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November 12, 2024

Subject : Explanation and analysis of financial performance for the third quarter ended September 30, 2024

Attention : The President
The Stock Exchange of Thailand

The Board of Directors' meeting of Trinity Watthana Public Company Limited No. 6/2024, held on November 12, 2024, has approved the reviewed financial statements for the third quarter ended September 30, 2024. 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, 2024 compared to the corresponding period of 2023 as follows:

(Unit: Million Baht)	Third quarter ended September 30			Nine months ended September 30		
	2024	2023	Change (%)	2024	2023	Change (%)
Profit (Loss) before corporate income tax	(9.01)	(74.16)	87.84	7.48	(336.53)	102.22
Earnings (Loss) per share (Baht)	(0.042)	(0.35)	87.84	0.035	(1.570)	102.22

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 2,585 million as at September 30, 2024 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 2024, 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.



Impact on Liquidity and Net Liquid Assets

In case that the subsidiary is required to provide the allowance for expected credit losses in the future due to the changes in circumstances in any amount, this would not have an impact to the subsidiary's liquidity and net capital ratio since the defaulted amount of securities business receivables has not been included as liquid assets in the calculation of net capital ratio as prescribed by the office of Securities and Exchange Committee. As of 30 September 2024, the subsidiary's net capital ratio was at 41.42% which was higher than the SEC requirement.

1. Overview of Business Operation, Economic Conditions, and Industry Trends Impacting Operations

In 2024, continued geopolitical tensions and the ongoing US-China trade war posed significant risks to the global economy, leading to a global economic slowdown that negatively impacted stock markets worldwide, including the Thai stock market.

Meanwhile, China's economic growth has slowed due to prolonged issues in the real estate sector, weak consumption, and excess production capacity leading to oversupply. This has pressured the manufacturing and export sectors of many countries.

Although Thailand's economy has benefited from the recovery of the tourism sector, the export sector's recovery has been slower than expected due to the global economic slowdown, resulting in a continuous decline in stock market trading volume. In July, the average daily trading volume was only Baht 37,967 million, the lowest for the year, before rebounding to Baht 45,992 million in August and further increasing to Baht 62,469 million in September. The increase in trading volume in September was driven by the government's approval of the Vayupak Fund, worth between Baht 100 billion and Baht 150 billion, which led to an influx of funds into the market. Consequently, the index rose from 1,300.96 points at the end of June to 1,320.86 points in July, 1,359.07 points in August, and 1,448.83 points at the end of September. However, the average daily trading value for the third quarter of 2024 was Baht 48,809 million, decrease 5.09% from the same quarter in 2023.

In the derivatives market, trading volume in the third quarter of 2024 was 525,550 contracts, close to the third quarter of 2023, which had an average daily trading volume of 528,771 contracts.

During the third quarter of 2024, retail investors increased their turnovers to 36.68% from 33.29% in the same period of 2023. Domestic institutional investors increased their turnovers to 9.60% from 8.28% in the same period of 2023. Conversely, foreign investors' turnovers decreased to 47.30% from 50.46% in the same period of 2023, and securities companies' turnovers fell to 6.42% from 7.96% in the same period of 2023.

2. Summary of Key Events and Developments

During the quarter, the subsidiary has added more personnel to boost its revenue from derivatives business.

3. Summary of Operating Results

3.1 Operating Results for the third quarter ended September 30, 2024

Income

The consolidated income of the Company and subsidiaries for the third quarter of 2024 significantly increased from the same period in 2023, which was increased from Baht 25.95 million to Baht 144.36 million, or increased by 456.30%. Key changes in income are as follows:



1. Income from the securities business decreased from Baht 87.23 million in the third quarter of 2023 to Baht 81.78 million in the same period of 2024, a decrease of 6.25%, due to changes in the following primary income sources:
 - Securities brokerage income increased from Baht 31.54 million in the third quarter of 2023 to Baht 34.35 million in the same period of 2024, an increase of 8.91%. Although the overall trading volume of the stock market declined, the trading volume of retail clients increased, resulting in higher brokerage income.
 - Fees and service income increased from Baht 11.97 million in the third quarter of 2023 to Baht 14.36 million in the same period of 2024, an increase of 20.07%, driven by higher fees from managing private funds.
 - Interest income on margin loans decreased from Baht 39.99 million in the third quarter of 2023 to Baht 30.20 million in the same period of 2024, a decrease of 24.48%, as a result from the decrease in margin loans during the quarter.
2. Income from derivatives brokerage increased from Baht 2.69 million in the third quarter of 2023 to Baht 13.04 million in the same period of 2024, an increase of 384.76%, driven by an increase in personnel providing services for derivatives business.
3. The company and its subsidiaries incurred a loss on investments of Baht 1.62 million in the third quarter of 2024, decrease from a loss of Baht 96.73 million in the same period of 2023. This was due to continued market volatility during the quarter, even though the stock market index increased, especially in September, closing at 1,448.83 points. While the market volatility in the third quarter of 2023 continued from the second quarter in 2023, which SET Index decreased continuously from 1,503.10 points at the end of June 2023 to 1,471.43 points at the end of September 2023
4. Interest income increased from Baht 20.61 million in the third quarter of 2023 to Baht 28.29 million in the same period of 2024, an increase of 37.26%, due to an increase in interest rates on short-term loans compared to the same period in 2023.

Operating Expenses

The Company and subsidiaries' total expenses increased from Baht 118.25 million for the third quarter of 2023 to Baht 156.47 million for the same period of 2024, or increased by 32.32%. The expenses which had significant changes include:

1. Employee benefits increased from Baht 39.40 million for the third quarter of 2023 to Baht 75.53 million for the same period of 2024, an increase of 91.70%, in line with the company's overall performance.
2. Fees and service expenses increased from Baht 10.93 million for the third quarter of 2023 to Baht 13.11 million for the same period of 2024, an increase of 19.95%, which varied in relation to the company's trading volume.
3. Depreciation and amortization decreased from Baht 17.35 million for the third quarter of 2023 to Baht 13.10 million for the same period of 2024, a decrease of 23.11%. In the third quarter of 2023, the company was in the process of relocating its headquarter, which incurred additional amortization to be recorded since the commencement of the lease term.
4. Expected credit losses of Baht 3.65 million were recognized in the third quarter of 2024 from insufficient collateral, which is currently followed up an additional collateral.



5. Finance costs decreased from Baht 35.44 million for the third quarter of 2023 to Baht 31.40 million for the same period of 2024, a reduction of 11.37%, due to a decrease in borrowings used for settlements and margin loans during the quarter.

Net Profit (Loss)

The Company and subsidiaries' net loss were Baht 9.01 million for the third quarter of 2024 compared to a net loss of to Baht 74.16 million in the same period of 2023, or decreased by 87.84%.

3.2 Operating Results for the nine-month period ended September 30, 2024

Income

The consolidated income of the Company and subsidiaries for the nine-month period of 2024 increased by 119.22% compared to the same period in 2023. The company and its subsidiaries recorded a total income of Baht 439.25 million for the nine-month period of 2024, compared to Baht 200.37 million for the same period in 2023. Key changes in income include:

1. Income from the securities business decreased from Baht 289.49 million in the nine-month period of 2023 to Baht 256.97 million in the same period of 2024, a decline of 11.23%, due to the following changes in primary income:
 - Securities brokerage income decreased from Baht 102.12 million in the nine-month period of 2023 to Baht 85.41 million in the same period of 2024, a decline of 16.36%. This was due to a decrease in the overall trading volume on the stock exchange, which decreased from Baht 56,208 million per day for the nine-month period of 2023 to Baht 46,252 million per day for the same period of 2024, a decrease of 17.71%.
 - Fees and service income increased from Baht 42.02 million in the nine-month period of 2023 to Baht 55.84 million in the same period of 2024, an increase of 32.89%, driven by higher fees for underwriting services.
 - Interest income on margin loans decreased from Baht 134.61 million in the nine-month period of 2023 to Baht 104.59 million in the same period of 2024, due to a decrease in margin loans during the period.
2. Income from derivatives brokerage increased from Baht 11.24 million for the nine-month period of 2023 to Baht 23.74 million for the same period of 2024, an increase of 111.21%, due to an increase in personnel providing services for derivatives business.
3. Investment gains and returns amounted to Baht 24.24 million for the nine-month period of 2024, compared to net loss and return from an investment of Baht 213.38 million for the same period of 2023. This change was due to market volatility in 2023, SET Index decreased from 1,668.66 points at the end of December 2022 to 1,471.43 points at the end of September 2023.
4. Other income increased from Baht 8.82 million in the nine-month period of 2023 to Baht 31.08 million in the same period of 2024, an increase of 252.38%, which included gains from the sale of investments in digital assets amounted to Baht 12 million.

Operating Expenses

The Company and subsidiaries' total expenses for the nine-month period of 2024 amounted to Baht 432.64 million, a decrease compared to total expenses of Baht 622.90 million for the same period in 2023. Key changes in expenses include:



1. Employee benefits increased from Baht 172.11 million for the nine-month period of 2023 to Baht 214.88 million for the same period of 2024, an increase of 24.85%, in line with the company's overall performance.
2. Finance costs decreased from Baht 106.55 million for the nine-month period of 2023 to Baht 98.25 million for the same period of 2024, a reduction of 7.79%, due to a decrease in loans used for settlements and margin loans during the period.
3. Expected credit losses decreased from Baht 232.18 million for the nine-month period of 2023 to Baht 1.65 million for the same period of 2024, decreased by 99.29%. This decrease was due to an extraordinary event in June 2023 when a subsidiary recorded expected credit losses of Baht 232.18 million. This event occurred as two credit balance account receivables faced forced sell of 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 2024, the Company and subsidiaries' net profit were Baht 7.48 million compared to a net loss of Baht 336.53 million in the same period of 2023, increased by 102.22%.

4. Financial Position

Total Assets

As of September 30, 2024, the company and its subsidiaries had total assets of Baht 5,115.92 million, a decrease compared to total assets of Baht 5,507.15 million at the end of 2023. Key items included:

- Receivables from securities and derivatives businesses in the amount of Baht 2,558.89 million, decreased from Baht 3,043.50 million.
- Investments in the amount of Baht 610.46 million, decreased from Baht 800.32 million.
- Other short-term loans in the amount of Baht 902.26 million, increased from Baht 872.38 million.

These amounts represented 50.02%, 11.93%, and 17.64% of total assets of 2024, respectively.

Securities and Derivatives Business Receivables

As of September 30, 2024, the subsidiary's receivables from securities and derivatives businesses amounted to Baht 2,558.89 million, which included margin loan receivables of Baht 1,860.92 million, down from Baht 2,446.66 million at the end of 2023, cash account receivables for securities and derivatives of Baht 192.44 million, and other receivables of Baht 789.72 million.

The subsidiary classified these receivables from securities and derivatives businesses according to financial reporting standards as follows:

- Performing debts: Baht 1,742.35 million
- Under-performing debts: Baht 816.54 million, 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 management of the Company and the subsidiary have determined that this event is an abnormal transaction, as it was carried out with fraudulent intent. Such conduct is prohibited by law and runs counter to public order and good morals. Therefore this event



must be cancelled and the transaction must be treated as if it had never occurred. Setting up the allowance for expected credit losses may have an adverse affect on the case that the subsidiary has filed with the AMLO on 16 February 2023, seeking protection of its rights from the predicate offense. It may also adversely affect the case under which the Company has filed the complaint alleging fraudulent conduct with the ECD. 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 totaling Baht 4,470.87 million with interest thereon, which are seized in accordance with the court order, which is the result of the cooperation and coordination of all relevant regulators and presentation of evidence proving the wrongdoing of the offenders, leading to legal proceedings that result in the attachment of assets in accordance with the court order. The subsidiary has filed the petition with the AMLO, seeking protection of the rights, including compensation for the damage of assets related that have been attached as a result of the offense mentioned above. On November 21, 2023, the AMLO Transaction Committee resolved that the Company be the victim of the underlying crime in the said case, based on the value of the damage. The Company will be compensated or reimbursed from the seized assets in proportion to the damage.

- Non-performing debts: Baht 291.38 million, for which the subsidiary has already recorded an allowance for expected credit losses of Baht 291.38 million in accordance with financial reporting standards.

Investments

As of September 30, 2024, the company and its subsidiaries held investments amounting to Baht 610.46 million, representing 11.93% of total assets, decreased from Baht 800.32 million at the end of 2023. These investments are categorized as follows:

- Current investments amounting to Baht 287.40 million, decreased from Baht 429.88 million at the end of 2023.
- Long-term investments amounting to Baht 240.14 million, decreased from Baht 293.85 million at the end of 2023 due to the sale of investments during the quarter.
- Investments in joint ventures, recorded by the equity method, amounting to Baht 57.12 million, increased from Baht 50.12 million at the end of 2023.
- Investments in associates, recorded by the equity method, amounting to Baht 25.80 million, slightly decreased from Baht 26.47 million at the end of 2023.

Other Short-Term Loans

As of September 30, 2024, the company's other short-term loans amounted to Baht 902.26 million, representing 17.64% of total assets, a slight increase from Baht 872.38 million at the end of 2023. The company provides these loans to unrelated entities and individuals, secured by the pledge of both listed and unlisted equity securities of the borrowers. As of September 30, 2024, loans with insufficient collateral was 1.21% of the total loans amount, which was currently followed up additional collateral.



Liabilities

As of September 30, 2024, the company and its subsidiaries had total liabilities of Baht 3,729.32 million, decreased from total liabilities of Baht 4,120.90 million at the end of 2023. The total liabilities mainly comprised of the borrowings decreased from Baht 3,617.80 million at the end of 2023 to Baht 3,154.60 million as of September 30, 2024. This included loans from financial institutions amounting to Baht 1,235 million and short-term debentures amounting to Baht 1,919.60 million, which were borrowed for settlements, margin loans, and other loans during the quarter.

Financial Ratios	2023	Nine months period
		2024
Interest Bearing Debt to Equity	2.73	2.39
Interest bearing debt to EBITDA ratio (times)	-15.13	19.67
Interest Coverage ratio (times)	-1.77	1.46
Debt Service Coverage ratio (times)	-0.08	0.05

These financial ratios improved due to the company's reduced debt burden and better operational performance, reflecting an improvement in the company's debt repayment capacity.

Liquidity

As of September 30, 2024, the company and its subsidiaries had a decrease in cash and cash equivalents of Baht 14.14 million, resulting from the following:

- Operating cash inflows of Baht 455.38 million, primarily from cash received from receivables/payables of securities businesses and derivatives business, amounting to Baht 385.39 million, and current investments of Baht 178.43 million. There was also a cash outflow of Baht 269.85 million for lending to joint ventures.
- Investment cash inflows of Baht 31.80 million, mainly from proceeds of Baht 44.79 million from the sale of long-term investments, offset by payments of Baht 17.31 million for equipment purchases.
- Financing cash outflows of Baht 501.32 million, with debenture repayments of Baht 1,038 million, while new debentures, amounting to Baht 500 million were issued.

The company's current ratio was 1.15 times, compared to 1.31 times at the end of 2023, reflecting that current assets still exceed current liabilities.

Shareholders' Equity

As of September 30, 2024, the company and its subsidiaries had shareholders' equity amounting to Baht 1,386.60 million, close to the Baht 1,386.25 million recorded at the end of 2023. This was mainly derived from net profit for the period of Baht 7.48 million and a loss from the sale of long-term investments and the fair value measurement of investments through other comprehensive income amounting to Baht 7.13 million. The company's return on equity was 0.719% per year, an improvement from (28.71%) per year for the same period in 2023, while the return on assets was 0.188% per year, up from (7.04%) per year for the same period in 2023.



5. Factors That May Affect Future Operations or Growth

Factors that may impact the company's future operations and financial position include a potential global economic downturn and ongoing geopolitical tensions, which could influence trading conditions in global stock markets. However, in Thailand, there may be positive effects from an increase in tourist arrivals due to the government's visa-free policy, the normalization of government budget disbursements, and improvement of domestic consumption figures driven by various government stimulus measures. Additional measures supporting the capital market, such as the Vayupak Fund and the Thai ESG Fund, may also help the Thai capital market recover, potentially impacting the overall revenue and financial position of the company and its subsidiaries.

The company has prepared for upcoming changes or business opportunities by modernizing its technology to align with efficient operational systems and enhancing personnel with up-to-date knowledge and skills to support new business. Additionally, the company is preparing stable funding sources to support business expansion and increase future revenue.

Furthermore, the subsidiary has filed legal actions against a debtor in default for an amount of Baht 479 million, for which no credit loss allowance has been set. If a credit loss allowance is recorded in the future, it would reduce the subsidiary's assets and profit. However, this would not impact the subsidiary's liquidity or net capital ratio, as these amounts are not included in liquid asset calculations.

6. Sustainability Development

The company operates sustainably in accordance with the group's sustainability development guidelines. The three ESG principles are Environmental, Social, and Governance, as follows:

1. Environmental

The company has continuously organized 3R (Reuse, Reduce, Recycle) campaigns for employees. These activities include reducing energy consumption—such as electricity, water, and fuel—and promoting the use of alternative energy sources. Other initiatives involve paper usage and waste management, including waste separation. The company collaborated with the Securities and Exchange Commission (SEC) to participate in the "Think to Trash" project to educate employees about waste separation. However, while these activities reduce negative environmental impacts, they are considered indirect actions. Moreover, during this year, the company has not engaged in environmental conservation activities like tree planting, reforestation, or campaigns related to climate change and direct greenhouse gas emissions. Consequently, there is no data on greenhouse gas emissions, and the company has not established a carbon footprint registered with the Thailand Greenhouse Gas Management Organization (TGO) according to international standards or equivalent.

2. Social

The company has organized seminars to provide knowledge on investment, innovation, and new financial products to customers, investors, communities, and the media continuously from the first to the third quarter. It has developed customer service processes and modernized online securities trading systems. The company has implemented RPA (Robotic Process Automation) to reduce human errors and encouraged employees to apply Artificial Intelligence (AI) for increased efficiency and speed in their work.



Regarding employees, the company has provided training and capability development for all staff levels, both online and offline, with a minimum of 12 hours per person per year or once per quarter. It ensures equal treatment of employees and aims to build a "Happy Workplace."

The company also organizes activities that allow employees to contribute to society, such as supporting religious events like Kathin and Pha Pa ceremonies and charitable activities to help the underprivileged, including various donation drives.

3. Governance

The company conducts its business based on good ethics and governance principles. In the third quarter, it organized an Opportunity Day to provide company information to investors and the public.

Regarding shareholder meetings, the company received an excellent score in the AGM assessment and was rated in the "Excellence" group for corporate governance. It also received its third renewal as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and has been certified by the CAC.

Please be informed accordingly.

Yours faithfully,

Visit Ongpipattanakul
Director & CEO