

No. SICT 009/2025

15 May 2025

Subject: Management Discussion and Analysis for Quarter 1/2025

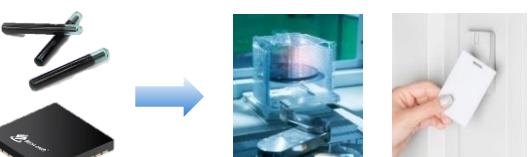
Attn: Governors and President Market for Alternative Investment (mai)

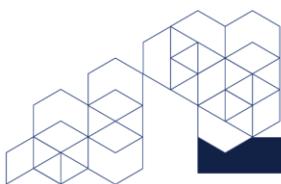
Silicon Craft Technology Public Company Limited ("the Company") would like to submit the Management Discussion and Analysis of the operating results for Quarter 1/2025, as follows:

Business Overview

The Company engaged in design, research and development of **integrated circuits (ICs)** or **microchips for RFID 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 will control the production quality throughout the process according to the Company's design and the products will be sold under the Company's brand, "SIC." In other words, the Company is an upstream business in the semiconductor supply chain.

Microchip products of the Company are categorized into four main groups:

<p>1. Microchip for Animal Identification group</p> 	<p>Customers purchase microchips from the company to integrate into electronic animal ID tags under their own brand, which are then sold to end-users such as cattle, sheep, goat, and other livestock owners. These tags are used to read and record specific animal information, including breed, feeding schedules, and vaccination history</p>
<p>2. Microchip for Immobilizer group</p> 	<p>Customers purchase the company's microchips to place in vehicle keys, which are then distributed to car manufacturers or spare key service centers worldwide, particularly in European and American markets where vehicle security regulations are being implemented.</p>
<p>3. Microchip for Industrial IoT group</p> 	<p>Customers purchase the company's microchips and sell them to industrial operators, as products in this category can serve various purposes, such as factory automation, access control systems, automated guided vehicles (AGVs) in factories, waste management systems, and warehouse and logistics management systems.</p>
<p>4. Microchip for NFC and others group</p> 	<p>The chip can be used for smart labeling systems to prevent product counterfeiting, with customers being entrepreneurs aiming to add value and enhance product security. It can also be used to monitor various sensor readings, such as water contaminants, glucose levels, hormones, and viruses, aligning with the trend of digital healthcare.</p>



SILICON CRAFT TECHNOLOGY PLC

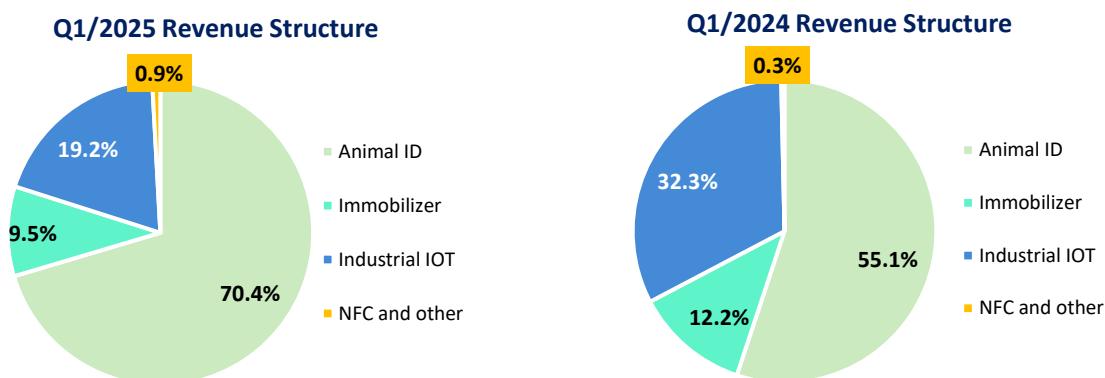
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Revenue Structure

For Quarter 1/2025, the Company's revenues are derived from 4 product groups: Animal identification group accounted for 136.91 million Baht, representing 70.4% of total revenue, Immobilizer group accounted for 18.49 million Baht, representing 9.5% of total revenue, Industrial IoT group accounted for 37.39 million Baht, representing 19.2% of total revenue, and NFC and others group accounted for 1.68 million Baht, representing 0.9% of total revenue. Total revenue this quarter increased 55.8% compared to the previous quarter, due to the delivery of products in the animal identification group proceeding according to the delivery plan.

Additionally, more than 99% of the Company's revenue comes from exports to foreign markets. The significant appreciation of the Thai Baht with the average exchange rate, strengthening by over 4.8% compared to the same quarter of the previous year, has adversely affected revenue recognition, gross profit margin, foreign exchange gains/losses, and net profit in the current period.



Revenue Breakdown by Product Group	Q1/2025		Q4/2024		Q1/2024		Change	
	MB.	% Portion	MB.	% Portion	MB.	% Portion	%QoQ	%YoY
Revenue from Animal Identification group	136.91	70.4%	61.68	49.4%	113.02	55.1%	122.0%	21.1%
Revenue from Immobilizer group	18.49	9.5%	20.90	16.7%	25.08	12.2%	-11.5%	-26.3%
Revenue from Industrial IoT group	37.39	19.2%	40.44	32.4%	66.36	32.3%	-7.6%	-43.7%
Revenue from NFC and others group	1.68	0.9%	1.77	1.4%	0.72	0.3%	-5.1%	135.4%
Total revenue	194.46	100.0%	124.78	100.0%	205.16	100.0%	55.8%	-5.2%
Total Revenue (Million USD)	5.75	100.0%	3.68	100.0%	5.77	100.0%	56.4%	-0.4%
Average Exchange Rate	33.84 THB/USD		33.95 THB/USD		35.57 THB/USD		-0.3%	-4.9%



Statement of Comprehensive Income

(Million Baht)

Statements of Comprehensive Income	Q1/2025	Q4/2024	Q1/2024	Change	
				%QoQ	%YoY
Revenue from sales and services	194.46	124.78	205.16	55.8%	-5.2%
Costs of sales or services	(113.96)	(67.44)	(117.77)	69.0%	-3.2%
Gross profits	80.50	57.34	87.39	40.4%	-7.9%
Other income**	1.26	1.83	4.05	-31.2%	-68.9%
Distribution costs	(6.29)	(8.99)	(8.83)	-30.1%	-28.7%
Administrative expenses	(41.25)	(41.97)	(33.06)	-1.7%	24.7%
Profit (loss) from operating activities	34.22	12.13	49.55	182.1%	-30.9%
Finance income	0.11	0.15	0.09	-26.5%	24.7%
Finance costs	(0.57)	(1.01)	(1.97)	-43.9%	-71.1%
Share of profit (loss) from investment in joint ventures	0.11	(0.04)	(0.10)	N/A	N/A
Profit (loss) before tax expense	33.88	11.23	47.57	201.8%	-28.8%
Tax income (expense)	0.06	0.09	0.20	-33.3%	-69.0%
Profit (loss) for the year	33.94	11.32	47.77	199.9%	-29.0%

* The financial statement from Quarter1/2567 onwards will be presented with "Share of profit (loss) from investment in joint ventures".

** In Q1/2025, the Company recognized realized losses of 0.69 million Baht, while recognizing unrealized gains of 1.69 million Baht. These two items combined resulted in a net gain of 0.99 million Baht. The Company has therefore presented this information under "Other Income".

Profitability Ratios	Q1/2025	Q4/2024	Q1/2024
Gross Profit Margin	41%	46%	43%
Net Profit Margin	17%	9%	23%

Revenue from sales and services

The Company's revenue from sales and services in Quarter 1/2025 accounted for 194.46 million Baht, increasing by 69.67 million Baht or 55.8% compared to the prior quarter. Revenue from the Animal Identification group remained the main revenue segment with significant growth at 75.22 million Baht or 122.0%, while revenue from the Industrial IoT segment decreased by 3.05 million Baht or 7.6%. Revenue from the immobilizer group dropped by 2.41 million Baht or 11.5%, and revenue from NFC and others decreased by 0.09 million Baht or 5.1%.

Compared to Quarter 1/2024, the Company's revenue from sales and services in Quarter 1/2025 decreased by 10.70 million Baht or 5.2%, due to revenue from the Industrial IoT segment decreasing by 28.98 million Baht or 43.7% and revenue from the immobilizer group dropped by 6.58 million Baht or 26.3%, while revenue from the Animal Identification group rose by 23.89 million Baht or 21.1%, and revenue from NFC and others increased by 0.96 million Baht or 135.4%.



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Revenue from the Animal Identification group in this quarter increased by 122.0% from the prior quarter and increased by 21.1% compared to the same period of the previous year, resulting from strong growth by customers in Europe supported by the expansion of the animal identification market due to progress in the enforcement of Electronic Identification tag regulations for sheep and goat markets in Australia, as well as new market expansion by the Company.

However, the long-term outlook remains supported as certain states in Australia have announced schemes to support the adoption of electronic animal identification tags and the installation of related systems, both through capital subsidies and discounts for tag operators, to drive nationwide adoption in the future. Additionally, there are supportive factors for increased adoption trends of electronic animal registration tags in the United States. Recently, the U.S. Department of Agriculture (USDA) passed the regulations mandating the use of electronic tags for cattle and bison, which have already been officially effective since November 5, 2024. This is considered a significant factor that will drive better growth in the microchip market for animal identification products, as well as benefiting from positive trends in farm animal healthcare, which will increase due to growing awareness about the importance of traceability in meat quality for safe and sustainable consumption in the future.

Revenue from the Immobilizer group in this quarter decreased by 11.5% from the previous quarter and decreased by 26.3% compared to the same period of the previous year, mainly due to a decrease in revenues from customers in Europe and China as the global automotive industry contracted following the slowdown of the global economy, combined with customers' inventory levels remaining high. However, revenue from the new product ULTX represented a significant proportion of the group's revenue from purchase orders from customers in Europe. The Company expects this product group to begin recovering in late Quarter 3/2025 as customer inventory levels decrease.

For the long term, the Company will continue to focus on expanding ULTX products, which accounted for 69.5% of product group revenue in Quarter 1/2025, to an increasing number of new customers and also drive the launch of new products to create long-term revenue growth.

Revenue from Industrial IoT group in this quarter decreased by 7.6% from the previous quarter and dropped by 43.7% compared to the same period last year, due to slowing purchase orders from Asian customers and the postponement of new product testing by European and Japanese clients to the second half of the year.

Revenue from NFC and others group in this quarter accounted for 1.68 million Baht, decreasing 5.1% from the previous quarter, due to the slower-than expected of new-application adoption and related ecosystem using the Company's products. Meanwhile, compared to the same period of the previous year, revenue increased by 135.4% due to the Company has plans to continuously co-develop new products in the NFC group



in collaboration with customers, particularly in the industrial NFC, authentication, and sensors groups, to drive revenue growth from these product groups.

Cost of Goods Sold and Gross Profit

Cost of goods sold (COGS) in Quarter 1/2025 accounted for 113.96 million Baht, increasing by 46.51 million Baht or 69.0% from the previous quarter, consistent with the increase in revenue from sales and services. Meanwhile, compared to the same period of the previous year, it decreased by 3.81 million Baht or 3.2%, consistent with the decrease in revenue from sales and services.

Gross Profit in Quarter 1/2025 was 80.50 million Baht, increasing by 23.16 million Baht or 40.4% compared to the previous quarter, while compared to the same period of the previous year, it decreased by 6.89 million Baht or 7.9%. **Gross profit margin** in this quarter was 41%, decreasing from 46% in Quarter 4/2024, and declining from 43% in the same period of the previous year, due to changes in the product mix, with revenue from the Animal Identification group accounting for 70.4% of total revenue and being affected by the strengthening of the Thai Baht. However, the Company is in the process of implementing a cost structure analysis plan to improve cost management and pricing strategies to be more efficient. In addition, releasing new products in the future according to the Company's plan will help increase the level of gross profit margin.

Other Income

In Quarter 1/2025, the Company had other income amounting to 1.26 million Baht, decreasing from the previous quarter's 1.83 million Baht, due to the recognition of realized losses from foreign exchange during the quarter. Compared to the same period of the previous year, other income decreased by 2.79 million Baht or 68.9% due to the decreased recognition of unrealized gains from foreign exchange a result of the strengthening of the Thai Baht at the end of the quarter. The average Thai Baht exchange rate in Quarter 1/2025 was 33.84 Baht per US dollar, while in Quarter 1/2024 it was 35.57 Baht per US dollar, representing an appreciation of approximately 4.9%.

Selling and Administrative Expenses

Selling expenses in Quarter 1/2025 accounted for 6.29 million Baht, decreasing by 2.70 million Baht or 30.1% from the previous quarter. Compared to the same period of the previous year, the Company's selling expenses were down by 2.54 million Baht or 28.7%, which resulted from promotional expenses and travel expenses from participating in various exhibitions declining.

Administrative expenses in Quarter 1/2025 accounted for 41.25 million Baht, decreasing by 0.72 million Baht or 1.7% from the previous quarter, due to the Company recognizing an impairment loss on intangible assets of 1.95 million Baht in the previous quarter, which was a non-recurring transaction. Meanwhile, compared



to the same period of the previous year, the Company's administrative expenses increased by 8.18 million Baht or 24.7%, primarily resulting from higher salary expenses, employee benefits, and research expenses.

Finance costs

Finance costs in Quarter 1/2025 accounted for 0.57 million Baht, decreasing by 0.45 million Baht or 43.9% from the previous quarter, and decreasing by 1.40 million Baht or 71.1% from the same period of the previous year, due to the short-term loans from financial institutions have been gradually repaid during the quarter. Additionally, the Company's borrowing interest rates decreased, in line with the policy rate reduction by the Monetary Policy Committee (MPC).

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. In Quarter 1/2025, it recorded a share of profit amounting to 0.11 million Baht, compared to a share of loss of 0.04 million Baht in the previous quarter and a share of loss of 0.10 million Baht in the same period of the previous year. This improvement is due to Adaptrics Co., Ltd. beginning to generate continuous revenue this year and achieving operational profit.

Tax income (expense)

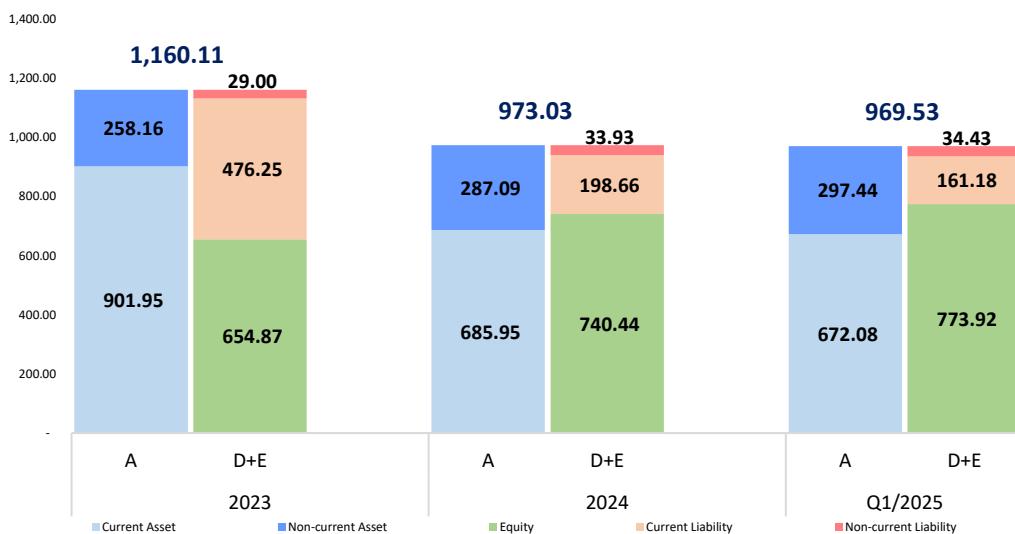
In Quarter 1/2025, the Company recorded a tax income of 0.06 million Baht, decreasing from 0.09 million Baht in the previous quarter and down from 0.20 million Baht in the same period of the previous year, due to a decline in recorded deferred tax income.

Net Profit

In Quarter 1/2025, the Company had a net profit of 33.94 million Baht, increasing by 22.62 million Baht or 199.9% from the previous quarter. This significant growth was primarily due to higher sales and service revenue, combined with reductions in selling and administrative expenses, as well as lower finance costs following the repayment of short-term loans from financial institutions. However, compared to the same period of the previous year, net profit decreased by 13.83 million Baht or 29.0%. This decline was mainly attributable to lower gross profit, increases in salary expenses, employee benefits, and research expenses to support long-term plans, as well as realized foreign exchange losses due to the fluctuation of the Thai Baht during the quarter. The Company's net profit margin was 17%, improving from 9% in the previous quarter but declining from 23% in the same period of the previous year.



Statement of Financial Position



Total assets of the Company as of Quarter 1/2025 were 969.53 million Baht, decreasing by 3.51 million Baht from 973.03 million Baht at the end of 2024. This was due to a decrease in current assets of 13.86 million Baht, resulting from a reduction in inventory level, as the Company delivered products to customers according to plan, and a reduction in cash from repayments to the trade payables and short-term loans from financial institutions. Meanwhile, trade and other current receivables increased by 53.58 million Baht, which was consistent with the growth in sales and service revenue. For non-current assets, it increased by 10.36 million Baht, mainly due to an increase in intangible assets. This is due to the increased number of ongoing development projects for new product launches to support future growth.

The Company had total liabilities as of Quarter 1/2025 equal to 195.61 million Baht, decreasing by 36.98 million Baht from the end of 2024, which was 232.59 million Baht, primarily due to the repayment of short-term loans from financial institutions and trade payables. Non-current liabilities accounted for 34.43 million Baht, increasing 0.49 million Baht from the end of 2024, which was at 33.93 million Baht, due to an increase in non-current liabilities for employee benefits and finance lease liabilities.

The Company's shareholders' equity as of Quarter 1/2025 was at 773.92 million Baht, increasing 33.47 million Baht from the end of 2024 which was 740.44 million Baht. The rise was due mainly to an increase in the unappropriated retained earnings of approximately 33.94 million Baht, which was in line with the Company's operating results in Quarter 1/2025.



Key Financial Ratios

Financial Ratios	Unit	2023	2024	Q1/2024	Q1/2025
Current Ratios	times	1.89	3.45	2.39	4.17
Average Sale Period*	days	197	223	218	198
Average Collection Period	days	31	27	57	59
Average Payment Period	days	91	75	28	28
Cash Conversion Cycle	days	137	174	247	229
Return on Assets (ROA)	%	16%	10%	13%	9%
Return on Equity (ROE)	%	24%	15%	20%	12%
Debt to Equity Ratio	times	0.77	0.31	0.53	0.25

*Inventory excludes raw materials

In Quarter 1/2025, Company had a current ratio of 4.17 times, reflecting its ability to manage overall liquidity effectively and sufficiently to cover short-term debts. Debt to Equity ratio was 0.25 times, decreasing continuously from the end of 2024 as a result of gradual repayment to trade creditors and financial institutions. This reflects a low-risk capital structure for operations and funding ability to support future growth.

Please be informed accordingly.

Best regards

(Dr. Bodin Kasemset)

Chief Executive Officer

Silicon Craft Technology Public Company Limited



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