



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

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Subject: Management Discussion and Analysis for the Nine-Month Period Ended 30 September 2022

To: Directors and Managers  
The Stock Exchange of Thailand

Halcyon Technology PLC. ("the Company") and its subsidiaries had the operation results for the 9-month period ended 30 September 2022 with the following details:

unit: THB million	2022	2021	Change (THB mill.)	Change (%)
Revenue from Sales and Service	917.91	809.61	108.30	13.38%
Total Revenue	933.19	836.49	96.70	11.56%
Net Profit for the Year	120.45	118.71	1.74	1.46%
Net Profit for Shareholders of the Company	101.81	102.64	-0.83	-0.81%

Operating results for each business segment are shown below:

1. Manufacturing and Selling of Special Cutting Tools

unit: THB million	2022	2021	Change (THB million)	Change (%)
Revenue from External Customers	487.27	441.14	46.34	10.50%
Net Profit for the Period	86.83	83.25	3.58	4.30%

2. Importing and Selling of Cutting Tools

unit: THB million	2022	2021	Change (THB million)	Change (%)
Revenue from External Customers	391.83	337.26	54.57	16.18%
Net Profit for the Period	30.78	28.64	2.13	7.45%

3. Manufacturing and Selling of Tooling and Metal Fabrication

unit: THB million	2022	2021	Change (THB million)	Change (%)
Revenue from External Customers	38.61	31.22	7.39	23.67%
Net Profit for the Period	2.84	6.81	-3.97	-58.31%

For the 9-month period ended 30 September 2022 (Q3/2022), the Company and its subsidiaries had a total revenue of 933.19 million baht, increasing 96.70 million baht, or 11.56% from the same period in 2021. Revenue from sales and service was 917.91 million baht, increasing 108.30 million baht, or 13.38% from the same period in 2021.

The Manufacturing and Selling of Special Cutting Tools segment had revenue from external customers of 487.27 million baht in nine months of Q3/2022, increasing 46.34 million baht, or 10.50%, from the previous year. This segment includes sales from manufacturing companies of the Company, Halcyon Technology PLC. (mother company); the subsidiary in Vietnam, Halcyon

Technology Vietnam Co., Ltd. or "HV"; and the subsidiary in the US, Mastertech Diamond Products Company or "MDP". The revenue growth in this segment came from the revenue of subsidiaries MDP and HV, which had sales revenue increasing 38.02% and 37.54% from the previous year, respectively. Both of these manufacturing plants are in the process of continuous expansion of its production capacity in the past year. Meanwhile, the sales revenue from the mother company decreased 8.64% due to less production of target customers in the country. However, overall this segment had an improvement in the net profit from the same period last year corresponding to the growth in revenue.

The Importing and Selling of Cutting Tools segment had revenue from external customer of 391.83 million baht in nine months of Q3/2022, increasing 54.57 million baht, or 16.18%, from the previous year. Revenue in this segment includes sales from 7 trading subsidiaries in Thailand and overseas, which had continuous growth due to the general recovery from the effects of COVID-19 in many countries.

The Manufacturing and Selling of Toolings and Metal Fabrications segment, which is solely from Halcyon Metal Co., Ltd. or "HM", had a revenue to external customers of 38.61 million baht in nine months of Q3/2022, increasing 7.39 million baht, or 23.67% from the previous year. This segment has its main customer in the aerospace sector in the US, which was heavily affected by the COVID-19 pandemic. However, the company had continuously been recovering since early 2021, resulting in an increase in revenue in the past year. In 2022, this segment also had increased production costs resulting in decreased net profit from previous year. This is due to the increase of production and outsourcing volume after the reduction of working hours since 2020 and returning to normal capacity since Q2/2021 onwards. HM also received some employee transfers from the Company to support parts production and reduce costs for the Company.

Overall, in the nine months of Q3/2022, the Company and its subsidiaries had a net profit of 120.45 million baht and net profit for the shareholders of the Company of 101.81 million baht. Net profit margins were 12.91% and 10.91% of the total revenue, respectively (compared to 14.91% and 12.27% in the previous year). Net profit margins for each business segment are shown below:

<b>Net Profit Margin (to Total Revenue)</b>	<b>2022</b>	<b>2021</b>
Manufacturing and Selling of Special Cutting Tools Segment	17.39%	18.11%
Importing and Selling of Cutting Tools Segment	7.81%	8.30%
Manufacturing and Selling of Tooling and Metal Fabrications Segment	7.13%	21.55%
<b>Total</b>	<b>12.91%</b>	<b>14.19%</b>

In Q3/2022, the Company and subsidiaries in the Special Cutting Tools segment has shown a decline in net profit margin from 18.11% to 17.39% of the total revenue. However, MDP had a one-time income in Q1/2021 from US government support for the relief of the effects of COVID-19 of 8.55 million baht, which caused the net profit in the previous year to be higher than usual. If the special one-time income was removed, the net profit margin for this segment would improve from the previous year due to the expansion of production capacity in the subsidiaries MDP and HV.

The Importing and Selling of Cutting Tools segment had a decrease in the net profit margin from 8.30% to 7.81% of the total revenue in Q3/2022. This is mainly due to the increase in tax expenses recoded of 3.65 million baht resulting from the increased revenue, and an increased expense of 4.47 million baht from HS due to office expansion and hiring additional employees in the past year; while the gross profit margin remained similar to the previous year.

The Tooling and Metal Fabrications segment had a significant decrease in the net profit margin from 21.55% to 7.13% of the total revenue in Q3/2022. This is mainly due to the increased production costs from increasing working hours back to normal capacity, the increase outsourcing costs, as well as the transfer of employees from the Company as mentioned.

For 2022, the Company still maintains a target for revenue growth at approximately 10% from the previous year, by focusing on the growth from overseas subsidiaries, especially manufacturing companies in the US and Vietnam (MDP and HV), which are in the process of expanding their production capacities continuously from last year. Currently, MDP has confirmed its plan to move to the new factory in early December after postponing from Q3/2022. However, overall, the Company expects to see a growth trend after the COVID-19 situation is starting to resolve, resulting in improving economy in the target countries of its customers both in Thailand and overseas.

Please be informed accordingly.

Sincerely Yours,

Mr. Soraj Sutanadhan  
CEO