



บริษัท แฮลเซียน เทคโนโลยี จำกัด (มหาชน)
HALCYON TECHNOLOGY PUBLIC CO., LTD.

41 Moo 14 Bangchan Industrial Estate Soi 6, Serithai Road, Minburi, Bangkok 10510

Tel. (66)2-9063242-50 e-mail: info@halcyon.co.th

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Subject: Management Discussion and Analysis for the Six-Month Period Ended 30 June 2021

To: Directors and Managers
The Stock Exchange of Thailand

Halcyon Technology PLC. ("the Company") and its subsidiaries had the operation results for the six-month period ended 30 June 2021 with the following details:

unit: THB million	2021	2020	Change (THB mill.)	Change (%)
Revenue from Sales and Service	535.89	433.88	102.01	23.51%
Total Revenue	552.09	442.23	109.86	24.84%
Net Profit for the Year	87.72	24.24	63.48	261.93%
Net Profit for Shareholders of the Company	76.25	19.64	56.61	288.24%

Operating results for each business segment are shown below:

1. Manufacturing and Selling of Special Cutting Tools

unit: THB million	2021	2020	Change (THB million)	Change (%)
Revenue from External Customers	298.44	215.65	82.79	38.39%
Net Profit for the Period	62.85	9.45	53.40	565.03%

2. Importing and Selling of Cutting Tools

unit: THB million	2021	2020	Change (THB million)	Change (%)
Revenue from External Customers	219.16	176.32	42.84	24.30%
Net Profit for the Period	20.40	10.89	9.51	87.35%

3. Manufacturing and Selling of Tooling and Metal Fabrication

unit: THB million	2021	2020	Change (THB million)	Change (%)
Revenue from External Customers	18.28	41.90	-23.62	-56.36%
Net Profit for the Period	4.47	3.90	0.57	14.66%

For the six-month period ended 30 June 2021 (Q2/2021), the Company and its subsidiaries had a total revenue of 552.09 million baht, increasing 109.86 million baht, or 24.84% from the same period in 2020. Revenue from sales and service was 535.89 million baht, increasing 102.01 million baht, or 23.51% from the same period in 2020.

The Manufacturing and Selling of Special Cutting Tools segment had revenue from external customers of 298.44 million baht in Q2/2021, increasing 82.79 million baht, or 38.39%, from the previous year. This segment includes sales from the Company, subsidiary in Vietnam, Halcyon Technology Vietnam Co., Ltd. or "HV"; and a new subsidiary, Mastertech Diamond Products Company

or “MDP”, in the US, which was consolidated for the first time in Q2/2020. In Q2/2021, MDP had revenue from external customers of 82.99 million baht, compared to 17.68 million baht in the previous year, increasing 65.31 million baht, which is the main reason for the growth in revenue in this segment from the previous year.

However, the revenue from the Company and subsidiary HV also increased from last year, where there was less production in the industrial sector, especially in the country, as a result of the first outbreak of COVID-19. The Company had revenue from external customers in Q2/2021 of 188.74 million baht, increasing 41.87 million baht from the previous year. This is due to the recovery of the Hard Disk Drive sector in the country, which is the Company’s main target customers, after the COVID-19 situation was starting to resolve as well as the relocation of production base back to Thailand in the recent years. Customers in the HDD sector had increased orders beginning from Q3-4 of last year and continuing until now. The subsidiary in Vietnam, HV, had a revenue from external customers of 26.72 million baht in Q2/2021, increasing 4.89 million baht from the same period last year. Vietnam was not affected much by the COVID-10 situation, and HV has been continuously increasing its capacity and production capabilities.

The Importing and Selling of Cutting Tools segment had revenue from external customer of 219.16 million baht in Q2/2021, increasing 42.84 million baht, or 24.30%, from the previous year. Revenue in this segment includes sales from 7 trading subsidiaries in Thailand and overseas, including the subsidiary in the Philippines, Halcyon Technology Philippines Inc. (“HP”), which had closed its factory and fully converted to a trading company. HP has been moved from the Special Cutting Tools segment into this segment. Most of the customers for this segment are those in the automotive sector, which was starting to recover from the economic effects of COVID-19 in Q1/2021. Therefore, we are starting to see some growth in revenue in Q2/2021.

The Manufacturing and Selling of Toolings and Metal Fabrications segment, which is solely from Halcyon Metal Co., Ltd. or “HM” in Q2/2021 had a revenue to external customers of 18.28 million baht, decreasing 23.62 million baht, or 56.36% from the previous year. The drop in revenue from this segment is a result of its main aerospace customer in the US reducing orders due to drastically less production as an effect of COVID-19. However, the company had seen signs of partial recovery since March 2021, so the revenue from external customers increased from 7.76 million baht in Q1/2021 to 10.53 million baht in Q2/2021. The company expects to see growth throughout the second half of the year, even though the sales may not reach the normal level as the aerospace industry still requires time to recover.

Overall, in for the six-month period ended 30 June 2021 (Q2/2021), the Company and its subsidiaries had a net profit of 87.72 million baht and net profit for the shareholders of the Company of 76.25 million baht. Net profit margins were 15.89% and 13.81% of the total revenue respectively (compared to 5.48% and 4.44% in the previous year). Net profit margins for each business segment are shown below:

Net Profit Margin (to Total Revenue)	2021	2020
Manufacturing and Selling of Special Cutting Tools Segment	20.15%	4.22%
Importing and Selling of Cutting Tools Segment	9.20%	6.20%
Manufacturing and Selling of Tooling and Metal Fabrications Segment	24.20%	9.18%
Total	15.89%	5.48%

The Company and subsidiaries in the Special Cutting Tools segment has shown significant growth in net profit margin from 4.22% to 20.15% of the total revenue. This is mainly due to increase in revenue and the consolidation of MDP. MDP also had a special one-time income of 8.2 million baht from government as compensation for the effects of COVID-19. The Company also implemented cost reduction policy during the first outbreak of COVID-19 in Q2-3 of the previous year, which resulted in reduction in the proportion of production costs and expenses. These includes laying off some employees and less working hours, resulting in lower labor costs and overtime paid. However, this segment had a decreased gain from foreign exchange from 6.53 million baht to 4.13

million baht; and increased tax expenses from 0.10 million baht to 2.86 million baht compared to 7.32 million baht in the previous year.

In Q2/2021, the Importing and Selling of Cutting Tools segment had an improved net profit margin of 9.20%, compared to 6.20% of the total revenue from the previous year. This is due to the increase in sales from the previous year. Furthermore, this segment had a gain in foreign exchange of 0.61 million baht, compared to a loss of 2.31 million baht in the previous year; and tax expenses decrease from 4.69 million baht to 3.44 million baht.

In the Tooling and Metal Fabrications segment, net profit margin also improved significantly from 9.18% to 24.20% of the total revenue. This is also mainly due to the cost reduction policy during COVID-19, similar to the Company's while this segment had less gain from foreign exchange from 0.43 to 0.07 million baht and increased tax expenses from 1.04 to 1.26 million baht.

Please be informed accordingly.

Sincerely Yours,

Mr. Pete Rimchala
Managing Director