



Ref. Wor Thor. Tor. 030/2024

May 14, 2024

Subject : Explanation and analysis of financial performance for the first quarter ended March 31, 2024

Attention : The President  
The Stock Exchange of Thailand

The Board of Directors' meeting of Trinity Watthana Public Company Limited No. 3/2024, held on May 14, 2024, has approved the reviewed financial statements for the first quarter ended March 31, 2024. Net profit for the first quarter ended March 31, 2024 and earnings per share were Baht 15.86 million and Baht 0.07 respectively, which were higher than net loss and loss per share for the same period of 2023 at Baht 23.19 million and Baht 0.11 respectively, increased by 168.39%.

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 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 (details presented in part 3) Financial position: Securities and Derivatives Business Receivables). 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 canceled and the transaction must be treated as if it had never occurred. Setting up the allowance for expected credit losses may have an adverse effect 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.

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. As a result, 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. Consequently, the auditor's opinion on the allowance for expected credit loss is qualified. 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 31 March 2024, and also impact to the profit and total comprehensive income 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*.

### **Impacts on Liquidity and Net Capital Ratio**

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 of Baht 479 million 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 31 March 2024, the subsidiary's net capital ratio was at 58.19% which was higher than the SEC requirement.

The Company would like to explain and analyze the financial position and operating results for the first quarter ended March 31, 2024 and 2023 as follows:

#### **1. Overview of Business Operation and Significant Changes**

Geopolitical conflicts persisted in 2024, keeping oil prices elevated. The ongoing trade war between the United States and China remained a significant risk to the global economy, causing a slowdown that negatively impacted stock markets worldwide, including the Thai Stock Exchange. China's economic growth decelerated due to protracted real estate woes, sluggish consumption, and a surplus in Chinese manufacturing capacity leading to oversupplied markets. This put pressure on the manufacturing and export sectors of many countries.

Despite the potential for a rebound in tourism and private sector consumption, Thailand's economy faced a decline in government spending and a slower-than-expected recovery in the export sector from the global economy slowdown. Consequently, the market experienced volatility in the first quarter. The SET index fell from 1,415.85 points at the end of 2023 to 1,377.94 points at the end of March. The average daily trading value for the first quarter of 2024 was Baht 45,684 million, a decrease of 31.49% compared to the same quarter in 2023 amounted to Baht 66,684 million.

Derivatives daily trading volume has decreased from 594,550 contracts in first quarter of 2023 to 432,727 contracts in the same period of 2024, or decreased by 27.22%.

In the first quarter of 2024, the foreign institutional investors were more active in SET than the previous year. That is, their turnovers accounted for 52.36% of SET's total turnovers which increased from 49.46% in the first quarter of 2023 and local institutional investors increased from 7.59% in the first quarter of 2023 to 8.88% in the same period of 2024. On the other hand, the turnovers made by local retail investors were 32.06% of SET's turnovers which dropped from 35.95% in the same period of 2023. With regard to other types of investors, namely proprietary trading's turnovers in the first quarter of 2024 were 6.70% of SET's turnovers which dropped from 7.00%.

#### **2. Operating Results for the first quarter ended March 31, 2024**

##### **Income**

The consolidated income of the Company and subsidiaries for the first quarter of 2024 was Baht 157.77 million, which was increased from Baht 96.49 million in the same period of 2023 or increased by 63.52%. The changes in the consolidated income of the Company and subsidiaries were attributed to the following:

- 1) The securities business income decreased from Baht 112.03 million for the first quarter of 2023 to Baht 92.25 million in the same period of 2024 or decreased by 17.66% resulted from the following:
  - The subsidiary's securities brokerage fee decreased from Baht 43.13 million for the first quarter of 2023 to Baht 24.32 million in the same period of 2024 or decreased by 43.61% as a result from the decrease in overall trading volume and retail investors' trading volume;



- Interest income from margin loan decreased from Baht 51.22 million for the first quarter of 2023 to Baht 42.36 million in the same period of 2024 or decreased by 17.30% as a result from the decrease in margin loan during the period.
  - Fee and service income increased from Baht 17.68 million for the first quarter of 2023 to Baht 25.57 million in the same period of 2024 or increased by 44.63% as a result from fee received from underwriting securities.
- 2) The Company and subsidiaries' net gain and return from investment was Baht 18.90 million in the first quarter of 2024 whereas in the first quarter of 2023, the Company and net loss and return from investment was Baht 64.74 million due to the market fluctuation.
- 3) The Company had gain from sale of crypto currency amounted to Baht 9.69 million in the first quarter of 2024.

### **Operating Expenses**

The Company and subsidiaries' total expenses was Baht 138.39 million for the first quarter of 2024 increased from Baht 129.92 million for the first quarter of 2023 or increased by 9.04%. The expenses which had significant changes include:

- Employee benefit expenses in the first quarter of 2024 amounted to Baht 69.03 million which was increased from Baht 57.22 million in the same period of 2023, or by 20.64%. This varied in relation to the overall operating results.
- Fee and services expenses in the first quarter of 2024 was Baht 9.29 million decreased from Baht 13.52 million in the first quarter of 2023, or decreased by 31.29% as a result from the decrease in trading volume during the quarter.

### **Net Profit (Loss)**

The Company and subsidiaries' net profit were Baht 15.86 million for the first quarter of 2024 compared to net loss amounted to Baht 23.19 million in the same period of 2023 equivalent to increase by 168.38%.

## **3. Financial Position**

### **Total Assets**

As of 31 March 2023, the total assets of the Company and subsidiaries amounted to Baht 5,424.74 million comparing to Baht 5,507.15 million at the end of 2023, of which significant items included securities and derivatives business receivables in the amount of Baht 3,137.61 million increased from 3,043.50 million, investments in the amount of Baht 703.87 million which was slightly decreased from Baht 800.32 million, and other short-term loans amounted to Baht 869.83 million slightly decreased from Baht 872.38 million. These main items represented 57.84%, 12.94%, and 16.03% of the total assets as of 31 March 2024, respectively.

### **Securities and Derivatives Business Receivables**

As of 31 March 2024, the subsidiary's securities and derivatives business receivables in the amount of Baht 3,137.61 million including margin loan receivables in the amount of Baht 2,388.37 million decreased from Baht 2,446.66 million at the end of 2023, securities and derivatives business receivable from cash customers' account amounted to Baht 252.10 million and other receivables in the amount of Baht 497.14 million.

The subsidiary has classified its securities business and derivatives business receivables in accordance with financial reporting standards as follows:

- Performing debts: Baht 2,361.02 million
- Under-performing debts: Baht 776.59 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 294.15 million, for which the subsidiary has already recorded a provision for expected credit losses of Baht 294.15 million in accordance with accounting standards.

### **Investments**

The Company and subsidiaries’ net investments as of 31 March 2024 were Baht 703.87 million, 12.94% of total assets, which was slightly decreased from Baht 800.32 million at the end of 2023. Of this amount, Baht 311.45 million was investments measured at fair value through profit or loss, Baht 26.94 million was investments measured at amortized cost, Baht 287.79 million was investments measured at fair value through other comprehensive income, and investments in joint ventures and associates amounted to Baht 77.60 million, which were recorded using the equity method.

### **Other Short-term Loans**

The Company’s other short-term loans as of 31 March 2024 were Baht 869.83 million, 16.03% of total assets, which was slightly decreased from Baht 872.38 million at the end of 2023. The collateral of other short-term loans had been pledged by both listed and non listed securities. As of 31 March 2024, loans with insufficient collateral was 0.92% of total loans which was currently being monitored for additional collateral.

### **Liabilities**

As of 31 March 2024, the Company and subsidiaries’ total liabilities stood at Baht 4,027.48 million compared to the 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 to Baht 3,480.90 million which was borrowed for settlement payment, margin loan receivables and other loans during the quarter. The borrowings included borrowings from financial institutions amounted to Baht 1,155 million, short-term debentures amounted to Baht 1,948.40 million, long-term debentures amounted to



บริษัท ตรีนิษฐ์ วัฒนา จำกัด (มหาชน)  
TRINITY WATTHANA PUBLIC COMPANY LIMITED

Baht 277.50 million. The interest-bearing debts to equity ratio was 2.49 times decreased from 2.61 times at the end of 2023.

### **Shareholders' Equity**

As of 31 March 2024, the Company and subsidiaries' shareholders' equity stood at Baht 1,397.26 million compared to Baht 1,386.25 million at the end of 2023. The increase was mainly derived from net profit for the period amounted to Baht 15.86 million. The return on equity for the first quarter of 2024 was 4.56% per annum comparing to (5.94)% per annum in the same period of 2023.

Please be informed accordingly.

Yours faithfully,

Visit Ongpipatanakul  
Director & CEO