

Ref: FASET 02/2020

June 8<sup>th</sup>, 2020

Subject: Report the operating result for the first quarter ended March 31, 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 reviewed by our auditor for the first quarter ended March 31, 2020 as follows:

The Company reported net loss for the first quarter 2020 of Baht 7.49 million, comparing with the same period last year which had net profit of Baht 0.98 million, decreasing by Baht 8.47 million. The details were as follows:-

1. Total revenue was Baht 37.33 million, an increase by Baht 7.14 million or 24% resulted from:
  - Fee and service income of Baht 3.79 million increasing by Baht 3.36 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 11.15 million mainly from dividend income and gain on investment in debt securities, decreasing by Baht 22.53 million due to the Company had gain on sale of general investment last year.
  - The Company recognized share of profit from associates of Baht 19.87 million, improving from share of loss of Baht 5.94 million last year. The share of profit from Krungthai ZMICO Securities Co., Ltd. (“Krungthai ZMICO”), which the Company has 49.71% shareholding, was Baht 19.30 million. In the midst of market and stock market index volatility in the first quarter of 2020, Krungthai ZMICO had a substantial increase in brokerage commission fee from both higher market trading volume and soaring market share from 1.88% in 2019 to 2.16% in this quarter. In addition, the strategies to improve operational efficiency and cost control in the past year had led to a significant improvement in Krungthai ZMICO’s operating performance comparing with last year.

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

	Unit : Million Baht	
	2020	2019
Net securities business income	306.97	261.18
Operating expenses	(258.41)	(273.01)
Corporate income tax – income (expenses)	(9.74)	2.49
Net profit (loss)	38.82	(9.34)

Regarding the performance of Absolute Yoga Co., Ltd., the associated company, despite the impact of the outbreak of COVID-19 that finally led to the temporary close down of all Absolute Yoga studios in late March 2020 according to the government preventive measures, Absolute Yoga still had net profit in this quarter which also improved from last year. This was mainly from the continuous expansion of studio business in Singapore and healthy food business. The Company recorded share of profit from Absolute Yoga of Baht 1.95 million in this quarter, comparing with the share of loss of Baht 0.54 million last year. Scentimental (Thailand) Co., Ltd., another associated company, had lower revenue directly from the outbreak of COVID-19 which affected the company's sale channels in shopping malls and convenience stores. The Company recorded share of loss from Scentimental of Baht 1.37 million in this quarter.

2. Total expenses was Baht 45.12 million, increasing by Baht 15.14 million or 51% 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 business and an ICO portal business. The group has commenced full operation of these businesses since the previous quarter.
  - The Company's interest expenses decreased by Baht 4.62 million from reduction in borrowing. In this quarter, the Company also received debt repayment from the securities business receivable and reversed the allowance for doubtful account by Baht 3.14 million.

According to the announcement of the Securities and Exchange Commission (SEC) No. SEC. Jor Tor -1 (Wor) 23/2563 re: Measurement on the disclosure of information relating to impact from the Coronavirus Disease 2019 (COVID-19). The Company would like to disclose the impact from the aforementioned situation as follows;

1. Risks and Impacts on the Operations

- According to the measures to prevent the spread of COVID-19, the Company and subsidiaries have implemented their Business Continuity Plan (BCP) by allowing most employees to work from home while some employees who require to access document and data from the Company's central operating system are allowed to come in head office from time to time to reduce the possibility and risk of COVID-19 infection and to conform with the government's preventive measures. The Company and subsidiaries are still be able to operate as normal. However, under the uncertainty and highly fluctuate market during this COVID-19 pandemic, the Company has been more cautious in managing the investment portfolio to mitigate risk exposures, which may result in lower-than-expected investment return. Our subsidiaries have adjourned the introduction of new products and services to suit market condition and investors' demand. Consequently, the group business and operation for the first half of 2020 will grow lower than expectation.
- An associated company, Krungthai ZMICO, has implemented BCP plan and required most employees to work from home, with no interruption to its brokerage business operation. The COVID-19 pandemic has led to higher market trading volume, which increased Krungthai ZMICO's brokerage income and profitability in this quarter as mentioned earlier. Nonetheless, the work from home procedures have caused the limitations in document and computer software systems access which are significant for the preparation of financial reports, as well as the limitations in data access and coordination of its auditor. As a result, Krungthai ZMICO proposed to postpone the preparation and submission of the reviewed financial statements for the first quarter of 2020. Since Krungthai ZMICO's financial statements is important to the preparation of the Company's financial statements, the incomplete information may result in material misunderstanding to the users of the Company's financial statements. Consequently, the Company requested for the postponement of submission of the financial statements for the first quarter of 2020 by one month from the original schedule as previously informed.

- For other associated companies, the temporary close down of Absolute Yoga studios since late March 2020 according to the government preventive measures of COVID-19 has directly affected its business operations especially in the second quarter and until there is clear relaxation policy. However, Absolute Yoga has introduced an online exercise classes “Absolute Anytime” during the pandemic and started renting and trading bicycles and exercise equipment in response to the new normal stage. In addition to the fitness studios, Absolute Yoga also operates other businesses such as healthy food, hotel, management and franchise services which will continue to generate revenue to the company. The operating expenses will also go down from the rental fee decrease in most studios during the temporary close down, coupled with the reduction in staff costs from studio close down and salary reduction as per lower working hours and other department’s staff voluntary. These could greatly help alleviate the impact of COVID-19 to the company’s performance.
- COVID-19 has directly affected the sales channels of Scentimental (Thailand), the Company’s associates, namely the temporary close down of shopping malls, the lower opening hours of convenience stores due to curfew, and the launch of new product. The upcoming relief of the preventive measures of COVID-19 is expected to improve the company’s revenue and performance. However, as the investment in Absolute Yoga and Scentimental (Thailand) accounted for only 7 percent of the Company’s total assets, these impacts will not have significant impact to the Company’s overall performance.

## 2. Impact on source of funding and liquidity used in operations

- Source of funding and financial costs of the group of the Companies have no change.
- The Company has no effect on liquidity, the interest and debt payment ability, nor maintaining financial ratios (Debt Covenant) of financial institutions or bill of exchanges. The Company has current total debt to equity ratio of 0.1 times, and have closely and cautiously manages liquidity and investment plan.

3. Impact on financial statements

- The Company believe that the assets value shown in the financial statements shall not have material impact. The Company has adequately recorded an allowance for impairment and fair value adjustment on investment.
- The Company expects no additional Contingence Liabilities as a result of COVID-19.

Please kindly be informed accordingly.

Yours sincerely,

(Mr. Chaipatr Srivisarvacha)

Chief Executive Officer