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Ref: CSO 012/2023

Date: 10th May 2023

Subject: Management Discussion and Analysis for Quarter 1 ending 31st March 2023

Attention: President
The Stock Exchange of Thailand

The Board of Directors meeting of KGI Securities (Thailand) Plc (“the Company”) No. 2/2023, held on 10th May 2023, approved the reviewed financial statements, including the consolidated financial statements of the Company and its subsidiaries for the first quarter ended 31st March 2023.

In the first quarter of 2023, the Company had profits attributable to equity holders of the parent of Baht 183 million and earnings per share of Baht 0.09, compared to a profits attributable to equity holders of the parent of Baht 317 million and earnings per share of Baht 0.16, 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 2023 compared to the previous year, as follows:

1. Revenues

The Company’s total revenues in the first quarter of 2023 were Baht 952 million. The Company’s revenue structure is well diversified. In the first quarter of 2023, the Company’s revenue mix consisted of brokerage fees (29 percent), fee and service income (39 percent), interest income (8 percent) and gains and return on financial instruments (23 percent). The significant revenue items are as follows:

Unit : Thousand Baht

Revenue	1Q2022	1Q2023	% Change
Brokerage fees	326,305	275,977	(15%)
Fee and service income	314,189	372,022	18%
Interest income	61,422	79,723	30%
Gains and return on financial instruments	394,370	222,389	(44%)
Other income	3,637	1,488	(59%)
Total Revenue	1,099,923	951,599	(13%)
Profits attributable to Equity holders of the parent	317,031	183,496	(42%)
Earnings per share (Baht/share)	0.16	0.09	(42%)

A. Brokerage fees

The Company’s brokerage fees in the first quarter of 2023 were Baht 276 million, a decrease of 15 percent compared to the first quarter of the previous year. The brokerage fee income consisted of brokerage fees from securities business of Baht 182 million, and brokerage fees from derivatives business of Baht 94 million. The decrease in brokerage fee income was from securities business, due to a decrease in the SET’s average daily trading volume.

B. Fee and Service income

The Company’s fee and service income in the first quarter of 2023 was Baht 372 million, an increase of 18 percent compared to the first quarter of the previous year, mainly from an increase in the Company’s underwriting fee income, private fund management fees and front-end fee income earned by the Company’s subsidiary, ONE Asset Management Limited.

C. Interest income

The Company’s interest income in the first quarter of 2023 was Baht 80 million, an increase of 30 percent compared to the first quarter of the previous year. The increase was mainly due to an increase in interest income from deposits at financial institutions and interest income from margin loans.

D. Gains and return on financial instruments

The Company's gains and return on financial instruments in the first quarter of 2023 were Baht 222 million, a decrease of 44 percent compared to the first quarter of the previous year, mainly due to unfavorable 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 for the first quarter of 2023 were Baht 714 million, an increase of 2 percent compared to the first quarter of the previous year. The significant expenses items are as follows:

Unit : Thousand Baht

Expenses	1Q2022	1Q2023	% Change
Employee benefits expenses	331,521	305,103	(8%)
Fee and service expenses	245,213	249,185	2%
Interest expenses	19,698	27,911	42%
Expected credit losses	442	21,106	4,675%
Other expenses	102,624	110,473	8%
Total expenses	699,498	713,778	2%

A. Employee benefits expenses

The Company's employee benefits expenses for the first quarter of 2023 were Baht 305 million, a decrease of 8 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.

B. Fee and service expenses

The Company's fee and service expenses in the first quarter of 2023 were Baht 249 million, an increase of 2 percent compared to the first quarter of the previous year, mainly from an increase in the commission expenses on sales agent of investment units paid by the Company's indirect subsidiary, Pine Wealth Solution Securities Ltd. and the retaining fees paid by the Company's subsidiary, ONE Asset Management Limited.

C. Interest expenses

The Company's interest expenses in the first quarter of 2023 were Baht 28 million, an increase of 42 percent compared to the first quarter of the previous year, mainly from an increase in interest paid on bonds issued by the Company, interest paid on the cash balance of clients' accounts and interest paid on bills of exchange.

D. Expected credit losses

In the first quarter of 2023, the Company set up additional allowance for an expected credit loss of Baht 22 million due to a decrease in the value of collateral securities.

Please be informed accordingly.

Yours Sincerely,

(Dr. Chih-Hung Lin)
Chief Operating Officer

Company Secretary Office

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