



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

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Subject: Management Discussion and Analysis for the Three-Month Period Ended 31 March 2023

To: Directors and Managers  
The Stock Exchange of Thailand

Halcyon Technology PLC. ("the Company") and its subsidiaries had the operation results for the three-month period ended 31 March 2023 (Q1/2023) with the following details:

unit: THB million	2023	2022	Change (THB mill.)	Change (%)
Revenue from Sales and Service	266.07	297.26	-31.18	-10.49%
Total Revenue	268.07	299.06	-30.99	-10.36%
Net Profit for the Year	6.96	38.96	-32.00	-82.14%
Net Profit for Shareholders of the Company	5.47	34.16	-28.69	-84.00%

Operating results for each business segment are shown below:

1. Manufacturing and Selling of Special Cutting Tools

unit: THB million	2023	2022	Change (THB million)	Change (%)
Revenue from External Customers	132.10	160.33	-28.23	-17.60%
Net Profit for the Period	-1.63	28.89	-30.52	-105.64%

2. Importing and Selling of Cutting Tools

unit: THB million	2023	2022	Change (THB million)	Change (%)
Revenue from External Customers	118.61	125.54	-6.93	-5.52%
Net Profit for the Period	6.41	9.85	-3.44	-34.93%

3. Manufacturing and Selling of Toolings and Metal Fabrications

unit: THB million	2023	2022	Change (THB million)	Change (%)
Revenue from External Customers	15.36	11.39	3.97	34.88%
Net Profit for the Period	2.17	0.21	1.96	928.68%

For the three-month period ended 31 March 2023, the Company and its subsidiaries had a total revenue of 268.07 million baht, decreasing 30.99 million baht, or 10.36% from the same period in 2022. Revenue from sales and service was 266.07 million baht, decreasing 31.18 million baht, or 10.49% from the same period in 2022.

The Manufacturing and Selling of Special Cutting Tools segment had revenue from external customers of 132.10 million baht in Q1/2023, decreasing 28.23 million baht, or decreasing 17.60%, from the previous year. This segment includes revenues 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 decrease in revenue in this segment was mainly due to the drop in revenue from the mother company compared to the previous year as a result of the continuous slowdown in the Hard Disk Drive (HDD) industry, which is the main target customer in the country, since Q2/2022. Furthermore, revenue from subsidiaries MDP and HV also decreased from Q1/2022 as a result of their main customers slowing down orders after they had previously ordered large volume for inventories. However, it is expected that orders will start to return to its normal level in Q2/2023.

The Importing and Selling of Cutting Tools segment had revenue from external customer of 118.61 million baht in Q1/2023, decreasing 6.93 million baht, or 5.52%, from the previous year. Revenue in this segment includes sales from 7 trading subsidiaries in Thailand and overseas. The decrease in revenue is mainly due to the slowdown in the HDD industry, which resulted in the drop in revenue for 2 subsidiaries namely, Halcyon Technology Singapore Pte. Ltd. and Halcyon Tools & Engineering Co., Ltd., which also had its main target customer in the HDD industry as well. While revenue from other subsidiaries in this segment increase in the range of 7-13% from the same period of last year.

The Manufacturing and Selling of Toolings and Metal Fabrications segment, which is solely from Halcyon Metal Co., Ltd. or "HM", had revenue to external customers of 15.36 million baht in the Q1/ 2023, increasing 3.97 million baht, or 34.88% 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 and production as reduced significantly. However, the company had continuously been recovering since early 2021, resulting in an increasing revenue in the past year.

Overall, in Q1/2023, the Company and its subsidiaries had a net profit of 6.96 million baht and net profit for the shareholders of the Company of 5.47 million baht. Net profit margins were 2.60% and 2.04% of the total revenue, respectively (compared to 13.03% and 11.42% in the previous year). Net profit margins for each business segment are shown below:

<b>Net Profit Margin (to Total Revenue)</b>	<b>2023</b>	<b>2022</b>
Manufacturing and Selling of Special Cutting Tools Segment	-1.22%	17.98%
Importing and Selling of Cutting Tools Segment	5.38%	7.78%
Manufacturing and Selling of Tooling and Metal Fabrications Segment	13.78%	1.80%
<b>Total</b>	<b>2.60%</b>	<b>13.03%</b>

In Q1/2023, the Company and subsidiaries in the Special Cutting Tools segment has shown a net loss of 1.63 million baht compared to a net profit of 28.89 million baht in the previous year; and the net profit margin decreased from 17.98% to -1.22% of the total revenue as a result of the drop in revenue. Furthermore, throughout the year 2022, this segment had an increase in the cost of goods sold from the higher cost of raw materials; and subsidiary MDP also recorded more machine depreciation from new machines installed throughout the year.

The Importing and Selling of Cutting Tools segment had a net profit of 6.41 million baht, decreasing from 9.58 million baht; and the net profit margin decreasing from 7.78% to 5.38% of the total revenue in Q1/2023. This is mainly due to the decrease in revenue, as well as the increase in selling and administrative expenses from increased traveling and marketing activities after COVID-19. There were also more hiring of sales personnel and the office expansion in Singapore. While, the gross profit margin still remained in the same level as the previous year.

The Tooling and Metal Fabrications segment had a net profit of 2.17 million baht, increasing from 0.21 million baht; and the net profit margin increased from 1.80% to 13.78% of the total revenue in Q1/2023. This is mainly due to the increased revenue. Moreover, there was an executive retiring in January 2023, resulting in less selling and administrative expense compared to the previous year.

Please be informed accordingly.

Sincerely Yours,

Mr. Soraj Sutanadhan  
CEO