

Ref: FASET 03/2020

August 25th, 2020

Subject: Report the operating result for the second quarter and for the six-month period ended June 30, 2020

To: President of the Stock Exchange of Thailand

Seamico Securities Public Company Limited and its subsidiaries (“The Company”) would like to report the consolidated operating result that has been audited by our auditor for the second quarter and for the six-month period ended June 30, 2020 as follows:

The consolidated operating result for the second quarter ended June 30, 2020

The Company reported net profit for the second quarter of 2020 of Baht 14.75 million, comparing with the same period last year which had net loss of Baht 2.88 million, improving by Baht 17.63 million. The details were as follows:-

1. Total revenue was Baht 58.63 million, an increase by Baht 41.81 million or 249% mainly from:
 - Fee and service income of Baht 17.58 million, increasing by Baht 17.26 million mainly from ICO portal service fee of SE Digital Co., Ltd., the Company’s subsidiary which has been granted an approval from SEC to operate as an ICO portal since October 2019.
 - Return on financial instruments was Baht 7.34 million, decreasing by Baht 14.98 million, mainly from unrealized loss from investment in listed securities due to the highly volatile market this quarter which resulted from the uncertainty of COVID-19 outbreak and performance of the listed companies. Whereas in the second quarter 2019, The Company had gain on sale of equity securities.

- The Company recognized share of profit from associates of Baht 24.06 million in this quarter, improving by Baht 31.60 million from last year. The share of profit of Baht 31.40 million from Krungthai ZMICO Securities Co., Ltd. (“Krungthai Zmico”) which the Company has 49.71% shareholding, was from an increasing brokerage fee on higher market trading volume. In the amidst of the highly fluctuated market from the outbreak of COVID-19, the average daily market trading volume (excluding proprietary trading) in this second quarter of 2020 rose to Baht 64 Billion which increased by 37% from last year. Moreover, Krungthai Zmico was capable to increase market share from 1.70% to 2.91% in this quarter. Krungthai Zmico also had fee and service income and share of profit from associated company increased from the second quarter last year and also towered fixed expenses and financial cost.

The operating results of Krungthai ZMICO for the second quarter of 2020 and 2019 were as follows:-

	Unit : Million Baht	
	2020	2019
Net securities business income	375.86	250.06
Operating expenses	(297.81)	(262.61)
Corporate income tax – income (expenses)	(14.88)	(1.86)
Net profit (loss)	63.17	(14.41)

Regarding the performance of Absolute Yoga Co., Ltd., the associated company which the Company has 30% shareholding, which impacted by COVID-19 outbreak and temporarily closed down studios since late March 2020 to end of May 2020 according to the government preventive measures. However, Expanding online fitness classes and rendering, exercise equipment rental and distribution services during the temporary studios close down have significantly helped boosting profitability and also alleviating the COVID-19 impact. In term of expenses, Absolute Yoga could reduce staff costs and studio rental fee from negotiations and support from the government; however, there was special expenses from closing two studios. Therefore, the Company recorded a share of loss from Absolute Yoga in the second quarter this year amounting to Baht 6.31 million.

For Scentimental (Thailand) Co., Ltd., another associated company, reported revenue drop from COVID-19 outbreak which directly affected the sales channels convenient stores and shopping malls to temporarily closed and decreased operating hours according to the government curfew. Besides, its revenue was affected by lower demand and the disappearance of foreign tourists. The Company recorded a share of loss from Scentimental of Baht 1.04 million in the second quarter.

2. Total expenses was Baht 41.84 million, increasing by Baht 17.69 million or 73% mainly from:
 - The employee benefits expenses increased on higher number of employees, as well as other operating expenses which increased from the same quarter last year from the group's business expansion to mutual fund management and ICO portal business which have commenced full operation by two subsidiaries.
 - Fee and service expenses increased of Baht 11.11 million mainly from consulting fee and service fee expenses related to rendering ICO portal service of SE Digital Co., Ltd.
 - However, The Company received debt repayment from the securities business receivable and Innotech Asset Management Co., Ltd. had partial debt collection from its investment in bill of exchange, resulted in the reversal of the allowance by Baht 10.28 million that decreased the total expense in this quarter.

The consolidated operating result for the six-month period ended June 30, 2020

The Company reported net profit of Baht 7.25 million, comparing with the same period last year which had net loss of Baht 1.90 million. The details were as follows:-

1. Total revenues was Baht 95.96 million, increased by Baht 48.95 million or 104% mainly from:
 - Fee and service income of Baht 21.37 million, increasing by Baht 20.63 million mainly from ICO portal service fee of SE Digital Co., Ltd.

- Gain from financial instruments of Baht 18.48 million, decreasing Baht 37.52 million because last year The Company had gain on sale of general investment of Baht 25 million and gain on sale of investment in listed securities. While this year, especially in the second quarter, the worker fluctuation caused the unrealized loss from investment in listed securities, but the Company still received higher dividend compared to the previous year.
 - The Company recognized share of profit from investment in associates of Baht 43.93 million, an increase of Baht 57.41 million the same period of 2019 mainly from share of profit of Krungthai Zmico due to an increasing brokerage fee from the soar of average daily market trading value (excluding proprietary trading) by 42% from the same period last year and the rising market share of Krungthai Zmico from 1.78% in first half of 2019 to 2.53% this year. Krungthai Zmico market rank significantly improved to 16th among 38 brokers this year. In addition, Krungthai Zmico had fee and service income increased, with lower fixed expenses, financial cost and share of loss from associated companies from the previous year. Conversely, the Company shared loss from Absolute Yoga and Scentimental (Thailand) this year due to the impact of COVID-19 to the operations and sales especially in the second quarter as above mentioned.
2. The Company had total expenses of Baht 86.95 million, increasing by Baht 32.83 million mainly due to the increase in employee expenses of the Company and its subsidiaries for business expansion during last year, fees and expenses related to ICO portal service of SE Digital Co., Ltd. However, these expenses increase was partially offset by a decrease in interest expenses from reducing loan amounts as well as allowance reversal from debt repayment from the securities business receivable and Innotech Asset Management's partial debt collection from its investment in bill of exchange of Baht 13.42 million in total.

Please kindly be informed accordingly.

Yours sincerely,

(Mr. Chaipatr Srivisarvacha)
Chief Executive Officer