

Ref: FASET 04/2021

November 12th, 2021

Subject: Report the operating result for the third quarter and nine months ended September 30, 2021

To: President of the Stock Exchange of Thailand

XSpring Capital Public Company Limited (“The Company”) would like to report the consolidated operating result that has been reviewed by our auditor for the third quarter and nine months ended September 30, 2021 as follows:

Consolidated operating result for the third quarter ended September 30th, 2021

The Company reported net loss for the third quarter 2021 of Baht 13.20 million comparing with the same period last year which had net profit of Baht 1.01 million, decreasing by Baht 14.20 million. The details were as follows:-

1. Total revenues was Baht 8.00 million, increased by Baht 5.69 million or 246% mainly from:
 - Fee and service income of Baht 6.32 million, increasing by Baht 3.57 million from the ICO portal service fee of XSpring Digital Co., Ltd., a subsidiary.
 - Gain from investment, including interest and dividend income in this quarter was Baht 1.35 million, comprising of mark-to-market loss on debt securities investment due to high market fluctuation during the end of quarter. While last year the Company had loss from investment, including interest and dividend income of Baht 1.32 million, resulting from loss on investment in listed equity securities due to the market fluctuation from Covid-19 spread in the country.
2. Total expenses was Baht 78.58 million, increasing by Baht 69.31 million or 748% mainly from:
 - Personal expenses increased by Baht 6.77 million from higher number of employees to support the group’s business expansion.
 - Fee and service expenses decreased by Baht 2.64 million mainly from the decrease of fee expenses related to rendering ICO portal service of XSpring Digital Co., Ltd.
 - The Company recorded the reversal of expected credit loss of Baht 3.19 million, which help alleviating the Company’s total expenses. Comparing to the same period last year, the reversal of expected credit loss was Baht 34.45 million, mainly from XSpring Asset Management Co., Ltd., a subsidiary, which received debt repayment from its investment in bill of exchange that lowered the allowance.

- Other expenses in this quarter went up by Baht 33.93 million mainly from the advisory fee in relation to additional Digital asset license acquisition and business expansion.
3. The Company recognized share of profit from associates of Baht 52.66 million, increasing by Baht 39.89 million or 312% from the same quarter last year. The share of profit of Baht 54.00 million was from Krungthai Zmico Securities Co., Ltd. (“Krungthai Zmico”) which the Company has 49.71% shareholding. Krungthai Zmico’s total revenue grew by 69%, comparing to the same period last year, mainly from the augment of brokerage fee from the increase in the daily average market trading value (excluding proprietary trading) to Baht 84 billion in this quarter or 68% growth y-o-y. In addition, fees and service income coupled with margin interest income of Krungthai Zmico doubled from last year while cost to income ratio lowered, led to the significant improvement in the operating result of Krungthai Zmico which had net profit of Baht 108.63 million in the third quarter 2021.

The operating results of Krungthai Zmico for the third quarter of 2021 and 2020 were as follows:-

	Unit : Million Baht	
	2021	2020
Net securities business income	474.49	281.58
Operating expenses	(340.54)	(252.07)
Corporate income tax – income (expenses)	(25.32)	(5.84)
Net profit (loss)	108.63	23.67

Absolute Yoga Co., Ltd. which the Company has 30% shareholding has been continuously impacted by the Covid-19 pandemic, which caused the temporary closure of all studios in Thailand throughout the third quarter and studios in Singapore for half quarter. However, its Fit Food business and studios in Singapore continued to deliver positive performance together with cost control measure helped alleviate loss from other domestic businesses. In the third quarter 2021, the Company recorded the share of loss from Absolute Yoga of Baht 1.39 million.

Scentimental (Thailand) Co., Ltd., the other associated company in which the Company has 26% shareholding, has been continuously affected by the temporary close of department stores and the lower purchasing power due to the economic slowdown. However, Scentimental adjusted its operational strategy as well as controlled fixed cost. In the third quarter of 2021, the Company had the share of profit from Scentimental of Baht 0.04 million.

Consolidated operating result for the nine months ended September 30th, 2021

The Company reported net profit of Baht 51.44 million which significant improved from the same period last year that had net profit of Baht 8.26 million. The details were as follows:-

1. Total revenue was Baht 57.80 million, increased by Baht 3.46 million or 6% mainly from:
 - Fee and service income of Baht 12.95 million, decreasing by Baht 11.17 million mainly from lower ICO portal service fee of XSpring Digital Co., Ltd.
 - Gain from investment, including interest and dividend income was Baht 43.90 million, increasing by Baht 25.37 million y-o-y, mainly from the increase in gain from the investment in listed equity securities.
2. The Company had total expenses of Baht 181.18 million, increased by Baht 87.33 million mainly from the higher personal expenses and the advisory fee related to the digital asset and the Company's group business expansion, offset by the decrease of fee and service expense related to ICO portal service of XSpring Digital Co., Ltd. and the decrease of the reversal of expected credit loss which last year had the significant amount from debt repayment from the subsidiary's investment in bill of exchange.
3. The Company recognized share of profit from associates of Baht 170.01 million, doubled from the same period last year from the larger share of profit from Krungthai Zmico which resulting from the brokerage fee income that increased in line with the growth of daily average equity market trading value (excluding proprietary trading) 51% y-o-y and the company's capability to maintain its equity market share at 2.50% and the market rank 16th among all 38 listed brokers. In addition, Krungthai Zmico could expand its fee and service income and interest income, decrease fixed operating expenses and financial cost, and have the share of profit from associated companies increased from last year. The higher share of profit from Krungthai Zmico this year helped offset the Company's share of loss from Absolute Yoga and Scentimental (Thailand) which suffered from Covid-19 totaling of Baht 5.91 million as previously described.

Please kindly be informed accordingly.

Yours sincerely,

(Mr. Wanchak Buranasiri)
Chief Executive Officer