

Ref: CSO. 016/2023

Date: 23rd August 2023

Subject: Management Discussion and Analysis Half Year Ending 30th June 2023

Attention: President
The Stock Exchange of Thailand

The Meeting of the Board of Directors of KGI Securities (Thailand) Public Company Limited (“the Company”) No. 4/2023, held on 23rd August 2023, has approved the audited financial statements, including the consolidated financial statements of the Company and its subsidiaries for the half year ending 30th June 2023.

The Company achieved profit attributable to equity holders of the Parent for the second quarter of 2023 and for the first six-month period of 2023 compared to the same period of the previous year as follows:

Unit: Thousand Baht

Consolidated Financial Statements	Quarter 2 (Reviewed)		For 6 Months (Audited)	
	2023	2022	2023	2022
Profits attributable to equity holders of the Parent	266,385	267,713	449,882	584,744
Basic earnings per share (Baht)	0.13	0.13	0.23	0.29

The Company would like to clarify the change in profit attributable to equity holders of the Parent for the second quarter of 2023 and first six-month period of 2023 compared to the same periods of the previous year, as follows:

The second quarter of 2023 Vs the second quarter of 2022

1. Revenues

The Company’s total revenues in the second quarter of 2023 were Baht 978 million, an increase of 1 percent compared to the second quarter of the previous year. The Company’s revenue structure is well diversified. In the second quarter of 2023, the Company’s revenue mix consisted of brokerage fees (21 percent), fee and service income (36 percent), interest income (9 percent) and gains and return on financial instruments (34 percent). The significant revenue items are as follows:

Unit: Thousand Baht

Revenue	2Q2023	2Q2022	% Change
Brokerage fees	204,461	259,360	(21%)
Fee and service income	350,825	339,142	3%
Interest income	91,143	59,027	54%
Gains and return on financial instruments	330,325	302,167	9%
Other income	1,364	3,982	(66%)
Total revenues	978,117	963,678	1%
Profits attributable to Equity holders of the parent	266,385	267,713	(0.5%)
Earnings per share (Baht/share)	0.13	0.13	(0.5%)

A. Brokerage fees

The Company’s brokerage fees in the second quarter of 2023 were Baht 204 million, a decrease of 21 percent compared to the second quarter of the previous year. The brokerage fee income consisted of brokerage fees from securities business of Baht 128 million, and brokerage fees from derivatives business of Baht 76 million. The decrease in brokerage fee income from securities business was 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 second quarter of 2023 was Baht 351 million, an increase of 3 percent compared to the second quarter of the previous year. The increase was mainly due to an increase in the Company's underwriting fee income and an increase in registrar and custodian fee income and mutual fund management fee earned by the Company's subsidiary, ONE Asset Management Limited.

C. Interest income

The Company's interest income in the second quarter of 2023 was Baht 91 million, an increase of 54 percent compared to the second quarter of the previous year, mainly from an increase in interest income from deposits at financial institutions and Bank of Thailand bonds, and interest income from margin loans.

D. Gains and return on financial instruments

The Company's gains and return on financial instruments in the second quarter of 2023 were Baht 330 million, an increase of 9 percent compared to the second 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 second quarter of 2023 were Baht 668 million, an increase of 2 percent compared to the second quarter of the previous year. The significant expenses items are as follows:

Unit: Thousand Baht

Expenses	2Q2023	2Q2022	% Change
Employee benefits expenses	308,108	293,459	5%
Fee and service expenses	211,998	236,180	(10%)
Interest expenses	34,097	18,374	86%
Expected credit losses	10,851	96	11,228%
Other expenses	103,157	105,828	(3%)
Total expenses	668,212	653,937	2%

A. Employee benefits expenses

The Company's employee benefits expenses for the second quarter of 2023 were Baht 308 million, an increase of 5 percent compared to the second quarter of the previous year, mainly from an increase 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 second quarter of 2023 were Baht 212 million, a decrease of 10 percent compared to the second quarter of the previous year, mainly from a decrease in fees paid in respect of securities trading by the Company and a decrease in the retaining fee paid by the Company's subsidiary, ONE Asset Management Limited.

D. Interest expenses

The Company's interest expenses in the second quarter of 2023 were Baht 34 million, an increase of 86 percent compared to the second quarter of the previous year, mainly from an increase in interest paid on private repo business.

D. Expected credit losses

In the second quarter of 2023, the Company set up additional allowance for an expected credit loss of Baht 11 million, mainly from a decrease in the value of collateral securities.

The first six-month period of 2023 Vs the first six-month period of 2022

1. Revenues

The Company's total revenues in the first six-month period of 2023 were Baht 1,930 million, a decrease of 6 percent compared to the first six-month period of the previous year. The Company's revenue structure is well diversified. In the first six-month period of 2023, the Company's revenue mix consisted of brokerage fees (25 percent), fee and service income (37 percent), interest income (9 percent) and gains and return on financial instruments (29 percent). The significant revenue items are as follows:

Unit: Thousand Baht

Revenue	6M2023	6M2022	% Change
Brokerage fees	480,438	585,664	(18%)
Fee and service income	722,847	653,331	11%
Interest income	170,865	120,449	42%
Gains and return on financial instruments	552,714	696,537	(21%)
Other income	2,851	7,587	(62%)
Total revenues	1,929,716	2,063,569	(6%)
Profits attributable to Equity holders of the parent	449,882	584,744	(23%)
Earnings per share (Baht/share)	0.23	0.29	(23%)

A. Brokerage fees

The Company's brokerage fees in the first six-month period of 2023 were Baht 480 million, a decrease of 18 percent compared to the first six-month period of the previous year. The brokerage fee income consisted of brokerage fees from securities business of Baht 311 million, brokerage fees from derivatives business of Baht 169 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 six-month period of 2023 was Baht 723 million, an increase of 11 percent compared to the first six-month period of the previous year. The increase was mainly due to an increase in the Company's underwriting fee income and an increase in front-end fee income, registrar and custodian fee income, and private fund management fee income earned by the Company's subsidiary, ONE Asset Management Limited.

C. Interest income

The Company's interest income in the first six-month period of 2023 was Baht 171 million, an increase of 42 percent compared to the first six-month period of the previous year, mainly from an increase in interest income from deposits at financial institutions and Bank of Thailand bonds, 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 six-month period of 2023 were Baht 553 million, a decrease of 21 percent compared to the first six-month period 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 six-month period of 2023 were Baht 1,382 million, an increase of 2 percent compared to the first six-month period of the previous year. The significant expenses items are as follows:

Unit: Thousand Baht

Expenses	6M2023	6M2022	% Change
Employee benefits expenses	613,211	624,980	(2%)
Fee and service expenses	461,183	481,393	(4%)
Interest expenses	62,008	38,072	63%
Expected credit losses	31,957	538	5,839%
Other expenses	213,630	208,420	2%
Total expenses	1,381,989	1,353,403	2%

A. Employee benefits expenses

The Company's employee benefits expenses for the first six-month period of 2023 were Baht 613 million, a decrease of 2 percent compared to the first six-month period 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 six-month period of 2023 were Baht 461 million, a decrease of 4 percent compared to the first six-month period of the previous year, mainly from a decrease in fees paid in respect of securities trading.

C. Interest expenses

The Company's interest expenses in the first six-month period of 2023 were Baht 62 million, an increase of 63 percent compared to the first six-month period of the previous year, mainly from an increase in interest paid on private repo business, interest paid on bonds and bills of exchange.

D. Expected credit losses

In the first six-month period of 2023, the Company set up additional allowance for an expected credit loss of Baht 32 million, mainly from 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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