

No. SICT 014/2025

11 August 2025

Subject: Management Discussion and Analysis for Quarter 2/2025

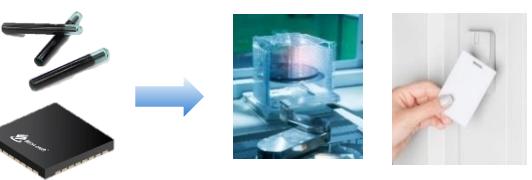
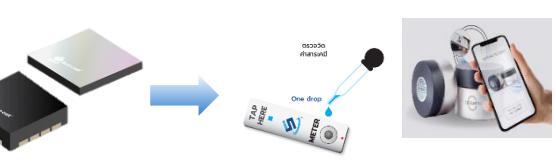
Attn: Governors and President Market for Alternative Investment (mai)

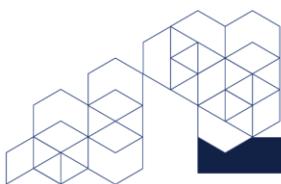
Silicon Craft Technology Public Company Limited ("the Company") would like to submit the Management Discussion and Analysis of the operating results for Quarter 2/2025, as follows:

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>



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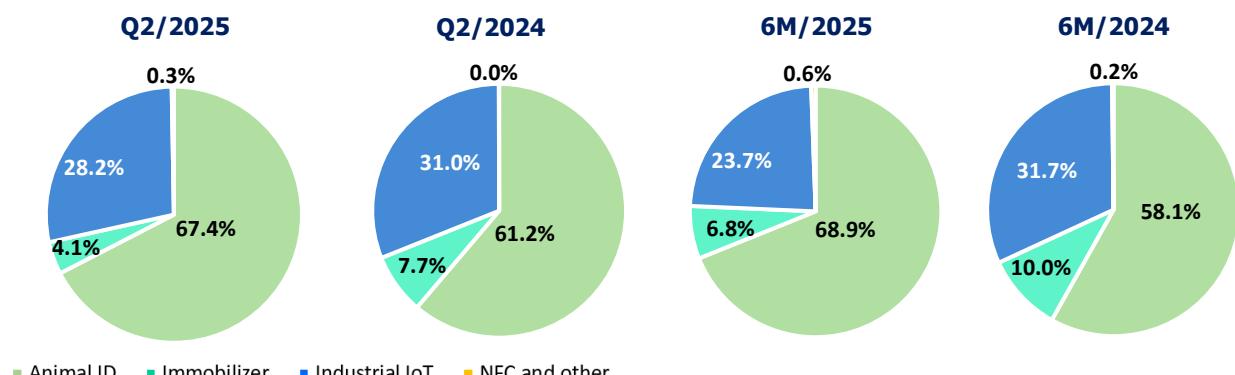
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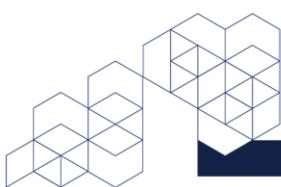
Revenue Structure

For Q2/2025, the Company's revenues are derived from 4 product groups: Animal identification group accounted for 132.98 million Baht, representing 67.4% of total revenue, Immobilizer group accounted for 8.12 million Baht, representing 4.1% of total revenue, Industrial IoT group accounted for 55.57 million Baht, representing 28.2% of total revenue, and NFC and others group accounted for 0.55 million Baht, representing 0.3% of total revenue. On a sequential basis, overall revenue grew 1.4% quarter-over-quarter, primarily driven by higher sales in the Industrial IoT group, which delivered according to schedule. However, on a year-over-year basis, total revenue declined 2.8%, primarily due to the Thai Baht's 9.4% appreciation against the US Dollar, which reduced THB-denominated revenue. However, when measured in USD, total revenue showed a growth of 7.0%, representing the strongest quarterly growth in Q2 performance over recent periods, driven by continued expansion in the Animal ID product segment.

For six months of 2025, the animal identification group generated revenue of 269.89 million Baht, representing 68.9% of total revenue, Immobilizer group contributed 26.61 million Baht, representing 6.8% of total revenue, while the Industrial IoT group accounted for 92.96 million Baht, representing 23.7% of total revenue, and NFC and others group recorded revenue of 2.23 million Baht, representing 0.6% of total revenue. Total revenue declined 4.0% compared to the same period of the previous year, primarily due to declining revenues in both the Industrial IoT group and Immobilizer group, compounded by the 7.1% strengthening of the Thai Baht. However, an increase in revenue from the Animal Identification group offset the decline.



Revenue Breakdown by Product Group	Q2/2025	Q1/2025	Q2/2024	Change		For six months		
				%QoQ	%YoY	2025	2024	%Change
Animal Identification group	132.98	136.91	124.18	-2.9%	7.1%	269.89	237.20	13.8%
Immobilizer group	8.12	18.49	15.68	-56.1%	-48.2%	26.61	40.75	-34.7%
Industrial IoT group	55.57	37.39	62.93	48.7%	-11.7%	92.96	129.29	-28.1%
NFC and others group	0.55	1.68	0.08	-67.1%	597.9%	2.23	0.79	181.6%
Total revenue	197.23	194.46	202.87	1.4%	-2.8%	391.68	408.03	4.0%
Total Revenue (Million USD)	5.94	5.75	5.56	3.4%	6.9%	11.69	11.33	3.1%
Average Exchange Rate (THB/USD)	33.06	33.84	36.48	-2.3%	-9.4%	33.45	36.02	-7.1%



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Additionally, more than 99% of the Company's revenue is derived from exports to foreign markets. The significant appreciation of the Thai Baht with the average exchange rate, strengthening by over 9.4% 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.

Statement of Comprehensive Income

(Unit: Million Baht)

Statements of Comprehensive Income	Q2/2025	Q1/2025	Q2/2024	Change		For six months		
				%QoQ	%YoY	2025	2024	%Change
Revenue from sales and services	197.23	194.46	202.87	1.4%	-2.8%	391.68	408.03	-4.0%
Costs of sales or services	(107.15)	(113.96)	(114.26)	-6.0%	-6.2%	(221.11)	(232.03)	-4.7%
Gross profits	90.08	80.50	88.61	11.9%	1.7%	170.58	176.00	-3.1%
Other income**	0.28	1.26	2.68	-77.8%	-89.6%	0.55	6.73	-91.9%
Distribution costs	(6.21)	(6.29)	(11.09)	-1.3%	-44.0%	(12.50)	(19.92)	-37.2%
Administrative expenses**	(51.92)	(41.25)	(37.53)	25.9%	38.4%	(92.17)	(70.59)	30.6%
Research expenses	(14.83)	(14.91)	(14.39)	-0.5%	3.0%	(29.74)	(25.67)	15.8%
Other administrative expenses	(37.09)	(26.34)	(23.14)	40.8%	60.3%	(62.43)	(44.92)	39.0%
Profit (loss) from operating activities	32.23	34.22	42.67	-5.8%	-24.5%	66.45	92.23	-27.9%
Finance income	0.06	0.11	0.18	-43.5%	-64.0%	0.17	0.26	-34.1%
Finance costs	(0.50)	(0.57)	(1.63)	-11.9%	-69.3%	(1.07)	(3.60)	-70.3%
Share of profit (loss) from investment in joint ventures	(0.09)	0.11	(0.11)	-180.9%	-19.3%	0.02	(0.21)	-110.4%
Profit (loss) before tax expense	31.70	33.88	41.10	-6.4%	-22.9%	65.58	88.67	-26.0%
Tax income (expense)	0.38	0.06	0.36	N/A	5.2%	0.44	0.56	-21.1%
Profit (loss) for the year	32.08	33.94	41.46	-5.5%	-22.6%	66.02	89.24	-26.0%

*The financial statement from Q1/2567 onwards will be presented with "Share of profit (loss) from investment in joint ventures".

**In Q2/2025, the Company recognized realized FX losses of 4.21 million Baht and recognizing unrealized FX losses of 2.41 million Baht. These two items combined resulted in a net loss of 6.62 million Baht. The Company has therefore presented this information under "Administrative expenses". In Q1/2025, the Company recognized realized FX losses of 0.69 million Baht, while recognizing unrealized FX 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".

**For the six months of 2025, the Company recognized realized FX losses of 4.90 million Baht and recognized unrealized FX losses of 0.72 million Baht. These two items combined resulted in a net loss of 5.63 million Baht. The Company has therefore presented this information under "Administrative expenses". For the six months of 2024, the Company recognized realized FX gains of 8.80 million Baht, while recognizing unrealized gains of 2.43 million Baht. These two items combined resulted in a net gain of 6.36 million Baht. The Company has therefore presented this information under "Other Income".

Profitability Ratios	Q2/2025	Q1/2025	Q2/2024	6M/2025	6M/2024
Gross Profit Margin	46%	41%	44%	44%	43%
Net Profit Margin	16%	17%	20%	17%	22%



Revenue from sales and services

The Company's revenue from sales and services in Q2/2025 accounted for 197.23 million Baht, an increase of 2.77 million Baht or 1.4% compared to the prior quarter, driven by strong growth in the Industrial IoT group. However, this was partially offset by declines in other groups: the Immobilizer group decreased by 10.37 million Baht or 56.1%, the Animal Identification group declined by 3.93 million Baht or 2.9%, and the NFC and other products group fell by 1.12 million Baht or 67.1%.

Compared to Q2/2024, the Company's revenue from sales and services in Q2/2025 decreased by 5.64 million Baht or 2.8%. This decline was primarily driven by revenue from the Immobilizer group decreasing by 7.56 million Baht, or 48.2%, and revenue from the Industrial IoT group declining by 7.36 million Baht, or 11.7%. These decreases were partially offset by revenue growth from the Animal Identification group, which increased by 8.80 million Baht, or 7.1%, and revenue from NFC and other products, which rose by 0.47 million Baht, or 597.9%.

For six months of 2025, the Company recorded revenue from sales and services of 391.68 million Baht, representing a decrease of 16.34 million Baht or 4.0% compared to the same period in the prior year. This decline was primarily attributable to reduced revenue in the Industrial IoT group, which decreased by 36.33 million Baht or 28.1%. Revenue from the Immobilizer group declined by 14.14 million Baht or 34.7%. Meanwhile, revenue from the Animal Identification group increased by 32.69 million Baht or 13.8%, and revenue from the NFC and others group increased by 1.44 million Baht or 181.6%.

Revenue Breakdown by Product Group

Revenue from the Animal Identification group in this quarter decreased 2.9% quarter-over-quarter due to a slight decline in line with the product delivery schedule to customers. However, revenue increased 7.1% year-over-year. For the six-month period, the Company generated 269.89 million Baht from this product group, representing a 13.8% increase compared to the same period last year. This growth was driven by increased revenue from key Europe customers, supported by the expansion of the animal identification market due to progress in the mandatory implementation of Electronic Identification tag for sheep and goat in Australia, as well as the Company's expansion into new markets.

For the long-term outlook, positive factors continue to be supported by the Argentine government, which has announced a mandatory implementation plan for electronic identification tags for cattle, buffalo, and deer, with funding support for electronic animal identification tags provided to operators. Additionally, Brazil has announced the National Plan for the Individual Identification of Cattle and Buffalo (PNIB), which aims to transition Brazil's entire cattle and buffalo tracking system from group-based to individual identification. The plan designates electronic identification devices for individual animal identification as one of the options for farmers, with an implementation timeline of 2025-2032 (8 years). This represents a significant factor that will drive



improved growth in the animal identification microchip market, while also benefiting from positive trends in livestock health management driven by growing awareness of meat quality traceability for safe and sustainable consumption in the future.

Revenue from the Immobilizer group in this quarter declined by 56.1% quarter-over-quarter and decreased 48.2% year-over-year. For the six-month period, the Company generated 26.61 million Baht in revenue from this product group, representing a 34.7% decrease compared to the same period last year. This decline was primarily attributed to reduced revenues from customers in Europe and the United States, as the global automotive industry contracted following the slowdown of the global economy, combined with customers' inventory levels remaining high. Revenue from ULTX product represented a significant proportion of the group's revenue, accounting for 54.4% of this product group's revenue in the quarter.

The Company expects this product group to begin a partial recovery in late Q3/2025, based on signals of declining customer inventory levels. Additionally, the Company is currently working with customers in new market areas for new projects and business opportunities, which are expected to help offset the overall revenue trend impact for this product group in 2025, as it remains in a slowdown phase compared to the previous year. For the long term, the Company will continue to focus on expanding ULTX product to new customers and launch of new products to drive sustained revenue growth.

Revenue from Industrial IoT group in this quarter increased 48.7% quarter-over-quarter, driven by on-schedule product deliveries to customers in Asia and China. However, revenue declined 11.7% year-on-year. For the six-month period, the Company generated revenue of 92.96 million Baht from this product group, a decrease of 28.1% compared to the same period of the previous year. This decline was attributed to slower order momentum from Chinese customers and partly due to the postponement of new product testing from the first half to the second half of the year by Asian and European customers. Nevertheless, the Company has established plans to continuously launch new products to meet the demands of new customer segments.

Revenue from NFC and others group in this quarter was 0.55 million Baht, decreasing 67.1% from the previous quarter due to slower-than-expected adoption of new applications and related ecosystems utilizing the Company's products. However, compared to the same period last year, revenue increased by 597.9%. For the six-month period, the Company generated 2.23 million Baht in revenue from this product group, representing a 181.6% increase compared to the same period last year. This growth reflects the Company's strategic 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, Gross Profit and Gross Profit Margin

Cost of goods sold (COGS) in Q2/2025 totaled 107.15 million Baht, decreasing by 6.80 million Baht or 6.0% from the previous quarter, and decreasing by 7.11 million Baht or 6.2% compared to the same period of the previous year. For the six-month period, the Company recorded COGS of 221.11 million Baht, a decrease of 10.92 million Baht or 4.7% compared to the same period last year, resulting from more efficient cost management.

Gross Profit in Q2/2025 was 90.08 million Baht, increasing by 9.58 million Baht or 11.9% compared to the previous quarter and by 1.47 million Baht or 1.7% compared to the same period of the previous year. For the six-month period, the Company recorded a gross profit of 170.58 million Baht, decreasing by 5.42 million Baht or 3.1% compared to the same period last year.

Gross profit margin in this quarter was 46%, increasing from 41% in the previous quarter, driven by changes in product mix as revenue from the Animal Identification group decreased as a proportion of total revenue from 70.4% to 67.4%, combined with more efficient cost structure management. This also represents an improvement compared to Q2/2024, which recorded a gross profit margin of 44%. Similarly, for the six-month period, the gross profit margin was 44%, up from 43% in the same period last year. This improvement resulted from the Company's detailed cost structure analysis and more efficient pricing strategy management consisting of costs, as well as the gradual launch of new products according to the established plan to continuously enhance profitability.

Other Income

In Q2/2025, the Company had other income amounting to 0.28 million Baht, declining from 1.26 million Baht in the previous quarter and decreasing from the same period of the previous year of 2.68 million Baht. This was due to the Company recognizing realized and unrealized foreign exchange losses of 6.62 million Baht in this quarter, which the Company will present as part of administrative expenses. Meanwhile, in Q1/2025, the Company recognized realized and unrealized foreign exchange gains of 0.99 million Baht, similar to Q2/2024 when the Company recognized realized and unrealized foreign exchange gains of 2.49 million Baht, which the Company presented as part of other income in accordance with accounting practices.

For the six-month period, the Company recorded other income of 0.55 million Baht, decreasing from the same period of the previous year of 6.73 million Baht. This decline was primarily attributable to the Company's recognition of realized and unrealized foreign exchange losses totaling 5.63 million Baht during the six-month period of 2025, compared to realized and unrealized foreign exchange gains of 6.36 million Baht recorded in the corresponding period of 2024.



Selling and Administrative Expenses

Selling expenses in Q2/2025 totaled 6.21 million Baht, decreasing by 0.08 million Baht or 1.3% from the previous quarter due to reduced international travel expenses. Compared to the same period last year, selling expenses declined by 4.88 million Baht or 44.0%. For the six-month period, the Company recorded selling expenses of 12.50 million Baht, a decrease of 7.42 million Baht or 37.2% compared to the same period last year. This reduction was primarily driven by lower salary expenses, employee benefits, promotional expenses, and travel expenses.

Administrative expenses in Q2/2025 totaled 51.92 million Baht, an increase of 10.68 million Baht or 25.9% from the previous quarter. This increase was primarily due to the Company's recognition of 6.62 million Baht in realized and unrealized foreign exchange losses during the quarter, while actual administrative expenses for the quarter increased by 4.06 million Baht or 9.8%, due to increases in travel expenses and employee salary and benefits. When comparing administrative expenses excluding foreign exchange impact to the same period of the previous year, expenses increased by 7.78 million Baht or 20.7%, primarily driven by higher salary and employee benefit costs, which correspond with increased research and development headcount to support the Company's growth. For the six-month period, the Company recorded administrative expenses of 92.17 million Baht, an increase of 21.58 million Baht or 30.6% compared to the same period last year. This increase was driven by the aforementioned salary and employee benefits, as well as higher research expenses aligned with the Company's operational plan, while 5.63 million Baht represented both realized and unrealized foreign exchange losses.

Finance costs

Finance costs in Q2/2025 accounted for 0.50 million Baht, decreasing by 0.07 million Baht or 11.9% quarter-on-quarter and a decrease of 1.13 million Baht or 69.3% year-on-year, primarily due to the gradual repayment of short-term loans from financial institutions during the quarter. For the six-month period, the Company recorded finance costs of 1.07 million Baht, decreasing by 2.53 million Baht or 70.3% compared to the same period last year. This reduction was attributable to the gradual repayment of short-term borrowings from financial institutions, coupled with lower interest rates in line with the policy rate reductions by the Monetary Policy Committee (MPC) during the year.

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 Q2/2025 the Company recognized its share of loss of 0.09 million Baht, compared to a share of profit of 0.11 million Baht recorded in the previous quarter. The share of loss improved from the same period last year, which recorded 0.11 million Baht, due to Adaptrics Co., Ltd. postponing some product deliveries to customers from



Q2/2025 to Q3/2025. For the six-month period, the Company recognized a share of profit of 0.02 million Baht, which changed from the same period last year when it recognized a share of loss of 0.21 million Baht.

Tax income (expense)

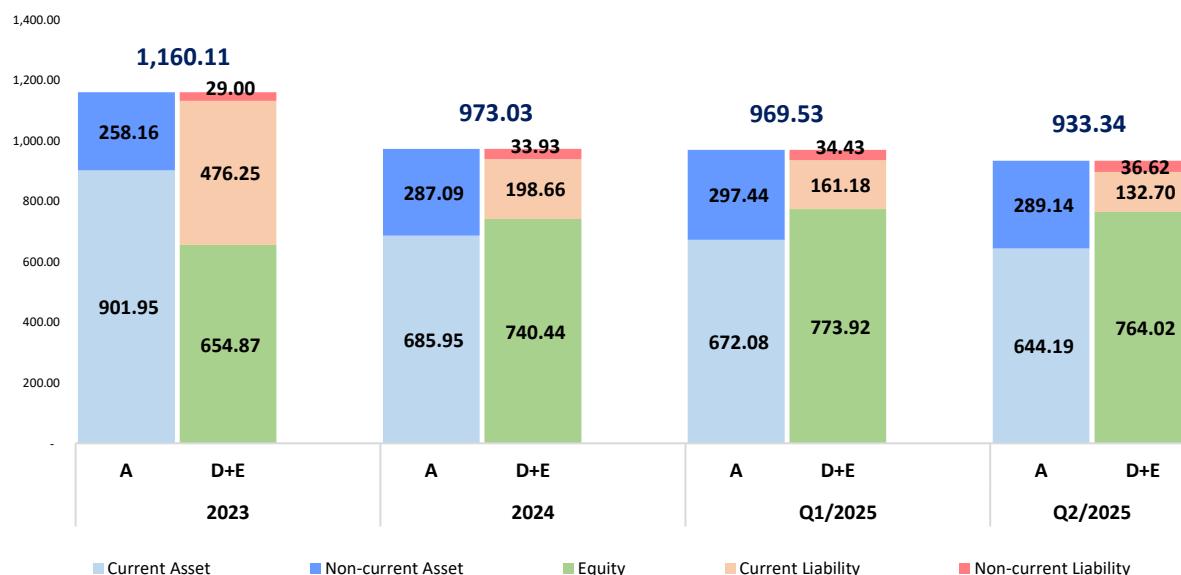
In Q2/2025, the Company recorded tax income of 0.38 million Baht, compared to 0.06 million Baht in the previous quarter and 0.36 million Baht in the same period of the prior year. For the six-month period, the Company recorded tax income of 0.44 million Baht, changing from the same period last year's tax income of 0.56 million Baht, due to deferred tax income recognition during the respective reporting.

Net Profit

In Q2/2025, the Company had a net profit of 32.08 million Baht, decreasing by 1.86 million Baht or 5.5% from the previous quarter. Compared to the same period in the previous year, net profit decreased by 9.39 million Baht or 22.6%, primarily due to realized and unrealized foreign exchange losses from baht volatility during the quarter, which were reflected in administrative expenses (6.62 MB out of the total 9.39 MB decline), coupled with increased salary, employee benefits, and research expenses. The Company has a net profit margin of 16%, down from 17% in the previous quarter and down from 20% in the same period last year.

For the six-month period, the Company reported net profit of 66.02 million Baht, representing a decrease of 23.22 million Baht or 26.0% compared to the corresponding period of the previous year. This decline was primarily attributable to lower sales and service revenue, combined with higher salary, employee benefits, and research expenses, as well as realized and unrealized foreign exchange losses resulting from Baht volatility throughout the period. As a result, the Company's net profit margin contracted from 22% to 17%.

Statement of Financial Position



Total assets of the Company as of Q2/2025 were 933.34 million Baht, decreasing by 39.69 million Baht from 973.03 million Baht at the end of 2024. This decline was due to a decrease in current assets of 41.75 million Baht, mainly attributable to reduced inventory levels following scheduled product deliveries to customers and lower prepaid expenses. Meanwhile, cash and cash equivalents increased by 99.11 million baht from collections of trade receivables. For non-current assets, it increased by 2.05 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 Q2/2025 equal to 169.32 million Baht, decreasing by 63.27 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 advance receipts for goods and services. Non-current liabilities accounted for 36.62 million Baht, increasing 2.69 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 Q2/2025 was at 764.02 million Baht, increasing 23.57 million Baht from the end of 2024 which was 740.44 million Baht. The rise was primarily due to an increase in the unappropriated retained earnings reflecting the Company's operating performance during the six-month period, net of dividend payments approved by the Annual General Meeting of Shareholders.

Key Financial Ratios

Financial Ratios	Unit	2023	2024	Q2/2024	Q1/2025	Q2/2025
Current Ratios	times	1.89	3.45	2.97	4.17	4.85
Average Sale Period*	days	197	223	187	198	177
Average Collection Period	days	31	27	43	59	41
Average Payment Period	days	91	75	50	28	31
Cash Conversion Cycle	days	137	174	181	229	187
Return on Assets (ROA)	%	16%	10%	14%	9%	8%
Return on Equity (ROE)	%	24%	15%	20%	12%	10%
Debt to Equity Ratio	times	0.77	0.31	0.38	0.25	0.22

*Inventory excludes raw materials

In Q2/2025, the Company had a current ratio of 4.85 times, reflecting its ability to manage overall liquidity effectively and sufficiently to cover short-term debts. Debt to Equity ratio was 0.22 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.



Progress in Sustainability Development



On July 16, 2025, the company received the ESG100 Certificate from Thaipat Institute, as selected to be included in the ESG100 list for 2025, marking the third consecutive year of this recognition.

Please be informed accordingly.

Best regards

(Dr. Bodin Kasemset)

Chief Executive Officer

Silicon Craft Technology Public Company Limited



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