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Ref: CSO 012/2021

Date: 12th May 2021

Subject: Management Discussion and Analysis for Quarter 1 ending 31st March 2021

Attention: President
The Stock Exchange of Thailand

The Board of Directors meeting of KGI Securities (Thailand) Plc (“the Company”) No. 2/2021, held on 12th May 2021, approved the reviewed financial statements, including the consolidated financial statements of the Company and its subsidiaries for the first quarter ended 31st March 2021. In the first quarter of 2021, the Company achieved profits (attributable to equity holders of the parent) of Baht 714 million and earnings per share of Baht 0.36, compared to a consolidated loss (attributable to equity holders of the parent) of Baht (508) million and loss per share of Baht (0.25) for the first quarter of the previous year. The Company would like to clarify the reasons for the increase in profits for the first quarter of 2021 compared to the previous year, as follows:

1. Revenues

The Company’s total revenues in the first quarter of 2021 were Baht 1,703 million, compared to the Company’s total revenue of Baht (131) million for the first quarter of the previous year. The significant revenue items are as follows:

1.1 Brokerage fees

The Company’s brokerage fees in the first quarter of 2021 were Baht 344 million, an increase of 45 percent compared to the first quarter of the previous year. The brokerage fee income consisted of brokerage fees from securities business of Baht 265 million, brokerage fees from derivatives business of Baht 79 million. The increase in brokerage fee income was from both securities business and derivatives business, due to an increase in SET average daily trading volume and TFEX trading volume and the increase in Company’s market share.

1.2 Fee and Service income

The Company’s fee and service income in the first quarter of 2021 was Baht 410 million, an increase of 106 percent compared to the first quarter of the previous year, mainly from an increase in mutual fund management fee and front-end fee income earned by the Company’s mutual fund management subsidiary, ONE Asset Management Limited and an increase in the Company’s sales agent of investment units.

1.3 Interest income

The Company’s interest income in the first quarter of 2021 was Baht 54 million, an increase of 4 percent compared to the first quarter of the previous year, mainly from an increase in interest income from installment receivables and interest income on investments.

1.4 Gains (losses) and return on financial instruments

The Company’s gains and return on financial instruments in the first quarter of 2021 were Baht 893 million, compared to losses and return on financial instruments of Baht (619) million for the first quarter of the previous year.

The Company’s gains (losses) and return on financial instruments were derived from a variety of activities, including, derivative warrants (DWs), over-the-counter (OTC) derivatives, investments in debt and equity securities for the Company’s own account, bond dealing, private repos and other investments.

In the first quarter of 2021, the Company’s gains and return on financial instruments of Baht 893 million consisted of gains on securities of Baht 506 million, gains on derivatives of Baht 330 million and dividend income of Baht 57 million.

2. Expenses

The Company's total expenses for the first quarter of 2021 were Baht 837 million, an increase of 66 percent compared to the first quarter of the previous year. The majority of the Company's expenses came from employee benefits expenses, fee and service expenses, and interest expenses, as follows:

2.1 Employee benefits expenses

The Company's employee benefits expenses for the first quarter of 2021 were Baht 419 million, an increase of 69 percent compared to the first quarter of the previous year, mainly from an increase in personnel expenses which are related to the increase in the Company's performance.

2.2 Fee and service expenses

The Company's fee and service expenses in the first quarter of 2021 were Baht 288 million, an increase of 121 percent compared to the first quarter of the previous year, mainly from an increase in fees paid in respect of securities and derivatives trading by the Company, and an increase in the retaining fee paid by the Company's mutual fund management subsidiary, ONE Asset Management Limited.

2.3 Interest expenses

The Company's interest expenses in the first quarter of 2021 were Baht 19 million, a decrease of 12 percent compared to the first quarter of the previous year, mainly from a decrease in interest paid on bonds issued by the Company.

Please be informed accordingly.

Yours Sincerely,

(Mr. Chih-Hung Lin)
Chief Operating Officer

Company Secretary Office

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