



TCM CORPORATION PLC.  
2054 New Petchburi Road,  
Bangkapi, Huaykwang,  
Bangkok, 10310

T: +66 2 318 3960  
F: +66 2 318 3963

[www.tcm-corporation.com](http://www.tcm-corporation.com)

10<sup>th</sup> August 2023

**Subject** Clarification on Operating Results of the Second Quarter of the Year 2023  
**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 the year 2023 compared to the second quarter of the year 2022 as follows.

The Corporate Group had a net profit of 27.30 million baht at the end of the second quarter of the year 2023, compared to a net profit of 6.38 million baht in the same period of the year 2022. The performance was increased by 20.92 million baht. Details of the changes are described in the Management Discussion and Analysis, as attached herewith.

Please be informed accordingly.

Yours faithfully,  
For and on behalf of TCM Corporation Public Company Limited

*Noppaporn A.*

(Mrs. Noppaporn Aphiwatthanakul)  
Financial Director



Carpets Inter®

RT acoustic



Alstons

ASHLEYMANOR

amxdesign

Alexander & James

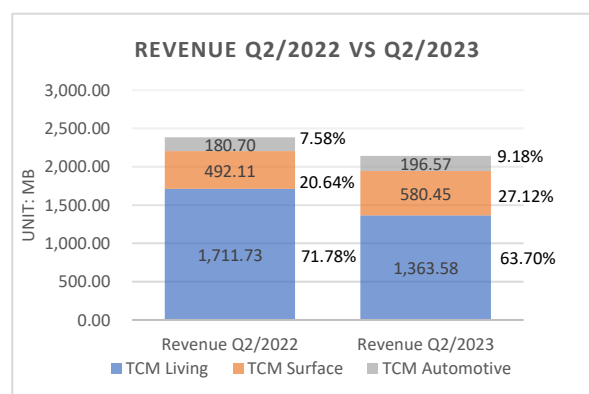
## Overview

TCM Corporation Public Company Limited and its subsidiaries (collectively referred to as the "Corporate Group") have reported an improving operating profit in the second quarter of the year 2023. Sales revenue was in line with the forecast and budget but slightly lower than those in the same period of last year as revenue from TCM Living in Q2/2022 was substantially outperforming from the resolved shipping and logistics problem. The better rate in shipping costs as well as improvement in production efficiency has led to higher profitability despite the fact that Q2 is a typical low season for our business group due to a long summer holiday in the UK and in Thailand.

For Q2/2023, total revenue from sales and services was recorded at 2,140.61 million baht compared to 2,384 million Baht in prior year, which was 10.23% decrease. However, EBITDA was 176.55 million baht, increase by 48.98% from previous year. Net profit was 27.30 million baht, a significant increase from those of 6.38 million baht in the previous year. Net profit attributable to owners of the parent was 9.27 million baht, primarily due to market recovery and performance improvements in all business groups.

## Q2/2023 Performance

In the second quarter of the year 2023, TCM Surface made a remarkable recovery, while TCM Living experienced a slowdown in the market. This resulted in a reduction in revenue proportion for TCM Living compared to the same period of the previous year. On the other hand, TCM Surface saw an increase in its revenue proportion. Similarly, TCM Automotive saw a slight increase in its revenue proportion compared to the same quarter of the previous year.



## Highlight from each business

Business Group	Highlights
TCM Living	<ul style="list-style-type: none"> <li>- Market condition was back to normal in Q2/2023, TCM Living has shown an improvement in gross profit as resulted from efficiency improvement.</li> <li>- After a remarkable sales growth in Q2/2022, sales revenue in Q2/2023 was considered 20.34% behind YoY. This can be explained that the sales boost in Q2/2022 was mainly a benefit from shipping delay which was continued from the end of 2021. Despite the disturbing UK economy and increase in raw material price and labour cost, the company has managed to enhance efficiency which helped boost its gross profit margin from 14.12% last year to 20.15% this year.</li> <li>- Overheads increased in overall as a result of the reduction in production capacity. This was mainly to respond to the lower demand in the market provided that lead time in product delivery was back to normal so that backlog sales orders were minimal.</li> <li>- The higher overheads have also included one-time cost incurred in Q1 and Q2/2023 as part of long-run overheads control exercise, in which the benefit to overall profitability can be seen in Q4/2023.</li> </ul>

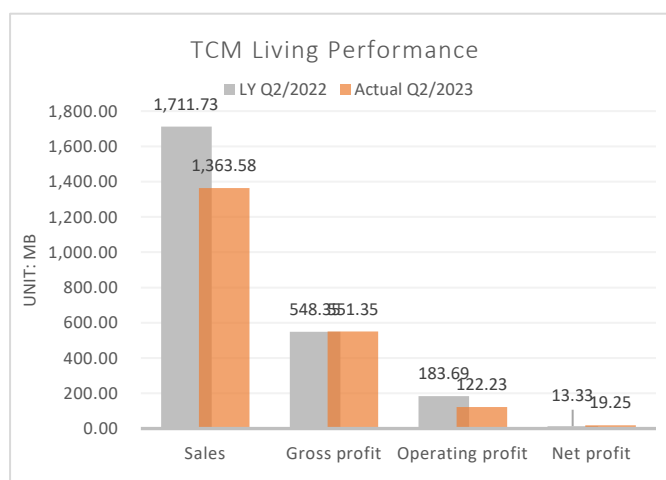
Business Group	Highlights
	<ul style="list-style-type: none"> <li>- After taking out the inter-company expenses, risen of financial costs, taxes, and exchange rates related, the Group reported a net profit of 19.25 million baht.</li> </ul>
TCM Surface	<ul style="list-style-type: none"> <li>- <b>Favourable market environment. The efficiency and lean improvement help supporting positive results for Surface business.</b></li> <li>- Revenue increased by 17.95% YoY driven by market recovery and a higher influx of sales orders.</li> <li>- In addition to growing sales, selling price adjustment also helped reduce the cost ratio. In Q2/2023, product pricing was adjusted to reflect increasing raw material prices and higher transportation costs. The Group also benefit from efficiency improvements internally and a favourable exchange rate of THB against USD.</li> <li>- Newly developed products launch i.e., outdoor rugs and acoustic panels.</li> <li>- The percentage of selling and administrative expenses to sales was aligned with the same period of the previous year. Still, there has been a slight increase due to the introduction of new products into the market.</li> <li>- When considering on operational results excluding inter-company expenses and financial costs, there was a profit of 10.66 million baht, which is higher than the previous year's profit of 3.45 million baht. However, after deducting inter-company expenses, financial costs, and higher tax rates imposed this year, the Group has a net loss of 16.62 million baht.</li> </ul>
TCM Automotive	<ul style="list-style-type: none"> <li>- <b>Gradually recovered in line with market conditions.</b></li> <li>- Revenue increased by 8.79% YoY. The automotive industry is back to normal as it recovers from the chip shortage issue.</li> <li>- The rise in productivity and sales caused an increase in the gross margin. A financial reconciliation between affiliated companies resulted in an inter-company transaction of 6.88 million baht, in which revenue was recorded at TCM Automotive, and cost was allocated to TCM Surface. As a result, TCM Automotive has shown a higher profit margin in this quarter.</li> <li>- Selling and administrative expenses as a percentage of sales have increased YoY due to the product diversification into the Geo-Textile and non-carpet segments.</li> <li>- After taking out the inter-company expenses, financial costs, and taxes, the Group reported a net profit of 24.66 million baht, 130.06% increased YoY. If the costs are reallocated back to TCM Automotive, it will result in a net profit of 17.78 million baht.</li> </ul>

## Performance by Group of Business

## TCM Living

Unit: MB

Details	Actual Q2/2023	Last Year Q2/2022	Diff % YoY	% of sales Q2/2023	% of sales Q2/2022
Revenue from Sales and Services	1,363.58	1,711.73	-20.34%	100.00%	100.00%
Cost of Sales and Services	(1,088.87)	(1,469.97)		-79.85%	-85.88%
<b>Gross Profit</b>	<b>274.71</b>	<b>241.76</b>	<b>13.63%</b>	<b>20.15%</b>	<b>14.12%</b>
Other incomes	1.02	(0.37)	370.97%	0.07%	-0.02%
Selling expenses	(91.58)	(109.34)	16.24%	-6.72%	-6.39%
Administrative expenses	(116.25)	(91.51)	-27.04%	-8.53%	-5.35%
Profit (Loss) from Exchange Rate	0.00	0.00	0.00%	0.00%	0.00%
<b>Operating Income (EBIT)</b>	<b>67.90</b>	<b>40.54</b>	<b>67.49%</b>	<b>4.98%</b>	<b>2.37%</b>
Amortization - Intangible assets	(11.32)	(11.32)	0.04%	-0.83%	-0.66%
Fair Value Adjustments to Derivatives (Forex)	(0.59)	5.12	-111.46%	-0.04%	0.30%
Financial Costs from operation	(14.88)	(6.58)	-126.24%	-1.09%	-0.38%
Tax Income (Expenses)	(2.84)	0.12	-2560.60%	-0.21%	0.01%
Corporate Expenses - Shared	(7.27)	(7.74)	6.13%	-0.53%	-0.45%
Financial Costs from non-operation	(11.75)	(6.81)	-72.70%	-0.86%	-0.40%
<b>Net Profit (Loss) for the Period</b>	<b>19.25</b>	<b>13.33</b>	<b>44.43%</b>	<b>1.41%</b>	<b>0.78%</b>
<b>EBITDA</b>	<b>72.25</b>	<b>50.34</b>	<b>43.52%</b>	<b>5.30%</b>	<b>2.94%</b>



## TCM Living

Q2 revenue reduced by 20.34% over the prior year, reflecting the unwinding of an unusually high Q1/2022 closing order book following shipping delays experienced in the latter part of 2021, which was gradually recovered this year. Despite orders being challenged by the cost-of-living crisis, the Q2 revenue levels achieved in FY2023 are in line with management expectations.

Gross Profit contribution of TCML reduced from Q2/2022 due to lower volumes but the margins achieved increased from 14.12%, as reported in the previous year to 20.15% this year. This increase reflected improved manufacturing

efficiencies offsetting the current inflationary cost pressures along with the benefit of normalised container prices positively affecting the import side of the business.

Selling and administrative expenses increased by 3.51% YoY due to cost-of-living increases and inflationary pressures. Once again, these costs were within management expectations. The group also incurred one-time-cost from the consolidation of manufacturing sites in Q1.

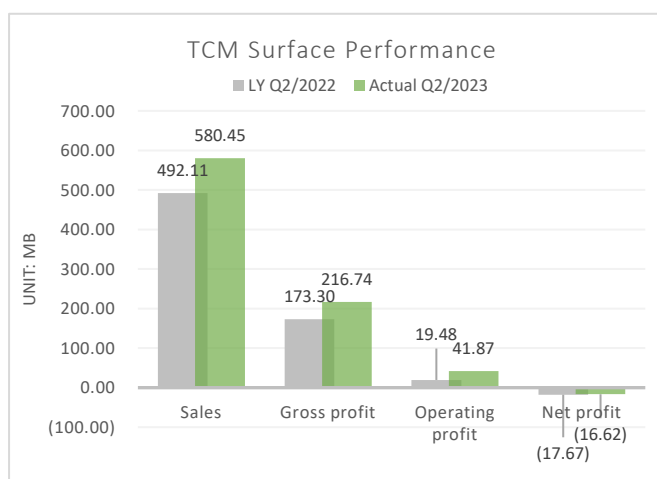
Despite a significant increase in the UK cost of living inflation rates, Selling and Administrative expenses were increased by 3.51% YoY as we continuously strive to maintain an appropriate cost basis for the business, as demonstrated by the recent consolidation of the manufacturing sites in the Midlands which will realise significant savings in the future.

After the deduction of one-time costs, financial costs, taxes and exchange rate movements, the Group returned a net profit of 19.25 million baht. Increased by 44.43% from the net profit of 13.33 million baht in the same period of the previous year. The EBITDA was 72.25 million baht, which increased by 43.52 %YoY.

## TCM Surface

Unit: MB

Details	Actual Q2/2023	Last Year Q2/2022	Diff % YoY	% of sales Q2/2023	% of sales Q2/2022
Revenue from Sales and Services	580.45	492.11	17.95%	100.00%	100.00%
Cost of Sales and Services	(363.71)	(318.80)		-62.66%	-64.78%
<b>Gross Profit</b>	<b>216.74</b>	<b>173.30</b>	<b>25.06%</b>	<b>37.34%</b>	<b>35.22%</b>
Other incomes	1.20	1.90	-36.80%	0.21%	0.39%
Selling expenses	(95.08)	(77.69)	-22.39%	-16.38%	-15.79%
Administrative expenses	(114.35)	(98.16)	-16.49%	-19.70%	-19.95%
Profit (Loss) from Exchange Rate	33.37	20.13	65.74%	5.75%	4.09%
<b>Operating Income (EBIT)</b>	<b>41.87</b>	<b>19.48</b>	<b>114.95%</b>	<b>7.21%</b>	<b>3.96%</b>
Amortisation - Intangible assets	(4.58)	(4.58)	0.00%	-0.79%	-0.93%
Fair Value Adjustments to Derivatives (Forex)	(39.35)	(20.54)	-91.60%	-6.78%	-4.17%
Financial Costs from operation	(1.63)	(0.83)	-95.75%	-0.28%	-0.17%
Tax Income (Expenses)	14.34	9.92	44.59%	2.47%	2.02%
Corporate Expenses - Shared	(3.18)	(3.38)	5.91%	-0.55%	-0.69%
Financial Costs from non-operation	(24.10)	(17.75)	-35.77%	-4.15%	-3.61%
<b>Net Profit (Loss) for the Period</b>	<b>(16.62)</b>	<b>(17.67)</b>	<b>5.98%</b>	<b>-2.86%</b>	<b>-3.59%</b>
<b>EBITDA</b>	<b>63.82</b>	<b>43.63</b>	<b>46.28%</b>	<b>10.99%</b>	<b>8.87%</b>



## TCM Surface

The Group recorded sales revenue at THB 580.45 million, a significant increase by 17.95% YoY. This was largely due to the recovery in the tourism industry and hospitality sector globally. Although operating costs i.e., transportation, labour, and raw material prices remained on the high side, TCM Surface was able to adjust the selling price to reflect that. Hence, profitability was improved favourably. In addition, the Group has put an effort in achieving cost control as well as improving production efficiency during the past two years. This includes the investment in new machinery, installation of solar

panels on factory roof top which has led to energy savings, lower water consumption, and a reduction in raw material usage. As a result, our gross profit margin improved to 37.34%, compared to 35.22% in the prior year.

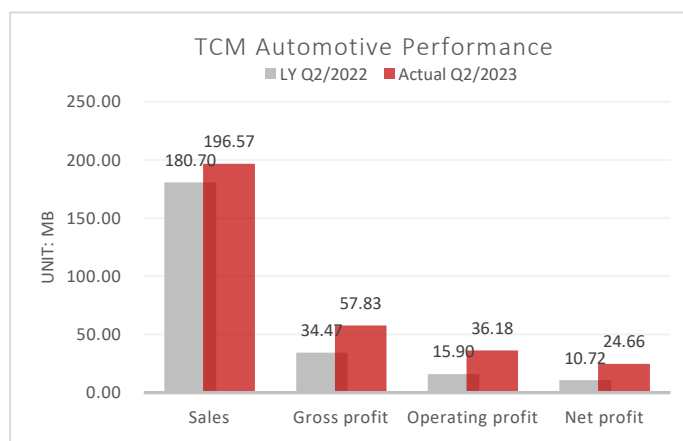
Total Selling and Administrative Expenses were 209.43 million baht, or 36.08% of the sales revenue, increased from those of 175.85 million baht or 35.73% in the prior year. A slight increase was marketing expenses, mainly to support new product launch.

After taking out the inter-company expenses, financial costs, and taxes, the Group reported a net loss of 16.62 million baht compared to a net loss of 17.67 million baht in the same period of the previous year, given that interest rates are in the upward trend during the past two years.

## TCM Automotive

Unit: MB

Details	Actual Q2/2023	Last Year Q2/2022	Diff % YoY	% of sales Q2/2023	% of sales Q2/2022
Revenue from Sales and Services	196.57	180.70	8.79%	100.00%	100.00%
Cost of Sales and Services	(138.74)	(146.22)		-70.58%	-80.92%
<b>Gross Profit</b>	<b>57.83</b>	<b>34.47</b>	<b>67.75%</b>	<b>29.42%</b>	<b>19.08%</b>
Other incomes	4.12	0.69	498.61%	2.10%	0.38%
Selling expenses	(8.68)	(7.43)	-16.83%	-4.42%	-4.11%
Administrative expenses	(17.44)	(12.29)	-41.83%	-8.87%	-6.80%
Profit (Loss) from Exchange Rate	0.35	0.46	-25.59%	0.18%	0.26%
<b>Operating Income (EBIT)</b>	<b>36.18</b>	<b>15.90</b>	<b>127.50%</b>	<b>18.40%</b>	<b>8.80%</b>
Amortisation - Intangible assets	(5.51)	(1.66)	-231.68%	-0.95%	-0.34%
Financial Costs from operation	(1.02)	(0.21)	-383.78%	-0.52%	-0.12%
Tax Income (Expenses)	(4.01)	(2.32)	-73.34%	-2.04%	-1.28%
Corporate Expenses - Shared	(0.97)	(0.99)	2.69%	-0.49%	-0.55%
<b>Net Profit (Loss) for the Period</b>	<b>24.66</b>	<b>10.72</b>	<b>130.06%</b>	<b>12.55%</b>	<b>5.93%</b>
<b>EBITDA</b>	<b>40.48</b>	<b>24.54</b>	<b>64.97%</b>	<b>20.60%</b>	<b>13.58%</b>



## TCM Automotive

During the second quarter of 2023, the automotive industry in Thailand and abroad experienced a positive trend, resulting in an 8.79% increase in sales compared to the previous year. The gross profit margin also improved, reaching 29.42%, which is higher than the 19.08% of the same period in the previous year. This increase in profit is due to an increase in incoming sales orders and the cost allocation of inter-company transactions which was recorded at TCM Surface. When combining the costs of 6.88 million baht with

TCM Automotive, the business group's gross profit would reach 50.95 million baht, accounting for 26% of the sales, which is close to the initial profit margin in Q2/2022.

Selling and Administrative expenses in Q2/2023 increased compared to the same period of the previous year, reaching 13.29% and 10.92%, respectively.

After taking out the inter-company expenses, financial costs, and taxes, the Group reported a net profit of 24.66 million baht or 12.55% of the revenue from sales and services. The EBITDA was 40.48 million baht or 64.97% of the revenue from sales and services.

When considering the overall cost of goods amounting to 6.88 million baht, TCM Automotive would yield a net profit of 17.78 million baht, equivalent to 9.05% of sales. Additionally, the EBITDA would amount to 33.60 million Baht, representing 17.10% of sales. These ratios closely align with the standards achieved prior to the COVID-19 situation.

## Consolidated Performance

Unit: THB million

Consolidated Statement	Q2/2023	Q2/2022	Diff
			% YoY
<b>Revenue</b>			
Revenue from Sales and Services	2,140.61	2,384.53	-10.23%
Other Incomes	6.34	2.21	186.32%
Gain from exchange rate	33.71	20.60	63.68%
Gain from fair value adjustments to derivatives	0.00	0.00	0.00%
<b>Total revenue</b>	<b>2,180.66</b>	<b>2,407.34</b>	<b>-9.42%</b>
<b>Expenses</b>			
Cost of sales and services	(1,596.84)	(1,936.66)	17.55%
Selling expenses	(195.35)	(194.46)	-0.46%
Administrative & Corporate expenses	(275.34)	(229.97)	-19.73%
Loss from exchange rate	0.00	0.00	0.00%
Loss from fair value adjustments to derivatives	(39.93)	(15.42)	-159.04%
<b>Total expenses</b>	<b>(2,107.46)</b>	<b>(2,376.51)</b>	<b>11.32%</b>
<b>Net profit before TAX</b>	<b>73.19</b>	<b>30.83</b>	<b>137.39%</b>
Financial costs	(53.38)	(32.17)	-65.90%
Tax expenses	7.49	7.72	-3.02%
<b>Profit (loss) for the quarter</b>	<b>27.30</b>	<b>6.38</b>	<b>328.08%</b>
<b>Profit (loss) for TCMC</b>	<b>9.27</b>	<b>(6.23)</b>	<b>248.94%</b>
<b>EBITDA</b>	<b>176.55</b>	<b>118.50</b>	<b>48.98%</b>
Weighted average number of ordinary shares (shares)	763,201,125	763,201,125	
Basic earnings per share (Baht)	0.01	(0.01)	

### Other Incomes

In Q2/2023, the Corporate Group recorded other incomes of 6.34 million baht which were derived from interest income, rental fees, sale of assets, scrap selling etc., compared to 2.21 million in prior year. Foreign exchange gain was 33.71 million baht arose from forward contract booking by TCM Surface.

### Financial Costs

The Corporate Group had total financial costs of 53.38 million baht in Q2/2023, which represented by financial costs from business operations and acquisition loans at 17.53 million baht and 35.85 million, respectively. The significant increase in financial costs when compared to those of 32.17 million baht in Q2/2022 was a result of interest rate hikes in the global market over the past 12 months.

## Statement of Financial Position

Unit THB million

Statement of consolidated financial position	As of 31 June 2023,	As of 31 December 2022,	Change	
			Million Baht	%
Total Assets	8,494.73	8,318.84	175.89	2.11%
Total Liabilities	5,825.18	5,661.38	163.81	2.89%
Shareholders' Equity	2,669.55	2,657.47	12.08	0.45%
D/E Ratio	2.18:1	2.13:1		

On a consolidated basis, the total assets and total liabilities of the Company slightly increased by 2.11% and 2.89%, respectively. The solid capital base still remained, and shareholder's equity slightly changed over the past 6 months. The D/E ratio was inconsiderably changed as it stood at 2.18x at the end of Q2/2023 compared to 2.13x at FYE 31 December 2022.

## Key Financial Ratios

Key Financial Ratios	Q2/2023	FY 2022
Current ratio (times)	1.12	1.09
Quick ratio (times)	0.73	0.72
Account Receivable Turnover (times)	5.60	6.41
Account Payable Turnover (times)	3.82	4.75
Inventory turnover (times)	5.82	7.29
D/E ratio (times)	2.18	2.13
Return on equity (%)	4.39	4.56
Return on assets (%)	1.80	2.10
Assets turnover (times)	0.99	1.09

The Group's liquidity position still be able to meet its short-term debt obligations. The current ratio and quick ratio stayed in the same range in Q2/2023 and FY 2022. The cash cycle remained at 30-32 days over the respective period. Debt collection, payment to suppliers, and stock control were well managed. Return on Asset and Return on Equity were slightly dropped as total revenue in Q2/2023 decreased by 10.23% YoY.