



บริษัทหลักทรัพย์ เคจีไอ (ประเทศไทย) จำกัด (มหาชน)
 173 อาคารเอเชีย เซ็นเตอร์ ชั้น 8-11
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Ref: CSO. 003/2022

Date: 23rd February 2022

Subject: Management Discussion and Analysis for Year Ending 31st December 2021

Attention: President
 The Stock Exchange of Thailand

The Board of Directors meeting of KGI Securities (Thailand) Plc (“the Company”) No.1/2022, held on 23rd February 2022, approved the audited financial statements, including the consolidated financial statements of the Company and its subsidiaries for the year ended 31st December 2021.

In 2021, the Company posted total revenues of Baht 5,356 million, profits attributable to equity holders of the parent of Baht 1,858 million and earnings per share of Baht 0.93. This impressive financial performance reflects the strength and diversity of the business and the hard work of directors and employees. The Company would like to clarify the reasons for the change in profits for 2021 compared to the previous year, as follows:

1. Revenues

The Company had total revenue of Baht 5,356 million, an increase of 89% from the previous year. The Company’s revenue structure is well diversified. In 2021, the Company’s revenue mix consisted of gains and return on financial instruments (42 percent), fee and service income (30 percent), brokerage fees (24 percent) and interest income (4 percent). The significant revenue items are as follows:

Unit: Baht million

Revenue	Year 2021	Year 2020	% Change
Brokerage fees	1,282	914	40%
Fee and service income	1,587	923	72%
Interest income	227	187	22%
Gains and return on financial instruments	2,232	790	182%
Other income	28	15	85%
Total Revenue	5,356	2,829	89%
Profits attributable to Equity holders of the parent	1,858	568	227%
Earnings per share (Baht/share)	0.93	0.28	227%

Brokerage fees

The Company’s brokerage fees in 2021 were Baht 1,282 million, an increase of 40 percent from the previous year. The brokerage fee income consisted of brokerage fees from securities business of Baht 990 million, and brokerage fees from derivatives business of Baht 292 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.

Unit: Baht million

Brokerage fees	Year 2021	Year 2020	% Change
Brokerage fees from securities business	990	705	40%
Brokerage fees from derivatives business	292	209	40%
Total Brokerage fees	1,282	914	40%

Fee and Service income

The Company's fee and service income in 2021 was Baht 1,587 million, an increase of 72 percent from the previous year, mainly from an increase in mutual fund management fees, registrar fees and underwriting fee income earned by the Company's subsidiary, ONE Asset Management Limited, and an increase in the Company's underwriting fee income, financial advisory fee income and placement agent fee income (see Note 28 to the financial statements).

Interest income

The Company's interest income in 2021 was Baht 227 million, an increase of 22 percent from the previous year, mainly from an increase in interest income from margin loans.

Gains and return on financial instruments

The Company's gains and return on financial instruments in 2021 were Baht 2,232 million, an increase of 182 percent compared to the previous year. The Company's gains 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.

2. Expenses

The Company's total expenses in 2021 were Baht 3,089 million, an increase of 47 percent from the previous year. The changes in expenses are as follows:

Unit: Baht million

Expenses	Year 2021	Year 2020	Change
Employee benefits expenses	1,474	984	50%
Fee and service expenses	1,099	597	84%
Interest expenses	78	78	-1%
Reversal of expected credit losses	(22)	(14)	53%
Other expenses	460	457	1%
Total expenses	3,089	2,102	47%

Employee benefits expenses

The Company's employee benefits expenses in the 2021 were Baht 1,474 million, an increase of 50 percent from the previous year, mainly from an increase in personnel expenses which are related to the increase in the Company's performance. However, the employee benefit expense to total income ratio in 2021 was 28%, down from 35% in the previous year due to the Company's good control and management of the Company's employee expenses.

Fee and service expenses

The Company's fee and service expenses in 2021 were Baht 1,099 million, an increase of 84 percent from 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 fees paid by the Company's subsidiary, ONE Asset Management Limited.

Interest expenses

The Company's interest expenses in 2021 were Baht 78 million, a decrease of 1 percent from the previous year, mainly from a decrease in interest paid on bonds issued by the Company as the bonds matured and were repaid in 2020.

Reversal of expected credit losses

The Company's Reversal of expected credit losses in 2021 were Baht 22 million, an increase of 53 percent from the previous year. The main reason was the receipt of loan payment from the sale of collateral relating to a historic bad debt.

Other expenses

In 2021, the Company had other expenses of Baht 460 million, similar to the previous year. In 2021, such other expenses were necessary expenses for the Company's business operations, mainly from premises and equipment expenses, publication and marketing expenses, and communication and information expenses.

Unit: Baht million

Other expenses	Year 2021	Year 2020	Change
Premises and equipment expenses	208	201	4%
Communication and information expenses	58	53	8%
Professional fee	20	30	-34%
Publication and marketing expenses	84	81	3%
Entertainment expenses	17	17	-2%
Traveling expenses	17	17	-4%
Taxation	6	5	29%
Software amortisation	19	22	-11%
Bank fees	15	13	20%
Stationery and office supplies	6	7	-8%
Others	10	11	-3%
Total other expenses	460	457	1%

3. Profitability

In 2021, the Company's Profitability ratios were very good, ie, the Company had a Net profit margin of 35%, a Return on equity of 27%, and a Return on investment of 29%. These represent significant increases from the previous year, due to the Company's improved performance. Meanwhile, the ratio of employee benefit expense and other expenses to total income significantly decreased from the previous year.

Profitability Ratios	Year 2021	Year 2020	Year 2019
Net profit margin (%)	34.69%	20.07%	28.98%
Return on equity (%)	27.19%	9.18%	15.81%
Return on investments (%)	28.79%	12.33%	28.52%

Please be informed accordingly.

Yours Sincerely,

(Dr. Chih-Hung Lin)
Chief Operating Officer

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