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August 13, 2024

Subject : Explanation and analysis of financial performance for the second quarter ended June 30, 2024

Attention : The President
The Stock Exchange of Thailand

The Board of Directors' meeting of Trinity Watthana Public Company Limited No. 7/2023, held on August 13, 2024, has approved the reviewed financial statements for the second quarter ended June 30, 2024. The Company would like to explain and analyze the financial position and operating results for the second quarter and the six-month period ended June 30, 2024 compared to the corresponding period of 2023 as follows:

(Unit : Million Baht)	Second quarter ended June 30			Six months ended June 30		
	2024	2023	Change(%)	2024	2023	Change(%)
Net Profit (Loss)	0.63	(239.18)	(100.26)	16.49	(262.37)	(106.29)
Earnings (Loss) per share (Baht)	0.003	(1.116)	(100.260)	0.077	(1.224)	(106.290)

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 2,625 million as at June 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 June 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*.



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 30 June 2024, the subsidiary's net capital ratio was at 77.73% which was higher than the SEC requirement.

1. Overview of Business Operation and Significant Changes

Geopolitical conflicts persisted in 2024. 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, 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 since the first quarter. The SET index fell from 1,377.94 points at the end of March to 1,300.96 points at the end of June. The average daily trading value for the second quarter of 2024 was Baht 44,665 million, a decrease of 10.61% compared to the same quarter in 2023 amounted to Baht 49,964 million.

Derivatives daily trading volume has decreased from 510,275 contracts in second quarter of 2023 to 465,960 contracts in the same period of 2024, or decreased by 8.68%.

In the second quarter of 2024, the foreign institutional investors were more active in SET than the previous year. That is, their turnovers accounted for 52.53% of SET's total turnovers which slightly increased from 51.38% in the same quarter of 2023. Meanwhile retail investors, local institutional investors and proprietary trading accounts maintained similar trading proportions as the previous year, at 32.70%, 8.60%, and 6.17%, respectively.

2. Operating Results for the second quarter ended June 30, 2024

Income

The consolidated income of the Company and subsidiaries for the second quarter of 2024 was Baht 137.12 million, which was increased from Baht 77.93 million in the same period of 2023 or increased by 75.95%. The changes in the consolidated income of the Company and subsidiaries were attributed to the following:

- 1) The securities business income decreased from Baht 90.23 million for the second quarter of 2023 to Baht 82.94 million in the same period of 2024 or decreased by 7.24% resulted from the following:
 - Fee and service income increased from Baht 12.37 million for the second quarter of 2023 to Baht 15.91 million in the same period of 2024 or increased by 28.51%;
 - Interest income from margin loan decreased from Baht 46.30 million for the second quarter of 2023 to Baht 35.47 million in the same period of 2024 or decreased by 23.39% as a result from the decrease in margin loan during the period.
- 2) The Company and subsidiaries' net gain and return from investment was Baht 6.96 million in the second quarter of 2024 whereas in the second quarter of 2023, the Company and subsidiaries' net loss and return from investment was Baht 51.91 million due to the market fluctuation in the second quarter of 2023 which SET index decreased from 1,609.17 point at the end of March 2023 to 1,503.10 point at the end of June 2023.



Operating Expenses

The Company and subsidiaries' total expenses were Baht 137.78 million for the second quarter of 2024 decreased from Baht 377.73 million for the second quarter of 2023 or decreased by 63.52%. The expenses which had significant changes include:

- In June 2023, the subsidiary recorded expected credit losses of an anticipated Baht 232.18 million which was incurred by 2 credit balance account receivables. The receivables were forced sell 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.
- Financial expenses in the second quarter of 2024 was Baht 32.46 million decreased from Baht 36.09 million in the second quarter of 2023, or decreased by 10.08% as a result from the decrease in borrowings during the quarter.

Net Profit (Loss)

The Company and subsidiaries' net profit were Baht 0.63 million for the second quarter of 2024 compared to net loss amounted to Baht 239.18 million in the same period of 2023 equivalent to increase by 100.26%.

2. Operating results for the six-month period ended June 30, 2024

Income

The consolidated income of the Company and subsidiaries for the six-month period of 2024 decreased from that of 2023 by 69.07%; that is, the Company and subsidiaries' consolidated income for the six-month period of 2024 was Baht 294.89 million, which was increased from Baht 174.42 million. The major changes in the consolidated income of the Company and subsidiaries were the following:

- 1) The securities business income decreased from Baht 202.25 million for the six-month period of 2023 to Baht 175.19 million in the same period of 2024 or decreased by 13.38%, resulted from the following:
 - A decrease in a daily average turnover of SET from Baht 58,658 million to Baht 45,201 million for the six-month period of 2024 or decreased by 27.66%. The subsidiary's securities brokerage fee decreased from Baht 70.58 million for the six-month period of 2023 to Baht 51.06 million in the same period of 2024 or decreased by 22.94%;
 - Fee and service income increased from Baht 30.06 million for the six-month period of 2023 to Baht 41.48 million in the same period of 2024 or increased by 37.99% as a result from underwriting business;
 - Interest income from margin loan decreased from Baht 94.62 million for the six-month period of 2023 to Baht 74.39 million in the same period of 2024 as a result from the decrease in margin loan during the period.
- 2) The Company's net gain and return from investment was Baht 25.86 million for the six-month period of 2024 compared to net loss and return from investment was Baht 116.65 million for the six-month period of 2023 due to the market fluctuation during the six months of 2023 which SET index decreased from 1,668.66 point at the end of 2022 to 1,503.10 point at the end of June 2023.

Operating Expenses

The Company and subsidiaries' total expenses decreased from Baht 504.65 million for the six-month period of 2023 to Baht 276.17 million in the same period of 2024 or decreased by 45.27%. The expenses which had significant changes include:

- In June 2023, the subsidiary recorded expected credit losses of an anticipated Baht 232.18 million which was incurred by 2 credit balance account receivables. The receivables were



forced sell 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.

- The financial costs decreased from Baht 71.12 million for the six-month period of 2023 to Baht 66.85 million in the same period of 2024 or decreased by 6%, resulting from the decrease in borrowings during the period.

Net Profit (Loss)

In the six-month period of 2024, the Company and subsidiaries' net profit were Baht 16.49 million compared to net loss amounted to Baht 262.37 million in the same period of 2023, equivalent to increase by 106.29%.

3. Financial Position

Total Assets

As of 30 June 2024, the total assets of the Company and subsidiaries amounted to Baht 5,101.63 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 2,624.57 million decreased from 3,043.50 million, investments in the amount of Baht 655.54 million which was decreased from Baht 800.32 million, and other short-term loans amounted to Baht 812.98 million decreased from Baht 872.38 million. These main items represented 51.45%, 12.85%, and 15.94% of the total assets as of 30 June 2024, respectively.

Securities and Derivatives Business Receivables

As of 30 June 2024, the subsidiary's securities and derivatives business receivables in the amount of Baht 2,624.57 million including the margin loan Baht 1,889.18 million which decreased from Baht 2,446.66 million at the end of 2023, securities and derivatives business receivable from cash customers' account amounted to Baht 233.96 million and other receivables in the amount of Baht 792.38 million.

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

- Performing debts: Baht 1,877.35 million
- Under-performing debts: Baht 747.22 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 290.95 million, for which the subsidiary has already recorded a provision for expected credit losses of Baht 290.95 million in accordance with financial reporting standards.

Investments

The Company and subsidiaries' net investments as of 30 June 2024 were Baht 655.54 million, 12.85% of total assets, which was decreased from Baht 800.32 million at the end of 2023. Out of this amount, Baht 287.55 million was investments measured at fair value through profit or loss, Baht 4.98 million was investments measured at amortized cost, Baht 283.73 million was investments measured at fair value through other comprehensive income, and investments in joint ventures and associates amounted to Baht 79.28 million, which were recorded using the equity method.

Other short-term loans

As of 30 June 2024, other short-term loans were Baht 812.98 million, 15.94% of total assets, which was 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 30 June 2024, loans with insufficient collateral was 0.94% of total loans which was currently being monitored for additional collateral.

Liabilities

As of 30 June 2024, the Company and subsidiaries' total liabilities stood at Baht 3,706.99 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 3,106.80 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 890 million, short-term debentures amounted to Baht 1,939.30 million, long-term debentures amounted to Baht 277.50 million. The interest-bearing debts to equity ratio was 2.23 times decreased from 2.61 times at the end of 2023.

Shareholders' Equity

As of 30 June 2024, the Company and subsidiaries' shareholders' equity stood at Baht 1,394.65 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 16.49 million. The return on equity for the six months period of 2024 was 2.37% per annum comparing to -33.57% per annum in the same period of 2023.

Please be informed accordingly.

Yours faithfully,

Visit Ongpipattanakul
Director & CEO