



บริษัท ตรีนิษฐ์ วัฒนา จำกัด (มหาชน)

Trinity Watthana Public Company Limited

Ref. Wor Thor. Tor. 047/2022

November 14, 2022

Subject : Explanation and analysis of financial performance for the second quarter ended September 30, 2022

Attention : The President
The Stock Exchange of Thailand

The Board of Directors' meeting of Trinity Watthana Public Company Limited No. 9/2022, held on November 14, 2022, has approved the reviewed financial statements for the third quarter ended September 30, 2022. 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, 2022 compared to the corresponding period of 2021 as follows:

(Unit : Million Baht)	Third quarter ended September 30			Nine months ended September 30		
	2022	2021	Change (%)	2022	2021	Change (%)
Profit (Loss) before corporate income tax	44.22	77.57	(42.99)	145.74	212.87	(31.54)
Net Profit (Loss)	36.59	64.74	(43.48)	120.20	173.74	(30.82)
Earnings (Loss) per share (Baht)	0.17	0.30	(43.48)	0.56	0.83	(32.48)

1. Overview of Business Operation and Significant Changes

Due to the Russia-Ukraine war, this caused the impact on the world energy cost and inflation together with the lockdown measures in China from the widespread of COVID-19, as a result, the SET index increased from 1,568.33 points at the end of June 2022 to 1,576.41 points in July 2022 and then increased to 1,638.93 in August 2022 and then decrease to 1,589.51 points at the end of September. The average daily trading value was Baht 71,211 million in the third quarter of 2022, decrease from Baht 92,912 million in the same period of 2021 or decreased by 23.36%

Derivatives daily trading volume has slightly increased from 525,147 contracts in the third quarter of 2022 to 546,532 contracts in same period of 2022, representing an increase of 4.07%.

In the third quarter of 2022, the foreign institutional investors were more active in SET than the previous year. That is, their turnovers accounted for 45.89% of SET's total turnovers which increased from 38.9% in the same quarter of 2022. The local institutional investors' turnovers in the third quarter of 2022 increased from 6.31% in the third quarter of 2021 to 7.87%. On the other hand, the turnovers made by local retail investors were 37.74% of SET's turnovers which dropped from 45.70% in the same period of 2022 and proprietary trading turnovers in the third quarter of 2022 were 8.50% of SET's turnovers which dropped from 9.1% in the same period of 2021.

2. Operating Results for the third quarter ended September 30, 2021

Income

The consolidated income of the Company and subsidiaries for the third quarter of 2022 was Baht 209.68 million, which was increased from Baht 255.26 million for the same period of 2021, or decreased by 17.86%. The changes in the consolidated income of the Company and subsidiaries were attributed to the following:

- 1) The securities business income decreased from Baht 175.14 million for the third quarter of 2021 to Baht 141.29 million in the same period of 2022, or decreased by 19.33%, resulted from the following:



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- The subsidiary's securities brokerage fee decreased from Baht 88.50 million for the third quarter of 2021 to Baht 54.31 million in the same period of 2022 or decreased by 38.63% due to the decrease in trading volume resulted from the Russia-Ukraine war;
 - Fee and service income decreased from Baht 51.47 million for the third quarter of 2021 to Baht 36.57 million in the same period of 2022 or decreased by 28.95% as a result from underwriting business;
 - Interest income from margin loan increased from Baht 33.78 million for the third quarter of 2021 to Baht 46.43 million in the same period of 2022 or increased by 37.45% as a result from the increase in margin loan during the period.
- 2) Interest income decreased from Baht 32.43 million for the third quarter of 2021 to Baht 26.28 million in the same period of 2022 or decreased by 18.96% resulting from a decrease in other short-term loans when compared to the same period of 2021.

Operating Expenses

The Company and subsidiaries' total expenses decreased from Baht 177.69 million for the third quarter of 2021 to Baht 165.46 million for the same period of 2022, or decreased by 6.88%. The expenses which had significant changes include:

- Employee benefit expenses in the third quarter of 2021 amounted to Baht 98.56 million which was decreased from Baht 113.21 million in the same period of 2021, or by 12.94%. This varied in relation to the overall operating results.
- Fee and services expenses in the third quarter of 2022 amounted to Baht 14.03 million which was decreased from Baht 17.12 million in the same period of 2021, or by 18.05%. This varied in relation to the Company's trading volume.
- The financial costs increased from Baht 23.77 million in the third quarter of 2021 to Baht 30.12 million in the same period of 2022 or increased by 26.71%, resulting from an increase in borrowings for settlement and margin loan during the period.

Net Profit (Loss)

The Company and subsidiaries' net profit were Baht 36.59 million for the third quarter of 2022 compared to net profit amounted to Baht 64.74 million in the same period of 2021, or decreased by 43.48%.

2. Operating Results for the nine-month period ended September 30, 2022

Income

The consolidated income of the Company and subsidiaries for the nine-month period of 2022 decreased from that of 2021 by 12.22%; that is, the Company and subsidiaries' consolidated income for the nine-month period of 2022 was Baht 636.42 million, which was decreased from Baht 725.05 million. The major changes in the consolidated income of the Company and subsidiaries were the following:

- 1) The securities business income slightly decreased from Baht 448.65 million for the nine-month period of 2021 to Baht 441.88 million in the same period of 2021 or decreased by 1.51%, resulted from the following:
 - A decrease in a daily average turnover of SET from Baht 96,462 million to Baht 81,816 million for the nine-month period of 2022 or decreased by 15.18%. The subsidiary's securities brokerage fee decreased from Baht 263.53 million for the nine-month period of 2021 to Baht 213.04 million in the same period of 2022 or decreased by 19.16%. The subsidiary's securities brokerage fee decreased as a result of the decrease in trading volume of local retail investors.
 - Interest income from margin loan increased from Baht 91.41 million for the nine-month period of 2021 to Baht 131.71 million in the same period of 2022 as a result from the increase in margin loan during the period.



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2) The Company's net gain and return from investment was Baht 28.48 million for the nine-month period of 2022 compared to net gain and return from investment was Baht 113.89 million in the nine-month period of 2021 due to the market fluctuation.

Operating Expenses

The Company and subsidiaries' total expenses decreased from Baht 512.18 million for the nine-month period of 2021 to Baht 490.68 million in the same period of 2022. The expenses which had significant changes include:

- Employee benefits expenses for the nine-month period of 2022 amounted to Baht 281.25 million which was decreased from Baht 330.86 million in the same period of 2021, or by 14.99%. This decrease varied in relation to the Company's overall operating results.
- Other expenses for the nine-month period of 2022 amounted to Baht 45.43 million which was increased from Baht 36 million in the same period of 2021, or by 26.19%, resulting from loss in digital assets amounted to Baht 6.68 million due to a dramatic drop in price of digital assets during the second quarter.
- The financial costs increased from Baht 61.91 million for the nine-month period of 2021 to Baht 83.24 million in the same period of 2022 or increased by 34.45%, resulting from an increase in borrowings for settlement and margin loan during the period.

Net Profit (Loss)

In the nine-month period of 2022, the Company and subsidiaries' net profit were Baht 120.20 million compared to net profit amounted to Baht 173.74 million in the same period of 2021, equivalent to decrease by 30.82%.

3. Financial Position

Total Assets

As of 30 September 2022, the total assets of the Company and subsidiaries amounted to Baht 6,913.83 million comparing to Baht 6,412.18 million at the end of 2021, of which significant items included investments in the amount of Baht 1,157.75 million which was increased from Baht 891.94 million, securities and derivatives business receivables in the amount of Baht 4,056.15 million increased from 3,660 million and other short-term loans amounted to Baht 1,150.08 million slightly decreased from Baht 1,204.24 million. These main items represented 16.74%, 58.67%, and 16.63% of the total assets as of 30 September 2022, respectively.

Securities and Derivatives Business Receivables

As of 30 September 2022, the subsidiary's securities and derivatives business receivables in the amount of Baht 4,056.15 million included margin loan receivables in the amount of Baht 3,911.96 million increased from Baht 3,265.37 million at the end of 2021. 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 3,517.86 million, under-performing debts in the amount of Baht 538.29 million and non-performing debts in the amount of Baht 62 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 2022 were Baht 1,157.75 million, 16.74% of total assets, which was increased from Baht 891.94 million at the end of 2021. Out of this amount, short-term investment was Baht 894.57 million increased from Baht 637.22 million at the end of 2021. Long-term investment was Baht 215.91 million slightly increased from Baht 215.86 million at the end of 2021 and the remaining investment Baht 47.26 million was the



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investment in the joint venture which were accounted for under an equity method, increasing from Baht 38.85 million at the end of 2021.

Liabilities

As of 30 September 2022, the Company and subsidiaries' total liabilities stood at Baht 5,235.24 million compared to the total liabilities of Baht 4,656.34 million at the end of 2021. The total liabilities mainly comprised of the borrowings increased from Baht 3,814.03 million to Baht 4,434.32 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 1,830 million, short-term bills of exchange and debentures amounted to Baht 2,006.92 million, long-term bills of exchange and debentures amounted to Baht 597.40 million. The interest-bearing debts to equity ratio was 3.12 times increased from 2.65 times at the end of 2021.

Shareholders' Equity

As of 30 September 2022, the Company and subsidiaries' shareholders' equity stood at Baht 1,678.59 million compared to Baht 1,755.85 million at the end of 2021. The decrease was mainly derived from net profit for the period amounted to Baht 120.20 million and dividend for the year 2021 and 2022 interim dividend payment amounted to Baht 198.32 million. The return on equity for the nine-month period of 2022 was 9.33% per annum comparing to 13.82% per annum in the same period of 2021.

Please be informed accordingly.

Yours faithfully,

Charnchai Kongthongluck
Director & CEO