



บริษัทหลักทรัพย์ เคจีไอ (ประเทศไทย) จำกัด (มหาชน)
 173 อาคารเอเชีย เซ็นเตอร์ ชั้น 8-11
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Ref: CSO. 003/2023

Date: 22nd February 2023

Subject: Management Discussion and Analysis for Year Ending 31st December 2022

Attention: President
 The Stock Exchange of Thailand

The Board of Directors meeting of KGI Securities (Thailand) Plc (“the Company”) No.1/2023, held on 22nd February 2023, approved the audited financial statements, including the consolidated financial statements of the Company and its subsidiaries for the year ended 31st December 2022.

In 2022, the Company had profits attributable to equity holders of the parent of Baht 1,004 million and earnings per share of Baht 0.50. The Company would like to clarify the reasons for the change in profits for 2022 compared to the previous year, as follows:

1. Revenues

The Company had total revenue of Baht 4,146 million. The Company’s revenue structure is well diversified. In 2022, the Company’s revenue mix consisted of gains and return on financial instruments (35 percent), fee and service income (32 percent), brokerage fees (27 percent) and interest income (6 percent). The significant revenue items are as follows:

Unit: Baht million

Revenue	Year 2021	Year 2022	% Change
Brokerage fees	1,282	1,115	(13%)
Fee and service income	1,587	1,329	(16%)
Interest income	227	252	11%
Gains and return on financial instruments	2,232	1,435	(36%)
Other income	28	15	(46%)
Total Revenue	5,356	4,146	(23%)
Profits attributable to Equity holders of the parent	1,858	1,004	(46%)
Earnings per share (Baht/share)	0.93	0.50	(46%)

A. Brokerage fees

The Company’s brokerage fees in 2022 were Baht 1,115 million, a decrease of 13 percent from the previous year. The brokerage fee income consisted of brokerage fees from securities business of Baht 780 million, and brokerage fees from derivatives business of Baht 335 million. The decrease in total brokerage fee income was from the decrease in brokerage fees income from securities business, due to a decrease in SET average daily trading volume.

Unit: Baht million

Brokerage fees	Year 2021	Year 2022	% Change
Brokerage fees from securities business	990	780	(21%)
Brokerage fees from derivatives business	292	335	14%
Total Brokerage fees	1,282	1,115	(13%)

B. Fee and Service income

The Company's fee and service income in 2022 was Baht 1,329 million, a decrease of 16 percent from the previous year, mainly from a decrease in mutual fund management fee and front-end fee income earned by the Company's subsidiary, ONE Asset Management Limited and a decrease in the Company's sales agent of investment units.

C. Interest income

The Company's interest income in 2022 was Baht 252 million, an increase of 11 percent from the previous year, mainly from an increase in interest income from margin loans and interest income from deposit at financial institutions.

D. Gains and return on financial instruments

The Company's gains and return on financial instruments in 2022 were Baht 1,435 million, a decrease of 36 percent compared to the previous year, in accordance with market conditions.

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 2022 were Baht 2,899 million, a decrease of 6 percent from the previous year. The changes in expenses are as follows:

Unit: Baht million

Expenses	Year 2021	Year 2022	% Change
Employee benefits expenses	1,474	1,231	(16%)
Fee and service expenses	1,099	945	(14%)
Interest expenses	78	76	(3%)
Expected credit losses (Reversal)	(22)	221	N/A
Other expenses	460	426	(7%)
Total expenses	3,089	2,899	(6%)

A. Employee benefits expenses

The Company's employee benefits expenses in the 2022 were Baht 1,231 million, a decrease of 16 percent from the previous year, mainly from a decrease in personnel expenses which are related to the Company's performance.

B. Fee and service expenses

The Company's fee and service expenses in 2022 were Baht 945 million, a decrease of 14 percent from the previous year, mainly from a decrease in the retaining fee paid by the Company's subsidiary, ONE Asset Management Limited, and a decrease in fees paid in respect of securities trading and sales agent of investment units by the Company.

C. Interest expenses

The Company's interest expenses in 2022 were Baht 76 million, a decrease of 3 percent from the previous year, mainly from a decrease in interest paid on borrowing from financial institutions.

D. Expected credit losses

The Company's Expected credit losses in 2022 were Baht 221 million. The main cause was due to a non-performing customer who conducted irregular trading of securities of More Return Public Company Limited (MORE and MORE-R stock) in the amount of Baht 276 million on November 10, 2022. The Company set up full allowance for an expected credit loss of Baht 227 million after deducting the value of collateral securities.

E. Other expenses

In 2022, the Company had other expenses of Baht 426 million, a decrease of 7 percent from the previous year. In 2022, such other expenses were necessary expenses for the Company's business operations, mainly from Premises and equipment expenses, Communication and information expenses, and Publication, marketing and sale promotion expenses.

Unit: Baht million

Other expenses	Year 2021	Year 2022	% Change
Premises and equipment expenses	208	216	4 %
Communication and information expenses	58	62	8 %
Professional fee	20	20	2 %
Publication, marketing and sale promotion expenses	84	33	(60%)
Entertainment expenses	17	19	11%
Traveling expenses	17	19	12%
Taxation	6	7	10%
Software amortization	19	18	(8%)
Bank fees	15	13	(17%)
Stationery and office supplies	6	5	(12%)
Others	11	14	29%
Total other expenses	461	426	(7%)

3. Profitability

In 2022, the Company's Profitability ratios were good, ie, the Company had a Net profit margin of 24.23%, a Return on equity of 13.39%, and a Return on investment of 19.77%.

Profitability ratios	Year 2020	Year 2021	Year 2022
Net profit margin (%)	20.07%	34.69%	24.23%
Return on equity (%)	9.18%	27.19%	13.39%
Return on investments (%)	12.33%	28.79%	19.77%

Please be informed accordingly.

Yours Sincerely,

(Dr. Chih-Hung Lin)
Chief Operating Officer

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