



Ref. Wor Thor. Tor. 061/2023

November 14, 2023

Subject : Explanation and analysis of financial performance for the third quarter ended September 30, 2023 (Revised)

Attention : The President
The Stock Exchange of Thailand

The Board of Directors' meeting of Trinity Watthana Public Company Limited No. 8/2023, held on November 14, 2023, has approved the reviewed financial statements for the third quarter ended September 30, 2023. The Company would like to explain and analyze the financial position and operating results for the third quarter and the nine-month period ended September 30, 2023 compared to the corresponding period of 2022 as follows:

(Unit: Million Baht)	Third quarter ended September 30			Nine months ended September 30		
	2023	2022	Change (%)	2023	2022	Change (%)
Profit (Loss) before corporate income tax	(92.31)	44.22	(308.75)	(422.53)	145.74	(389.92)
Net Profit (Loss)	(74.16)	36.59	(302.68)	(336.53)	120.20	(379.98)
Earnings (Loss) per share (Baht)	(0.35)	0.17	(302.68)	(1.57)	0.56	(379.98)

Auditor's Opinion

The auditor has reviewed the financial statements and still qualified that except for the possible effects on securities business receivables of Baht 479 million included in the securities and derivatives business receivables of Baht 3,221 million as at September 30, 2023 that had defaulted on payments of outstanding positions resulting from purchase orders made for shares of a listed company that the Stock Exchange of Thailand ("SET") identified as potentially abnormal purchase and sale transactions in November 2022. The management of the Company and the subsidiary have determined that this event is an abnormal transaction, as it was carried out with fraudulent intent. Setting up the allowance for expected credit losses may have an adverse effect on the cases that the subsidiary has filed, therefore the subsidiary has not recorded any allowance for expected credit losses related to the overdue securities business receivables mentioned above. The management of the Company and the subsidiary believe that there is a high probability that this transaction will be cancelled and treated as if it had never occurred. The overdue amount is expected to be fully reimbursed from assets which are seized in accordance with the court order.

As this event is considered an abnormal transaction, the management of the Company and the subsidiary is currently unable to find the past comparable cases or any supporting evidence to validate their belief, and a large number of victims are involved in the matter. Therefore, it is beyond my ability to obtain evidence on the extent of damage suffered by each company and submit a request for damage recovery to the relevant authorities, nor can I determine whether the total value exceeds the value of the assets seized in accordance with the court order. The auditor was unable to obtain sufficient appropriate audit evidence for the allowance for expected credit losses for such overdue receivable to conclude whether the allowance should be set up, and if so, what the appropriate balance of the allowance should be. Any adjustments necessary would result in a decrease in the total assets and retained earnings in the consolidated statement of financial position and the separate statement of financial position (which presented investments in subsidiaries under the equity method) as at 30 September 2023, and an increase in the loss in the consolidated and separate statements of comprehensive income.



Except for the possible effects of the matter as described above, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

1. Overview of Business Operation and Significant Changes

As investor sentiment in The Stock Exchange of Thailand had declined in early 2023. As a result of defaults on a number of listed companies' debentures, investors worried about investing in stock market and bond market. Therefore, this led to small and medium stocks sell-off, even though Thailand had a positive economic impact of its tourism. However, the global economic slowdown has affected the export sector of Thailand inevitably, which has prolonged a fluctuation in the stock market since the first quarter of 2023. The SET index increased from 1,503.10 points at the end of June 2023 to 1,556.06 points in July 2023 and 1,565.94 in August 2023 and then decrease to 1,471.43 points at the end of September. The average daily trading value was Baht 51,427 million in the third quarter of 2023, decrease from Baht 71,211 million in the same period of 2022 or decreased by 27.77%

Derivatives daily trading volume has decreased from 551,770 contracts in the third quarter of 2022 to 529,641 contracts in same period of 2023, representing a decrease of 4.01%.

In the third quarter of 2023, the foreign institutional investors were more active in SET than the previous year. That is, their turnovers accounted for 50.46% of SET's total turnovers which increased from 45.89% in the same period of 2022. The local institutional investors' turnovers increased from 7.87% in the third quarter of 2022 to 8.28% in the same period of 2023. On the other hand, the turnovers made by local retail investors were 33.29% of SET's turnovers which dropped from 37.74% in the same period of 2022 and proprietary trading turnovers in the third quarter of 2023 were 7.96% of SET's turnovers which dropped from 8.50% in the same period of 2022.

2. Operating Results for the third quarter ended September 30, 2023

Income

The consolidated income of the Company and subsidiaries for the third quarter of 2023 was Baht 25.95 million, which was significantly decreased from Baht 209.68 million for the same period of 2022, or decreased by 87.62%. The changes in the consolidated income of the Company and subsidiaries were attributed to the following:

- 1) The securities business income decreased from Baht 141.29 million for the third quarter of 2022 to Baht 87.24 million in the same period of 2023, or decreased by 38.25%, resulted from the following:
 - The subsidiary's securities brokerage fee decreased from Baht 54.31 million for the third quarter of 2022 to Baht 31.54 million in the same period of 2023 or decreased by 41.93% due to the decrease in overall trading volume and retail investors' trading volume which caused the decline in securities brokerage fee.
 - Fee and service income decreased from Baht 36.57 million for the third quarter of 2022 to Baht 11.97 million in the same period of 2023 or decreased by 67.27% as a result from underwriting business;
 - Interest income from margin loan decreased from Baht 46.43 million for the third quarter of 2022 to Baht 39.99 million in the same period of 2023 or decreased by 13.87% as a result from the decrease in margin loan during the period.
- 2) The Company and subsidiaries' net loss and return from investment was Baht 96.73 million for the third quarter of 2023 compared to net gain and return from investment was Baht 4.25 million in the third quarter of 2022 due to the market fluctuation which SET Index decreased by 100 points during the period.



- 3) Interest income decreased from Baht 26.28 million for the third quarter of 2022 to Baht 20.61 million in the same period of 2023 or decreased by 21.58% resulting from a decrease in other short-term loans when compared to the same period of 2022.
- 4) The Company shared a loss of associate and joint venture companies in the third quarter of 2023 amounted to Baht 4.51 million, resulting from lack of economic growth affecting small loan business (Pico Finance) which was our joint venture company. However, the Company shared a profit of the joint venture company in the third quarter of 2022 amounted to Baht 4.02 million.

Operating Expenses

The Company and subsidiaries' total expenses decreased from Baht 165.46 million for the third quarter of 2022 to Baht 118.26 million for the same period of 2023, or decreased by 28.53%. The expenses which had significant changes include:

- Personnel expenses in the third quarter of 2023 amounted to Baht 39.40 million which was decreased from Baht 98.56 million in the same period of 2022, or by 60.02%. This varied in relation to the overall operating results.
- Fee and services expenses in the third quarter of 2023 amounted to Baht 10.93 million which was decreased from Baht 14.03 million in the same period of 2022, or by 22.10%. This varied in relation to the Company's trading volume.
- Depreciation and amortization expenses in the third quarter of 2023 amounted to Baht 17.35 million which was increased from Baht 10.38 million in the same period of 2022, or increased by 67.15%, resulting from headquarter relocation affecting amortization of new location rental expenses to be recorded since the commencement of the lease term.
- The finance costs increased from Baht 30.12 million in the third quarter of 2022 to Baht 35.44 million in the same period of 2023 or increased by 17.66%, resulting from an increase in interest rate of borrowings for settlement and margin loan during the period which was regulated by the Bank of Thailand (BOT).

Net Profit (Loss)

The Company and subsidiaries' net loss were Baht 74.16 million for the third quarter of 2023 compared to net profit amounted to Baht 36.59 million in the same period of 2022, or decreased by 302.68%.

2. Operating Results for the nine-month period ended September 30, 2023

Income

The consolidated income of the Company and subsidiaries for the nine-month period of 2023 decreased from that of 2022 by 68.52%; that is, the Company and subsidiaries' consolidated income for the nine-month period of 2023 was Baht 200.37 million, which was decreased from Baht 636.42 million. The major changes in the consolidated income of the Company and subsidiaries were the following:

- 1) The securities business income decreased from Baht 441.88 million for the nine-month period of 2022 to Baht 288.49 million in the same period of 2023 or decreased by 34.49%, resulted from the following:
 - A decrease in a daily average turnover of SET from Baht 81,816 million to Baht 56,218 million for the nine-month period of 2023 or decreased by 31.28%. The subsidiary's securities brokerage fee decreased from Baht 213.04 million for the nine-month period of 2022 to Baht 102.12 million in the same period of 2023 or decreased by 52.07%. The subsidiary's securities brokerage fee decreased as a result of the decrease in overall trading volume and retail investors' trading volume which caused the decline in securities brokerage fee..



- Fee and service income decreased from Baht 86.68 million for nine-month period of 2022 to Baht 42.01 million in the same period of 2023 or decreased by 51.53%. As a result from the decrease in underwriting business fee;
 - Interest income from margin loan increased from Baht 131.71 million for the nine-month period of 2022 to Baht 134.61 million in the same period of 2023 as a result from the increase in interest rate of margin loan during the period regulated by the Bank of Thailand (BOT).
- 2) The Company's net loss and return from investment was Baht 213.38 million for the nine-month period of 2023 compared to net gain and return from investment was Baht 28.48 million in the nine-month period of 2022 due to the market fluctuation which SET Index decreased from 1,668.66 points in December 2022 to 1,471.43 points in September 2023.
- 3) Interest income decreased from Baht 84.49 million for the nine-month period of 2022 to Baht 63.89 million in the same period of 2023 or decreased by 24.38%. As a result, from the decrease in loans to others.
- 4) The Company shared a profit of a joint venture company for the nine-month period of 2023 amounted to Baht 1.17 million compared to a profit of Baht 12.96 million in same period of 2022, resulting from lack of economic growth affecting small loan business (Pico Finance) which was our joint venture company.

Operating Expenses

The Company and subsidiaries' total expenses increased from Baht 490.68 million for the nine-month period of 2022 to Baht 622.90 million in the same period of 2023. The expenses which had significant changes include:

- Personnel expenses for the nine-month period of 2023 amounted to Baht 172.11 million which was decreased from Baht 281.25 million in the same period of 2022, or by 38.81%. This decrease varied in relation to the Company's overall operating results.
- Depreciation and Amortization expenses for the nine-month period of 2023 amounted to Baht 46.20 million which was increased from Baht 31.65 million in the same period of 2022, or by 27.01%, resulting from headquarter relocation affecting amortization of new location rental expenses to be recorded since the commencement of the lease term.
- The finance costs increased from Baht 83.24 million for the nine-month period of 2022 to Baht 106.55 million in the same period of 2023 or increased by 28.00%, resulting from an increase in interest rate of borrowings for settlement and margin loan during the period which was regulated by the Bank of Thailand (BOT).
- In June 2023, the subsidiary recorded expected credit losses of an anticipated Baht 232.18 million which was incurred by 2 credit balance account receivables. The receivables were forced sell their collateral as a result from the collateral price dropping by 30% (a floor price) in 5 consecutive business days which was unprecedented in the Stock Exchange of Thailand. Therefore, the collateral value decreased rapidly and was insufficient to cover the debts. However, the subsidiary is currently monitoring additional customer debt repayments.

Net Profit (Loss)

In the nine-month period of 2023, the Company and subsidiaries' net loss were Baht 336.53 million compared to net profit amounted to Baht 120.20 million in the same period of 2022, equivalent to decrease by 379.98%.

3. Financial Position

Total Assets

As of 30 September 2023, the total assets of the Company and subsidiaries amounted to Baht 6,048.38 million comparing to Baht 7,238.25 million at the end of 2022, of which significant items



included investments in the amount of Baht 1,106.08 million which was increased from Baht 1,062.22 million, securities and derivatives business receivables in the amount of Baht 3,220.78 million decreased from 4,523.39 million and other short-term loans amounted to Baht 836.41 million decreased from Baht 1,125.56 million. These main items represented 18.29%, 53.25%, and 13.83% of the total assets as of 30 September 2023, respectively.

Securities and Derivatives Business Receivables

As of 30 September 2023, the subsidiary's securities and derivatives business receivables in the amount of Baht 3,220.78 million which consists of the following:

- Net margin loan receivables in the amount of Baht 2,823.72 million decreased from Baht 3,721.16 million at the end of 2022. The subsidiary set up the allowance for expected credit losses of an anticipated Baht 232.18 million which was incurred by 2 credit balance account receivables. The receivables were forced sell their collateral as a result from the collateral price dropping by 30% (a floor price) in 5 consecutive business days which was unprecedented in the Stock Exchange of Thailand. Therefore, the collateral value decreased rapidly and was insufficient to cover the debts. However, the subsidiary is currently monitoring additional customer debt repayments.
- Other receivables in the amount of Baht 629.24 million which included securities business receivables of Baht 479 million that had defaulted on payments of outstanding positions resulting from purchase orders made for shares of a listed company that the Stock Exchange of Thailand ("SET") identified as potentially abnormal purchase and sale transactions in November 2022. The Company filed a complaint requesting to proceed with a case against the receivable and any other individuals involved or previously involved with the receivable for the fraud under the Criminal Code with a nature of regular or business conduct with the Economic Crime Suppression Division of the Central Investigation Bureau ("ECD") on 15 November 2022, which is a predicate offense under the Anti-Money Laundering Act B.E.2542 (1999). On 16 February 2023, the special prosecutor under the Office of the Attorney General determined that the gathered evidence showed that the accused and its associates involved or previously involved with the offender of the fraudulent activities, and therefore filed a petition with the court. Moreover, on 16 February 2023, the Civil Court issued an emergency motion for the temporary seizure and attachment of assets related to the alleged wrongdoing until it is otherwise adjudicated. The subsidiary has filed a petition for protection of its rights from the predicate offense and submitted supporting evidence that details the damage incurred and the amount of damages suffered to the authorities at the AMLO on 16 February 2023. This action was taken to enable the AMLO and the public prosecutor to pursue legal action to obtain compensatory damages. At present, the cases is under judicial process without any significant progress.

The management of the Company and the subsidiary have determined that this event is an abnormal transaction, as it was carried out with fraudulent intent. Setting up the allowance for expected credit losses may have an adverse effect on the case that the subsidiary has filed with related regulators. Since the setting up the allowance for expected credit losses could be interpreted as the subsidiary's acceptance of the disputed transactions as being valid, along with the acceptance of the damage caused. In this regard, the subsidiary has not recorded any allowance for expected credit losses related to the overdue securities business receivables mentioned above. The management of the Company and the subsidiary believe that there is a high probability that this transaction will be cancelled and treated as if it had never occurred. The overdue amount is expected to be fully reimbursed from assets which are seized in accordance with the court order.

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 2,721.61 million, under-performing debts in the amount of Baht 499.17 million and non-



performing debts in the amount of Baht 294.15 million. In this regard, the Company has provided allowance for expected credit losses in accordance with the financial reporting standard.

Investments

The Company and subsidiaries' net investments as of 30 September 2023 were Baht 1,106.08 million, 18.29% of total assets, increased from Baht 1,062.22 million at the end of 2022, which comprised of:

- Short-term investment was Baht 739.11 million decreased from Baht 781.21 million at the end of 2022.
- Long-term investment was Baht 291.54 million increased from Baht 219.55 million at the end of 2022 as a result of the new investment in 2023 amounted Baht 60.8 million.
- Investment in the joint venture, which were accounted for under an equity method, was Baht 50.29 million increasing from Baht 49.12 million at the end of 2022.
- Investment in affiliates, which were accounted for under an equity method, was Baht 25.15 million increasing from Baht 12.34 million at the end of 2022 as a result of the new investment in 2023 amounted Baht 13.50 million.

Other short-term loans

As of 30 September 2023, other short-term loans were Baht 836.41 million, 13.83% of total assets, which was decreased from Baht 1,125.56 million at the end of 2022. In this regard, the Company has loans to unrelated companies and individuals, secured by the pledges of listed and non-listed securities.

Liabilities

As of 30 September 2023, the Company and subsidiaries' total liabilities stood at Baht 4,644.27 million compared to the total liabilities of Baht 5,235.24 million at the end of 2022. The total liabilities mainly comprised of the borrowings decreased from Baht 4,780.59 million to Baht 3,915.50 million which was borrowed for settlement payment, margin loan receivables and other loans during the period. The borrowings included borrowings from financial institutions amounted to Baht 1,485 million, short-term bills of exchange and debentures amounted to Baht 1,952.30 million, long-term bills of exchange and debentures amounted to Baht 478.20 million. The interest-bearing debts to equity ratio was 2.79 times increased from 2.75 times at the end of 2022.

Shareholders' Equity

As of 30 September 2023, the Company and subsidiaries' shareholders' equity stood at Baht 1,404.11 million compared to Baht 1,739.69 million at the end of 2022. The decrease was mainly derived from net loss for the period amounted to Baht 336.53 million. The return on equity for the nine-month period of 2023 was -18.87% per annum comparing to 8.37% per annum in the same period of 2022.

Please be informed accordingly.

Yours faithfully,

Charnchai Kongthongluck
Director & CEO