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Ref: CSO 011/2022

Date: 11th May 2022

Subject: Management Discussion and Analysis for Quarter 1 ending 31st March 2022

Attention: President
The Stock Exchange of Thailand

The Board of Directors meeting of KGI Securities (Thailand) Plc (“the Company”) No. 2/2022, held on 11th May 2022, approved the reviewed financial statements, including the consolidated financial statements of the Company and its subsidiaries for the first quarter ended 31st March 2022. In the first quarter of 2022, the Company achieved profits (attributable to equity holders of the parent) of Baht 317 million and earnings per share of Baht 0.16, compared to a profits (attributable to equity holders of the parent) of Baht 714 million and earnings per share of Baht 0.36, for the first quarter of the previous year. The Company would like to clarify the reasons for the change in profits for the first quarter of 2022 compared to the previous year, as follows:

1. Revenues

The Company’s total revenues in the first quarter of 2022 were Baht 1,100 million, a decrease of 35 percent compared to the first quarter of the previous year. The Company’s revenue structure is well diversified. In the first quarter of 2022, the Company’s revenue mix consisted of gains and return on financial instruments (36 percent), brokerage fees (30 percent), fee and service income (28 percent) and interest income (6 percent). The significant revenue items are as follows:

1.1 Brokerage fees

The Company’s brokerage fees in the first quarter of 2022 were Baht 326 million, a decrease of 5 percent compared to the first quarter of the previous year. The brokerage fee income consisted of brokerage fees from securities business of Baht 235 million, brokerage fees from derivatives business of Baht 91 million. The decrease in brokerage fee income was from securities business, due to a decrease in SET average daily trading volume and the decrease in Company’s market share.

1.2 Fee and Service income

The Company’s fee and service income in the first quarter of 2022 was Baht 314 million, a decrease of 23 percent compared to the first quarter of the previous year, mainly from a decrease in front-end fee income and mutual fund management fees earned by the Company’s subsidiary, ONE Asset Management Limited and a decrease in the Company’s sales of investment units.

1.3 Interest income

The Company’s interest income in the first quarter of 2022 was Baht 61million, an increase of 14 percent compared to the first quarter of the previous year, mainly from an increase in the Company’s interest income from margin loans and interest income on investments.

1.4 Gains and return on financial instruments

The Company’s gains and return on financial instruments in the first quarter of 2022 were Baht 394 million, a decrease of 56 percent compared to the first quarter of 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 for the first quarter of 2022 were Baht 699 million, a decrease of 16 percent compared to the first quarter of the previous year. The significant expenses items are as follows:

2.1 Employee benefits expenses

The Company's employee benefits expenses for the first quarter of 2022 were Baht 332 million, a decrease of 21 percent compared to the first quarter of the previous year, mainly from a decrease in personnel expenses which are related to the Company's performance.

2.2 Fee and service expenses

The Company's fee and service expenses in the first quarter of 2022 were Baht 245 million, a decrease of 15 percent compared to the first quarter of the previous year, mainly from a decrease in fees paid in respect of sales agent of investment units by the Company, and a decrease in the retaining fees paid by the Company's subsidiary, ONE Asset Management Limited.

2.3 Interest expenses

The Company's interest expenses in the first quarter of 2022 were Baht 20 million, an increase of 5 percent compared to the first quarter of the previous year, mainly from an increase in interest paid on bills of exchange and private repo business.

Please be informed accordingly.

Yours Sincerely,

(Dr. Chih-Hung Lin)
Chief Operating Officer