

Subject : Report of operating results for the Q2 / 2020, net profit decrease 55.3% and total revenue decrease 35.3%
Attention : President
The Stock Exchange of Thailand

The operating performance for Q2 / 2020 of Thitkorn Public Company Limited and its subsidiaries reported a net profit of 52.3 Million Baht, a decrease of 55.3% from 117.1 Million Baht compared to the same period last year, total revenue of 622.3 Million Baht, a decrease of 35.3% from 962.5 Million Baht. The operating performance for the first half of 2020 of Thitkorn Public Company Limited and its subsidiaries reported a net profit of 153.0 Million Baht, a 33.5% decrease from 230.0 Million Baht compared to the same period last year and total revenue of 1,363.2 Million Baht decreased 29.8% from 1,942.2 Million Baht compared to the same period last year.

Since the COVID-19 pandemic negatively affecting broader economic activities causing the domestic economy to slow down continuously from the year 2019 which grew only 2.4%. The negative affected caused the contraction of export sector due to the Trade War between the United States and China, Thai Baht has continuously appreciated throughout the past 3 years, continue of prices decrease of agricultural products, including rubber, palm oil, tapioca, sugarcane which directly affecting domestic consumption. In addition, household debt increased to 79.4% of GDP in the fourth quarter of 2019 and expected to rise further. This is in line with the latest forecast from the Bank of Thailand that the economy may contracted to a negative 8.1% this year as a result of only 8 million foreign tourists expected to visit Thailand (from 39.7 million in 2019), down from the previous forecast of 15 million. Private consumption is projected to be negative 3.6% from the previous forecast of negative 1.5%, while private investment is negative 13.8% from the previous forecast of negative 4.3%, with only public investment that is expected to expand positively at 5.8%, same as the previous forecast. As result of the government's announcement of the Lockdown measure, which started on April 3, although the measures have been gradually phased out. Currently, it is not possible to clearly assess the total impact of the COVID-19 pandemic, resulting to TK conservative policy in underwriting new loans.

Domestic motorcycle sales in H1/2020 were 732,636 units, decrease 18.1% from 894,148 units from last year. Automobile sales in H1/2020 were 328,604 units, a decrease of 37.3% from 523,770 units from last year. Directly affecting the business as follows:

1. Total Revenues for Q2/2020 were 622.3 Million Baht, a decrease of 35.3% from 962.5 Million Baht compared to the same period last year. As for the hire-purchase income in Q2/2020, the amount of 514.9 Million Baht

decreased by 33.8% from 778.4 Million Baht compared to the same period last year due to the ongoing economic downturn.

2. Other Incomes in Q2/2020 were 104.1 Million Baht, a decrease of 42.0% from 179.6 Million Baht compared to the same period last year. As a result of customer relief measures during COVID-19, the Company has waived various penalties and collection fees during that time.

3. Total Expenses for Q2/2020 were 540.6 Million Baht, a decrease of 30.6% from 779.5 Million Baht compared to the same period last year. Total selling and administrative expenses for Q2/2020 were 322.6 Million Baht, a decrease of 32.8% from 480.0 Million Baht compared to the same period last year due to:

3.1 The company has managed cost control and reduction of its administrative expenses in Various departments, such as reducing paperwork and redundancy.

3.2 The increasing usage of Digital Technology.

3.3 The company has accelerated write off among customers with irregular installments payment in certain group expected to be affected by the COVID-19 pandemic.

4. Cost of fund for Q2/2020 were 21.3 Million Baht, a decrease of 37.9% from 34.3 Million Baht compared to the same period last year due to reduction in using credit facilities and an effective managing cost of fund. As of the end of this second quarter, the company has a cash position of approximately 1,200 Million Baht, which is more than adequate for debentures repayment for fiscal year 2020, payment for shares in the acquisition of MFIL in Myanmar as approval by shareholder on April 23,2020 which expected to close by the end of 2020 and be ready to accelerate its business expansion when the situation improves.

At the end of Q2/2020, the company had a total of 5,886.1 Million Baht in Net Hire-Purchase Contract and Loan Receivables, a decrease of 20.9% from 7,438.6 Million Baht compared to the end of previous year due to the strict credit policy for 7 consecutive quarters. In the second quarter of 2020, there are relief measures for customers who affected by COVID-19, but the company decided not use the right to classify customers according to the principles of the Federation of Accounting Professions of Thailand. The allowance for doubtful accounts at the 2nd quarter of 2020 amounted to 765.2 Million Baht, Coverage Ratio = 116.8% (if the Company were to follow the principles of the Federation of Accounting Professions of Thailand, the allowance for doubtful accounts will be 661.5 Million Baht, Coverage Ratio = 108.7%). The company's Total Assets were 8,095.3 Million Baht, a decrease of 11.7% from 9,163.3 Million Baht compared to the end of previous year. Total Liabilities of 2,930.3 Million Baht, a 23.7% decrease from 3,839.7 Million Baht compared to the end of previous year.

The Company approved relief measures for the customer who affected by the COVID-19 pandemic at the end of the Q1 continuing to the second quarter. The company has assisted customer in Thailand as well as our oversea subsidiaries with a total of 210,200 customers, divided into 4 main measures: 1) payment holiday (principal and interest) 2) reducing the amount of installment payments to the specified minimum level 3) give an additional discount from the normal rate for the customer who wishes to close the account before maturity date and 4) free COVID-19 coverage for customers who could manage to pay their installments in full amount. By granting customers the right to have payment holiday or partial payments based on their original payment history. Most of the customers

still chose to pay in full installment with free covid-19 coverage at 74.6% in term of accounts which able TK to collect the installments accounted for an average proportion of 87.4% in term of amount during the second quarter, which is higher than that of the Company had previously predicted. Moreover, some group of motorcycle hire-purchase customers in certain profession / occupation began to experience late payment, resulting to the Company to accelerated write off among certain group of customers with irregular installments in Thailand. It is expected to have a positive effect on the quality of the receivables in the portfolio. For the next phase of the plan, the company has prepared in the event that the COVID-19 pandemic will continue to prolong. In addition, strict measures on credit underwriting and continuously controlling the quality of customers which is expected to benefit the company in the long run.

Please be informed accordingly.

Best regards

(Miss Prathama Phornprapha)

Director/ Managing Director