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**Subject** Clarification on Operating Results of the Second Quarter of Year 2020  
**Attention** Director and manager, The Stock Exchange of Thailand

TCM Corporation Public Company Limited and its subsidiaries (together referred to as "Corporate Group") would like to clarify the operating result and financial statement of the second quarter of year 2020 compared to the second quarter of year 2019 as follows.

The Corporate Group has net loss of Baht 58.65 million at the end of the second quarter of year 2020 compared to net loss of Baht 28.24 million at the same period of year 2019. The net loss was increased by Baht 30.41 million or 107.69 percent. Details of the changes are described in the Management Discussion and Analysis as attached herewith.

Please be informed accordingly.

Your faithfully,

For and on behalf of TCM Corporation Public Company Limited

A handwritten signature in blue ink that reads "Noppaporn A." in a cursive script.

(Mrs.Noppaporn Aphiwatthanakul)

Financial Director



## Overview

TCM Corporation Public Company Limited and its subsidiaries (collectively referred to as the “Corporate Group”) announced revenue from sales and services of THB 1,031.44 million for the second quarter of 2020, decreased from THB 2,141.21 million or by 51.38 percent in the same period of the previous year. EBITDA was THB 32.99 million, decreased from the same period of the previous year by 81.80 percent. Net loss was THB 58.65 million, or 107.69 percent lower than the previous year. Net loss attributable to owners of the parent was THB 39.49 million.

The revenue from sales and services can be divided into incomes from TCM Flooring 49.13 percent, TCM Automotive 7.68 percent, and TCM Living 43.19 percent.

## Performance by Group of Business

### TCM Flooring

Unit THB million

Details	Q2/2020	Q2/2019	Change	% of sales	% of sales	6M/2020	% of sales
			% YoY	Q2/2020	Q2/2019		6M/2020
Revenue from Sales and Services	506.74	703.91	-28.01%	100.00%	100.00%	972.89	100.00%
Cost of Sales and Services	(299.00)	(435.18)	-31.29%	59.00%	61.82%	(582.57)	59.88%
<b>Gross Margin</b>	<b>207.74</b>	<b>268.73</b>	<b>-22.69%</b>	<b>41.00%</b>	<b>38.18%</b>	<b>390.32</b>	<b>40.12%</b>
Other incomes	6.33	0.65	876.36%	-1.25%	0.09%	10.80	-1.11%
Selling expenses	(31.94)	(166.95)	-80.87%	6.30%	23.72%	(167.74)	17.24%
Administrative expenses	(129.12)	(118.94)	8.56%	25.48%	16.90%	(233.61)	24.01%
Profit (Loss) from exchange rate	(34.40)	(4.90)	-601.94%	6.79%	0.70%	(15.07)	1.55%
Fair value adjustments to derivatives	10.98	0.00	N/A	2.17%	0.00%	4.24	0.44%
<b>Operating income</b>	<b>29.60</b>	<b>(21.41)</b>	<b>238.23%</b>	<b>5.84%</b>	<b>-3.04%</b>	<b>(11.06)</b>	<b>-1.14%</b>
Post-employment benefits liabilities	0.00	(57.66)	N/A	0.00%	8.19%	<b>0.00</b>	<b>0.00%</b>
Corporate expenses (Shared)	(9.87)	(4.74)	108.28%	1.95%	0.67%	(12.54)	1.29%
Financial cost	(23.69)	(29.23)	-18.96%	4.68%	4.15%	(52.02)	5.35%
Tax income (expense)	1.46	22.91	-93.63%	0.29%	3.25%	8.02	0.82%
<b>Net profit (loss) for the quarter</b>	<b>(2.51)</b>	<b>(90.13)</b>	<b>97.22%</b>	<b>-0.49%</b>	<b>-12.80%</b>	<b>(67.61)</b>	<b>-6.95%</b>
<b>EBITDA</b>	<b>48.84</b>	<b>37.25</b>	<b>31.13%</b>	<b>9.64%</b>	<b>5.29%</b>	<b>27.43</b>	<b>2.82%</b>

### TCM Flooring Performance

TCM Flooring had revenue from sales and services of THB 506.74 million, decreased by 28.01 percent from the same period of the previous year. As a result of the effect from the Covid-19 pandemic since the end of the first quarter which caused some customers to delay orders and postpone the installation schedule. Therefore, the on-hands orders could not be shipped within the second quarter.

Cost of sales and services was 59.00 percent of revenue, decreased from 61.82 percent in the same period of the previous year, due to the policy to restructure the organization prepared for the effect from COVID-19 pandemic. Hence, there were reduction in overtime and working hours to match with the volume of incoming orders, and reduce some employees who were excess from the current situation that has been changed, in order to comply with the business and the economy as a whole. Including withholding all production-related costs and investments.

Selling, Distribution, and Administrative (SD&A) expenses amounted to THB 161.06 million, decreased from the same period of the previous year, caused by a policy to cut expenses to cope with the market situation that was temporarily stopped, such as travel banned, cut all non-essential expenses, especially PR and marketing, cut headcounts and furlough some positions. Employees salary reduction according to salary ratio from 10% -30%, etc.

Loss from exchange rate was THB 34.40 million due to the appreciation of Baht, while profit from derivatives amounted to THB 10.98 million, in line with Thai Financial Reporting Standards. Financial instruments applied in 2020.

Apart from the expenses of the TCM Flooring, there were administrative expenses of the Corporate Office allocated to TCM Flooring business amounted to THB 9.87 million, increased from THB 4.74 million in the same period of the previous year, due to the write off of the provision of machinery prepared to invest in Oman amounted to THB 7.74 million, then the investment project was cancelled due to the uncertain market conditions, according to the resolutions of the meeting of the Board of Directors held in the second quarter.

When combined with the financial costs and TAX, the net loss of TCM Flooring then amounted to THB 2.51 million, which was improved from net loss of THB 90.13 million in the same period of the previous year.

## TCM Automotive

Unit THB million

Details	Q2/2020	Q2/2019	Change	% of sales	% of sales	6M/2020	% of sales
			% YoY	Q2/2020	Q2/2019		6M/2020
Revenue from Sales and Services	79.21	318.17	-75.10%	100.00%	100.00%	287.70	100.00%
Cost of Sales and Services	(80.30)	(248.70)	-67.71%	101.37%	78.17%	(247.86)	86.15%
<b>Gross Margin</b>	<b>(1.09)</b>	<b>69.47</b>	<b>-101.56%</b>	<b>-1.37%</b>	<b>21.83%</b>	<b>39.83</b>	<b>13.85%</b>
Other incomes	0.61	0.63	-2.91%	0.77%	0.20%	0.82	0.28%
Selling expenses	(3.36)	(10.54)	-68.17%	4.24%	3.31%	(10.87)	3.78%
Administrative expenses	(9.57)	(16.68)	-42.65%	12.08%	5.24%	(22.45)	7.80%
Profit (Loss) from exchange rate	0.26	0.62	-58.17%	0.33%	0.19%	0.06	0.02%
<b>Operating income</b>	<b>(13.14)</b>	<b>43.49</b>	<b>-130.21%</b>	<b>16.59%</b>	<b>-13.67%</b>	<b>7.39</b>	<b>2.57%</b>
Post-employment benefits liabilities	0.00	(3.38)	N/A	0.00%	1.06%	(1.95)	0.68%
Corporate expenses (Shared)	(1.23)	(1.79)	-31.49%	1.55%	0.56%	(1.95)	<b>0.68%</b>
Financial cost	(0.15)	(0.14)	5.46%	0.19%	0.04%	(0.33)	0.11%
Tax income (expense)	2.88	(7.95)	136.186%	3.63%	2.50%	(1.50)	0.52%
<b>Net profit (loss) for the quarter</b>	<b>(11.64)</b>	<b>30.23</b>	<b>-138.51%</b>	<b>-14.69%</b>	<b>9.50%</b>	<b>3.61</b>	<b>1.26%</b>
<b>EBITDA</b>	<b>9.39</b>	<b>67.97</b>	<b>-86.18%</b>	<b>11.86%</b>	<b>21.36%</b>	<b>45.47</b>	<b>15.81%</b>

## TCM Automotive Performance

TCM Automotive had revenue from sales and services of THB 79.21 million, decreased from the same period of the previous year by 75.10 percent, resulted from the decelerate of automotive industry and effect from COVID-19 pandemic since end of the first quarter. Causing many automobile factories in Thailand to cease their operations for 1-2 weeks during April. The Company, as a 2<sup>nd</sup> tier supplier in Automobile industry, were affected directly from the closing of these factories.

Cost of sales and services was 101.37 percent of revenue, increased from 78.11 percent in the same period of the previous year, due to the fix costs that could not be covered when the revenue was reduced by 75.10 percent.

SD&A expenses amounted to THB 12.92 million, decreased from the same period of the previous year, as a result of various cost reduction efforts according to the changing situation, with a reduction in working days, reduced the salary of employees and executives in the ratio of 10% -50% etc.

Apart from the expenses of the TCM Automotive, there were administrative expenses of the Corporate Office allocated to TCM Automotive business amounted to THB 1.23 million, decreased from THB 1.79 million in the same period of the previous year.

When combined with the financial costs and TAX, the net loss of TCM Automotive then amounted to THB 11.64 million, decreased from net profit of THB 30.23 million in the same period of the previous year.

## TCM Living

Unit THB million

Details	Q2/2020	Q2/2019	Change	% of sales	% of sales	6M/2020	% of sales
			% YoY	Q2/2020	Q2/2019		6M/2020
Revenue from Sales and Services	445.48	1,119.13	-60.19%	100.00%	100.00%	1,337.73	137.50%
Cost of Sales and Services	(408.92)	(808.66)	-49.43%	91.79%	72.26%	(1,112.43)	114.34%
<b>Gross Margin</b>	<b>36.56</b>	<b>310.47</b>	<b>-88.22%</b>	<b>8.21%</b>	<b>27.74%</b>	<b>225.30</b>	<b>23.16%</b>
Other incomes	(4.53)	0.49	-1019.89%	1.02%	0.04%	(0.10)	-0.01%
Selling expenses	(34.71)	(128.27)	-72.94%	7.79%	11.46%	(118.41)	12.17%
Administrative expenses	(49.83)	(126.70)	-60.67%	11.19%	11.32%	(115.62)	11.88%
Profit (Loss) from exchange rate	4.57	3.25	40.71%	1.03%	0.29%	4.57	0.47%
Fair value adjustments to derivatives	0.35	0.00	N/A	0.07%	0.00%	4.94	0.51%
<b>Operating income</b>	<b>(47.58)</b>	<b>59.25</b>	<b>-180.31%</b>	<b>-10.68%</b>	<b>5.29%</b>	<b>0.68</b>	<b>0.24%</b>
Corporate expenses (Shared)	(5.68)	(5.99)	-5.12%	1.28%	0.54%	(9.08)	0.93%
Financial cost	(4.75)	(13.16)	-63.89%	1.07%	1.18%	(17.03)	1.75%
Tax income (expense)	13.52	(8.44)	260.22%	3.03%	0.75%	1.23	0.13%
<b>Net profit (loss) for the quarter</b>	<b>(44.50)</b>	<b>31.67</b>	<b>-240.54%</b>	<b>-9.99%</b>	<b>2.83%</b>	<b>(24.20)</b>	<b>-2.49%</b>
<b>EBITDA</b>	<b>(25.23)</b>	<b>76.06</b>	<b>-133.17%</b>	<b>-5.66%</b>	<b>6.80%</b>	<b>40.79</b>	<b>4.19%</b>

## TCM Living Performance

TCM Living had revenue from sales and services of THB 445.48 million, which was 60.19 percent lower than the same period of the previous year, as a result of the COVID-19 pandemic since the end of the first quarter, all factories and retail stores in the UK had been closed as per the orders of the government since the end of March, and has been re-operated since the beginning of June, causing the lower revenue compared to the same period of the previous year.

Cost of sales and services was 91.79 percent of revenue, increased from 72.26 percent in the same period of the previous year. As a result of the restructuring of the business by grouping Alstons and DM Midlands Holdings under the TCM Living Ltd. This caused the need to apply the same accounting policies and comply with the appropriate accounting standards. And as well as the impact of COVID-19, the cost of products was increased from shipping and storage due to the Lockdown measure, the products imported from overseas could not enter the UK. The Company had to find accommodation and store until Lockdown was released in June.

The other incomes were minus THB 4.53 million as a result of reclassification according to the same accounting policy after business restructuring.

SD&A expenses amounted to THB 84.54 million, decreased from the same period of the previous year, due to the businesses in the UK temporarily ceased operations according to government policy. And

the Company could save some salary expenses as the UK government provided compensation to help businesses during the furlough.

Profit from exchange rate was THB 4.57 million, while profit from derivatives amounted to THB 0.35 million, in line with Thai Financial Reporting Standards. Financial instruments applied in 2020.

Apart from the expenses of the TCM Living, there were administrative expenses of the Corporate Office allocated to TCM Living business amounted to THB 5.68 million, decreased from THB 5.99 million in the same period of the previous year.

When combined with the financial costs and TAX, the net loss of TCM Living then amounted to THB 44.50 million, decreased from net profit of THB 31.67 million in the same period of the previous year.

## Consolidated Performance

Unit THB million

Consolidated Statement	Q2/2020	Q2/2019	Change	6M/2020
			% YoY	
<b>Revenue</b>				
Revenue from Sales and Services	1,031.44	2,141.21	-51.83%	2,598.32
Other Incomes	2.41	1.77	36.45%	11.52
<b>Total revenue</b>	<b>1,033.85</b>	<b>2,142.97</b>	<b>-51.76%</b>	<b>2,609.84</b>
<b>Expenses</b>				
Cost of sales and services	(788.22)	(1,492.54)	-47.19%	(1,942.87)
Selling expenses	(70.00)	(305.75)	-77.11%	(297.02)
Administrative expenses	(188.52)	(262.31)	-28.13%	(371.68)
Post-employment benefits liabilities	0.00	(61.04)	-100%	0.00
Corporate expenses	(16.78)	(12.52)	34.03%	(23.57)
Fair value adjustments to derivatives	11.33	0.00	N/A	9.19
Gain (loss) from exchange rate	(29.57)	(1.04)	-2756.63%	(10.44)
Financial costs	(28.60)	(42.54)	-32.77%	(69.39)
<b>Total expenses</b>	<b>(1,110.35)</b>	<b>(2,177.74)</b>	<b>-49.01%</b>	<b>(2,705.77)</b>
<b>Net profit before TAX</b>	<b>(76.50)</b>	<b>(34.76)</b>	<b>120.08%</b>	<b>(95.93)</b>
Tax expenses	17.85	6.52	173.71%	7.74
<b>Profit (loss) for the quarter</b>	<b>(58.65)</b>	<b>(28.24)</b>	<b>107.69%</b>	<b>(88.19)</b>
<b>Profit (loss) for TCMC</b>	<b>(39.49)</b>	<b>(54.65)</b>	<b>-27.75%</b>	<b>(85.33)</b>
<b>EBITDA</b>	<b>32.99</b>	<b>181.28</b>	<b>-81.80%</b>	<b>113.69</b>
Weighted average number of ordinary shares (shares)	763,201,125	763,188,975		763,188,975
Basic earnings per share (Baht)	(0.05)	(0.07)		(0.11)

## Other Incomes

The Corporate Group had other incomes of THB 2.41 million, compared to THB 1.17 million in the same period of the previous year. The other incomes were from interests, rental fees, assets selling, and scrap selling etc.

## Financial Cost

The Corporate Group had financial cost of THB 28.60 million in the second quarter of 2020, decreased from THB 42.54 million in the second quarter of year 2019, since the Corporate Group has promptly serviced bank loans and interest payment for the loan borrowings from bank for investment in the business of the Corporate Group.

## Statement of Financial Position

Unit THB million

Statement of consolidated financial position	As of 30 June, 2020	As of 31 December, 2019	Change	
			Million Baht	%
Total Assets	7,571.65	8,338.15	(766.49)	-9.19%
Total Liabilities	5,018.89	5,484.43	(465.53)	-8.49%
Shareholders' Equity	2,552.76	2,853.72	(300.96)	-10.55%
D/E Ratio	2.26:1	2.21:1		

The Corporate Group's total assets as of 30 June 2020 were lower than the total assets as of 31 December 2019 by THB 766.49 million or 9.19 percent. Total liabilities as of 30 June 2020 were lower than the total liabilities as of 31 December 2019 by THB 465.53 million or 8.49 percent. Shareholders' equity as of 30 June 2020 was lower than that as of 31 December 2019 by THB 300.96 million or 10.55 percent, due to the adoption of new financial reporting standards, financial instrument group, which has been effective since 1 January 2020, and effect from COVID-19 pandemic. As a result, D/E ratio at the end of the period was at 2.21:1 compared to year end 2019 at 2.19:1. (Considering only the part of major shareholders).