.1)	-72%
Distribution costs	7.0	7.9	(0.9)	-11%
Administrative expenses	35.0	19.5	15.5	80%
Other expenses	2.1	0.0	2.1	n.a.
Other gains (losses)	(1.7)	(4.1)	2.4	-59%
Profit (loss) from operating activities	32.9	20.4	12.5	61%
Finance income	0.12	0.22	(0.10)	-46%
Finance costs	0.15	0.19	(0.04)	-21%
Profit (loss) before tax expense	32.9	20.4	12.5	61%
Tax income (expense)	(2.5)	(0.3)	(2.2)	-645%
Profit (loss) for the period	30.4	20.1	10.3	51%

Revenue from sales and services

For Quarter 1/2022, the Company's revenue from sales and services accounted for 139.6 million Baht, increasing 38.3 million Baht or 38% from the same period last year. Access Control and Immobilizer group contributed most of an increased amount of Quarter 1/2022 revenue. The revenue from Access control and Immobilizer group in this year increased 47% and 37% respectively, compared to Quarter 1/2021, due mainly to increased demand from main customers, and partly from selling price adjustment in line with the current market situation.



Revenue Structure

For Quarter 1/2022, the company's revenues are derived from 4 product groups: Animal identification group accounted for 48.2 million Baht, representing 34% of total revenue, Access control and reader group accounted for 44.9 million Baht, representing 32% of total revenue, Immobilizer group accounted for 41.4 million Baht, representing 30% of total revenue, and NFC and others group accounted for 5.1 million Baht, representing 4% of total revenue.

A rise in the Company's revenue in Quarter 1/2022 was supported by an increase in revenue from all product groups. Compared to Quarter 1/2021, revenue from Animal identification group rose 25% owing to a demand increase from customers. For Access control and reader group, revenue increased 47% from the same period last year by an expansion of the industrial use of RFID solutions. Revenue from Immobilizer group rose by 37% compared to Quarter 1/2021 from the gained market share. For innovative NFC and others group, the growth of revenue was 156% from the same period last year.

Cost of Goods Sold and Gross Profit

Cost of goods sold (COGS) for Quarter 1/2022 accounted for 61.6 million Baht, increasing 9.3 million Baht or 18% from Quarter 1/2021. The increase in COGS was smaller than an increase in revenue, because of well-controlled costs and Inventory management. The increase in COGS in Quarter 1/2022 was mainly from an increase of the raw material prices and manufacturing service charges for goods production.

Gross Profit in Quarter 1/2022 was at 77.9 million Baht, growing 28.9 million Baht or 59% from the same period last year. Gross Profit Margin in Quarter 1/2022 stood at 56%, which improved from 48% in Quarter 1/2021

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 challenges for the Company which expects that the situation will continue until the mid of 2023 for Wafer Fabrication. For Assembly & Test, it is expected to be better from the beginning of 2023. 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 Quarter 1/2022, the company had other income equal to 0.8 million Baht, decreasing 2.1 million Baht or 72%, mainly from funding supported by external agencies for research and development projects.



Selling and Administrative Expenses

Selling expenses in Quarter 1/2022 was at 7.0 million Baht, decreasing 0.9 million Baht or 11% compared to the same period last year.

Administrative expenses in Quarter 1/2022 accounted for 35.0 million Baht, increasing 15.5 million Baht or 80% compared to Quarter 1/2021, due mainly to an impairment in intangible assets amounting around 11.9 million Baht. This is due to the raw material shortage situation in the market which affects the allocation of production capacity for development. 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 Quarter 1/2022, the Company had an unrealized loss on an exchange rate of 1.7 million Baht.

Net Profit

The Company had a Quarter 1/2022 net profit of 30.4 million Baht, growing 10.3 million Baht or 51% compared to the same period last year, representing a net profit margin of 22%, improving from 20% in Quarter 1/2021

Statement of Financial Position

Total assets of the company at the end of Quarter 1/2022 were 528.6 million Baht, increasing 43.8 million Baht from 484.8 million Baht at the end of 2021. Current assets increased around 45.2 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 1.4 million Baht.

The Company had total liabilities at the end of Quarter 1/2022 equal to 100.8 million Baht, increasing 10.6 million Baht from the end of 2021, which was 90.2 million Baht. The rise was from an increase in current liabilities around 10.4 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 Quarter 1/2022 was at 427.8 million Baht, rising from the end of 2021 which was 394.6 million Baht. The rise was due to an increase in the unappropriated retained earnings at the end of Quarter 1/2022 of around 30.4 million Baht from the end of 2021.



Please be informed accordingly.

Best regards

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Chief Executive Officer

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