



Ref. FAOP 034/64

August 30, 2021

Subject: Report the reviewed operating result for the three – month period and the audited operation result for the six-month period ended June 30, 2021

To: Head of Corporate Finance - Debt and Other Products Department - The Securities and Exchange Commission

Krungthai Zmico Securities Company Limited would like to report the reviewed/audited operating result ended June 30, 2021 as follows:

The reviewed separate operating result for the three - month period ended June 30, 2021

Krungthai Zmico Securities Company Limited (The Company) generated net income of Baht 102.39 million comparing to the net profit of Baht 65.48 million of the same period last year. Baht 36.91 million of net income increased.

The main reasons for the second quarter of 2021 operating results changed from the same quarter of 2020 are as follows:

- The company has total revenue of Baht 488.17 million increased by Baht 110.00 million or 29% comparing to the same period last year resulted as below.
 - The brokerage fee from securities increased by Baht 63.00 million or 24%, from Baht 264.44 million in the second quarter of 2020 to Baht 327.44 million in the second quarter of 2021, because average daily trading volume of the Company increased 26% from Baht 3.76 billion to Baht 4.74 billion in accordance with average daily market trading volume (Exclude of the proprietary trading) increased from Baht 64.36 billion to Baht 91.12 billion, or 42%.
 - The brokerage fee from derivatives in TFEX market increased from Baht 14.64 million to Baht 19.46 million, or 33%.
 - Sharing brokerage fee income from offshore trading increased from Baht 3.22 million in the second quarter of prior year to Baht 21.20 million in the second quarter of 2021 because the Company provides offshore investment services more than the same period of prior year.

บริษัทหลักทรัพย์ กรุงเทพ ซิมีโก้ จำกัด
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- Fee and services income decreased by Baht 1.69 million or 4%, from Baht 39.79 million in the second quarter of prior year to Baht 38.10 million in the second quarter of 2021, caused by decreasing in financial advisory fee income amounting to Baht 12.28 million and decreasing in others fee income amounting to Baht 6.12 million, while underwriting fee income increased by Baht 15.20 million and assets management of customer income increased by Baht 1.50 million.
- Interest income increased Baht 23.50 million or 50 % which increased from Baht 46.95 million in the second quarter of prior year to Baht 70.45 million in the second quarter of 2021 because interest income from margin loan increased by Baht 16.99 million which increased in accordance with increase in margin loan transactions. The average margin loan increased from the same period of prior year 67%. Moreover, interest income from debt security investments increased by Baht 7.94 million, while interest income from financial institutions decreased by Baht 1.43 million.
- Gain and return on financial instruments decreased by Baht 2.46 million because gain on trading derivatives decreased by Baht 40.91 million, while gains on trading equity investments and dividend income increased by Baht 38.41 million and Baht 0.04 million, respectively.
- Other income increased Baht 4.85 million because gain on exchange rate increased from the same quarter of prior year.
- Total expenses increased by Baht 63.36 million, or 21% due to the following reasons.
 - Employee benefit expenses increased by Baht 49.22 million mainly from an increase in incentive of marketing department which increased in accordance with trading volume. Moreover, accrued bonus expense increased.
 - Fee and service expenses increased by Baht 8.18 million mainly from an increase in trading fee and clearing fee paid to the SET which were in line with an increase in trading volume.
 - Interest expenses decreased by Baht 3.60 million mainly from decrement of interest expenses from debenture that issued by the Company and interest paid from money deposit for securities trading of customers in accordance with decrease in the principal.
 - Expected credit losses increased by Baht 7.77 million due to the revaluation of allowance for expected credit loss in the second quarter of 2021.
- Income tax expense increased by Baht 9.72 million which increased in accordance with the increasing of net profits.

From the above reasons, these made the Company's net income for the second quarter of 2021 by Baht 102.39 million while the Company's net income for the second quarter of the prior year was Baht 65.48 million.

The reviewed operating result in which equity method is applied for the three - month period ended June 30, 2021

The reviewed operating result in which equity method is applied for the three - month period ended June 30, 2021 showed net income of Baht 103.50 million. The Baht 40.33 million of net income increased.

Since, the Company recognized share profit of Baht 1.78 million from BCEL-KT Securities Co., Ltd. which is Securities Company in LAO PDR (An associated company with 30% holding) under the equity method, recognized share profit of Baht 1.92 million from KTZ Ruby Hill Securities Co.,Ltd. which is Securities Company in Myanmar (An associated company with 49% holding) under the equity method and recognized share loss of Baht 0.61 million from Deepscope Pte, Ltd. which is Web hosting Company in Singapore (An associated company with 31% holding) under the equity method. For the Company's operating result in which equity method and separated operating result showed identically as mentioned above.

By the way, the net income in which equity method is applied for the three – month period ended June 30, 2021 is higher than the separated net income by Baht 1.11 million because the separated financial statements recognized dividend income from an associated company of Baht 1.98 million while the financial statements in which equity method is applied recognized share of profit from associated companies under the equity method by Baht 3.09 million.

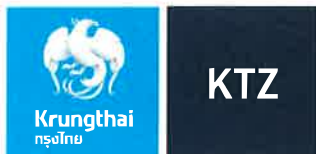
The audited separate operating result for the six - month periods ended June 30, 2021

Krungthai Zmico Securities Company Limited (The Company) generated net income of Baht 238.14 million comparing to the net income of Baht 105.97 million of the same period last year. The Baht 132.17 million of net income increased.

The main reasons for the six-month period ended 2021 operating results changed from the same period of 2020 are as follows:

- The company has total revenue of Baht 1,028.65 million increased by Baht 381.84 million or 50% comparing to the same period last year resulted as below.
 - The brokerage fee from securities increased by Baht 183.97 million or 40%, from Baht 462.39 million in the six-month period of 2020 to Baht 646.35 million in the six-month period of 2021, because the average daily trading volume of the Company increased by 44%, from Baht 3.15 billion to Baht 4.53 billion, which increased in accordance with an increase in market trading volume (Exclude of the proprietary trading) that increased from Baht 61.77 billion to Baht 88.98 billion, or 44%.
 - The brokerage fee from derivatives in TFEX market increased from Baht 40.07 million to Baht 40.76 million, or 2%.

- Sharing brokerage fee income from offshore trading increased from Baht 3.61 million in the six-month period of prior year to Baht 55.24 million in the six-month period of 2021 because the Company provides offshore investment services more than the same period of prior year.
- Fee and services income increased by Baht 70.94 million or 114%, from Baht 62.44 million in the six-month period ended 2020 to Baht 133.38 million in the same period of 2021, caused by increase in financial advisory fee income amounting to Baht 51.16 million and underwriting fee income amounting to Baht 20.91 million. While others fee income decreased by Baht 1.13 million.
- Interest income increased 23 % mainly from increase in interest from margin loan amounting to Baht 8.45 million which resulted from increase of average margin loan 28% from the same period of prior year. Moreover, interest income from debt security investments increased by Baht 16.80 million from the same period of prior year.
- Gain and return on financial instruments increased by Baht 3.71 million from gains on equity investments increased by Baht 159.48 million while gain on derivatives decreased by Baht 153.05 million and dividend income decreased by Baht 2.72 million.
- Total expenses increased by Baht 175.79 million, or 32% due to the following reasons.
 - Employee benefit expenses increased by Baht 165.46 million mainly from increase in incentive of marketing department which increase in accordance with trading volume. Moreover, accrued bonus expense increased.
 - Fee and service expenses increased by Baht 16.43 million mainly from an increase in trading fee and clearing fee paid to the SET which were in line with an increase in trading volume.
 - Interest expenses decreased by Baht 16.34 million mainly from decrement of interest expenses from debenture that issued by the Company, interest paid from borrowing from financial institutions and interest paid from money deposit for securities trading of customers which in accordance with decrease in the principal.
 - Expected credit losses increased by Baht 5.75 million due to the revaluation of allowance for expected credit loss in the six-month period of 2021.
- Income tax expense increased by Baht 33.88 million which increased in accordance with the increasing of net profits.



From the above reasons, these made the Company's net income for the six-month period ended of 2021 by Baht 238.14 million while the Company's net income for the same period of previous year by Baht 105.97 million.

The audited operating result in which equity method is applied for the six - month periods ended June 30, 2021

The audited operating result in which equity method is applied for the six - month period ended June 30, 2021 showed net income of Baht 241.91 million. The Baht 139.92 million of net income increased.

Since, the Company recognized share profit of Baht 2.38 million from BCEL-KT Securities Co., Ltd. which is Securities Company in LAO PDR (An associated company with 30% holding) under the equity method, recognized share profit of Baht 4.16 million from KTZ Ruby Hill Securities Co., Ltd. which is Securities Company in Myanmar (An associated company with 49% holding) under the equity method and recognized share loss of Baht 0.79 million from Deepscope Pte, Ltd. which is Web hosting Company in Singapore (An associated company with 31% holding) under the equity method. For the Company's operating result in which equity method and separated operating result showed identically as mentioned above.

By the way, the net income in which equity method is applied for the six – month period ended June 30, 2021 is higher than the separated net income by Baht 3.77 million because the separated financial statements recognized dividend income from an associated company of Baht 1.98 million while the financial statements in which equity method is applied recognized share of profit from associated companies under the equity method by Baht 5.75 million.

Yours sincerely,

(M.L. Thongmakut Thongyai)
Chief Executive Officer