



บริษัท ตรีนิษฐ์ วัฒนชา จำกัด (มหาชน)

Trinity Watthana Public Company Limited

Ref. Wor Thor. Tor. 011/2022

February 28, 2022

Subject : MD&A of financial performance for the year ended December 31, 2021

Attention : The President
The Stock Exchange of Thailand

The Board of Directors' meeting of Trinity Watthana Public Company Limited No. 3/2022, held on 28th February 2022, had approved the audited financial statements for the year ended December 31, 2021. Net profit for the year 2021 and earnings per share were Baht 250.14 million and Baht 1.17 respectively, which were higher than net profit and earnings per share for the year 2020 at Baht 130.45 million and Baht 0.65 respectively, equivalent to growth 91.75%.

The Company would like to explain and analyze the financial position and operating results for the year 2021 and 2022 as follows:

1) Overview of Business Operation and Significant Changes

The Thai stock market in 2021 increased by 14.4%, the SET index closed at the end of December at 1,657.52 points increased from 1,449.35 points at the end of 2020. SET was fluctuated throughout the year due to the widespread outbreak of Coronavirus Disease 2019 (COVID-19) in the second year. The COVID-19 resulted negatively to the world economy, then the government in every country injected cash to stimulate the economy and easing monetary policy by Fed and ECB. Excess fund flow flooded into capital market and commodities. As a result, the average daily trading value was Baht 93,846 million, increased from Baht 68,607 million in 2020 or increased by 36.79%.

Derivatives trading volume has increased from 120.19 million contracts in 2020 to 135.12 million contracts in 2021, representing an increase of 12.42%. The popular products were Single Stock Futures represented 52% of total trading volume and SET50 Index Futures was 35% of total trading volume.

In 2021, the local retail investors were more active in SET than the previous year. That is, their turnovers accounted for 46.5% of SET's total turnovers which increased from 43.7% in 2020 and foreign institutional investors were 37.5% of SET's turnovers which increased from 35.9% in 2020. On the other hand, proprietary trading and local institutional investors decreased from last year, their turnovers in 2021 were 9.4% and 6.6% of SET's turnovers which dropped from 10.5% and 9.9% in 2020, respectively.

2) Operating Results

Income

The consolidated income of the Company and subsidiaries in 2021 was Baht 1,008.03 million increased from Baht 717.44 million in 2020 or increased by 40.50%. The changes in major income of the Company and subsidiaries were as follows:

- Securities business income of the subsidiary accounted for 59.26% of total income increased from Baht 425.93 million in 2020 to Baht 597.32 million in 2021 comprised of
 - An increase in a daily average turnover of SET from Baht 68,607 million to Baht 93,846 million, or increased by 36.79%. Thus brokerage fee increased from Baht 236.08 million in 2020 to Baht 342.87 million in 2021 or increased by 45.23% which was due to the increase in SET trading volume and the subsidiary retail investors' trading volume;



บริษัท ทรินิตี้ วัตถนา จำกัด (มหาชน)

Trinity Watthana Public Company Limited

- The subsidiaries' fee income increased from Baht 94.55 million in 2020 to Baht 118.07 million or increased by 24.87% resulting from an increase in underwriting fee in 2021;
- The subsidiaries' interest income from margin loans increased from Baht 82.85 million in 2020 to Baht 129.43 million or increased by 56.23% in relation to an increase in the margin loans during the year.
- The Company's net gain and return from financial instrument was Baht 178.38 million in 2021 dividing into gain on securities trading amounted to Baht 172.98 million, dividend income amounted to Baht 29.44 million and loss on derivatives trading amounted to Baht 24.05 million compared to net gain and return from investment was Baht 145.50 million in 2020 dividing into gain on securities trading amounted to Baht 141.88 million, dividend income amounted to Baht 31.42 million and loss on derivatives trading amounted to Baht 27.80 million.
- The Company's interest income increased from Baht 95.50 million in 2020 to Baht 118.76 million due to an increase in interest income from loans to others from Baht 92.70 million to Baht 111.34 million or increased by 20.12% in relation to an increase in loans to others during the year.
- The advisory fee income increased from Baht 17.13 million in 2020 to Baht 66.35 million or increased by 287% resulting from an increase in advisory for IPO and financial restructuring in 2021.
- Sharing of profit from equity income from joint venture increased from Baht 5.06 million to Baht 15.44 million in 2021 or increased by 205% in relation to growth in operation of the joint venture operating in PICO business.

Operating Expenses

In 2021, the Company and subsidiaries incurred total expenses in the amount of Baht 702.07 million which was increased from Baht 561.90 million in 2020. The expenses which had significant changes include:

- Employee benefit expenses in 2021 amounted to Baht 457.83 million which was increased from Baht 360.21 million in 2020, or by 27.10%. This increase was varied in relation to the overall operations.
- Fee and services expense increased from Baht 54.93 million in 2020 to Baht 64.98 million or increased by 18.30% in relation to the increase in securities trading volume in 2021.
- Financial expenses in 2021 was Baht 86.24 million increased from Baht 60.11 million in 2020 due to the increase in borrowings for settlement, margin loans and loans to others during the year.

Net Profit (Loss)

In 2021, the Company and subsidiaries' profits before corporate income tax was Baht 305.96 million which was increased from Baht 155.54 million in 2020 or by 96.71%. Net profits were Baht 250.14 million and Baht 130.45 million in 2021 and 2020, respectively or increased by 91.76%.

Considering the efficiency of the operation, the net profit margin to total revenue was 24.82%, which is higher than 2020 at 18.18%.



บริษัท ตรีนิติ วัฒนากำหนด (มหาชน)

Trinity Watthana Public Company Limited

3) Financial Position

Total Assets

As of 31 December 2021, the total assets of the Company and subsidiaries amounted to Baht 6,412.18 million increased from Baht 5,043.36 million at the end of 2020, of which significant items include investments in securities in the amount of Baht 891.94 million which was decreased from Baht 912.35 million in 2020, net securities and derivatives business receivables in the amount of Baht 3,660 million increased from 2,404.69 million and other short-term loans increased from Baht 1,081.51 million in 2020 to Baht 1,204.24 million. These main items represent 13.92%, 57.08%, and 18.78% of the 2021 total assets, respectively.

Securities and Derivatives Business Receivables

As of 31 December 2021, the subsidiary's securities and derivatives business receivables in the amount of Baht 3,660 million included margin loan receivables in the amount of Baht 3,265.37 million increased from Baht 2,404.69 million at the end of 2020 and receivables in cash accounts increased from Baht 174.23 million to Baht 372.70 million.

The subsidiary categorized its securities and derivatives business receivables in accordance with the Thai Financial Reporting Standard as performing debts in the amount of Baht 3,214.98 million, underperforming debts in the amount of Baht 439.24 million and Non-performing debts in the amount of Baht 61.97 million. In this regard, The Company has provided allowance for expected credit losses in accordance with the financial reporting standard.

Investments in Securities and Derivatives

The Company and subsidiaries' net investments in securities as of 31 December 2021 were Baht 891.94 million which was decreased from Baht 912.35 million in 2020. Out of this amount, short-term investment measured at fair value through profit or loss was Baht 482.23 million, short-term investment measured at amortized cost amounted to Baht 155 million and long-term investment measured at fair value through other comprehensive income amounted to Baht 215.86 million and the remaining investment Baht 38.85 million was the investment in joint venture which were accounted for under an equity method.

In 2021, the Company and subsidiaries gained a total return on investment in the amount of Baht 209.47 million increased from Baht 131.26 million in 2020 or equal to rate of return on investment 23.21% higher than 13.65% in 2020. The total return comprised of gain from investment in securities trading at Baht 172.99 million, loss from investment in derivatives trading at Baht 24.05 million, interest and dividend at Baht 32.86 million, sharing of profit from joint venture at Baht 15.44 million, gain from sale of investment measured at fair value through other comprehensive income amounted to Baht 4.54 million and the decrease in unrealized loss from investments presented in shareholders' equity amounted to Baht 7.69 million.

Liabilities

As of 31 December 2021, the Company and subsidiaries' total liabilities stood at Baht 4,656.34 million which was increased by 35.12% when compared to the total liabilities of Baht 3,446.18 million at the end of 2020. The Company's debts to equity ratio 2.65 times increased from 2.16 times at the end of 2020. The significant items in the total liabilities included 1) the securities and derivatives business payables increased from Baht 263.64 million to Baht 281.02 million at the end of 2021, 2) the borrowings increased from Baht 2,853.13 million to Baht 3,814.64 million which was borrowed for settlement payment, margin loan receivables and other loans during the year. The borrowings included borrowings from financial institutions amounted to Baht 1510 million, short-term bills of exchange amounted to Baht 567.63 million, long-term bills of exchange amounted to Baht 124.20



บริษัท ตรีนิษฐ์ วัฒนา จำกัด (มหาชน)

Trinity Wathana Public Company Limited

million, Short-term debentures amounted to Baht 1,120.90 million and long-term debentures amounted to Baht 491.90 million, 3) lease liabilities amounted to Baht 57.28 million decreased from Baht 90.97 million in relation to the remaining term of lease agreement.

Shareholders' Equity

As of 31 December 2021, the Company and subsidiaries' shareholders' equity stood at Baht 1,755.85 million which was increased from Baht 1,579.18 million of 2020. The increase was derived from the Company and subsidiaries' earnings in 2021 amounted to Baht 250.14 million and the decrease in unrealized loss from investments presented in shareholders' equity was Baht 7.69 million. Whereas the Company paid 2020 final dividend in the amount of Baht 107.20 million and interim dividend for the year 2021 amounted to Baht 53.60 million. The return on equity for the year 2021 was 14.92% per annum comparing to 8.21% per annum for the year 2020.

Please be informed accordingly.

Yours faithfully,

Charnchai Kongthongluck
Director and CEO