

Ref: CSO. 019/2023

Date: 8<sup>th</sup> November 2023

Subject: Management Discussion and Analysis for Quarter 3 Ending 30<sup>th</sup> September 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. 5/2023, held on 8<sup>th</sup> November 2023, has approved the reviewed financial statements, including the consolidated financial statements of the Company and its subsidiaries for the third quarter and nine-month period ended 30<sup>th</sup> September 2023.

The Company achieved profit attributable to equity holders of the parent for the third quarter of 2023 and the nine-month period of 2023 compared to the same period of the previous year as follows:

Unit: Thousand Baht

Consolidated Financial Statement	Quarter 3 (Reviewed)		For 9 Months (Reviewed)	
	2023	2022	2023	2022
Profit attributable to equity holders of the parent	255,686	348,558	705,568	933,301
Earnings per share (Baht)	0.13	0.18	0.35	0.47

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

### The third quarter of 2023 Vs the third quarter of 2022

#### 1. Revenues

The Company’s total revenues in the third quarter of 2023 were Baht 978 million, a decrease of 12 percent compared to the third quarter of the previous year. The Company’s revenue structure is well diversified. In the third quarter of 2023, the Company’s revenue mix consisted of brokerage fees (22 percent), fee and service income (31 percent), interest income (10 percent) and gains and return on financial instruments (37 percent). The significant revenue items are as follows:

Unit: Thousand Baht

Revenue in the third quarter of 2023 Vs the third quarter of 2022	3Q2023	3Q2022	% Change
Brokerage fees	214,120	288,781	(26%)
Fee and service income	301,506	331,391	(9%)
Interest income	100,169	60,242	66%
Gains and return on financial instruments	361,436	424,251	(15%)
Other income	1,059	5,336	(80%)
<b>Total revenues</b>	<b>978,290</b>	<b>1,110,001</b>	<b>(12%)</b>
<b>Profits attributable to Equity holders of the parent</b>	<b>255,686</b>	<b>348,558</b>	<b>(27%)</b>
<b>Earnings per share (Baht/share)</b>	<b>0.13</b>	<b>0.18</b>	<b>(27%)</b>

#### A. Brokerage fees

The Company’s brokerage fees in the third quarter of 2023 were Baht 214 million, a decrease of 26 percent compared to the third quarter of the previous year. The brokerage fee income consisted of brokerage fees from securities business of Baht 133 million (a 32% decrease), and brokerage fees from derivatives business of Baht 81 million (a 12% decrease). The decrease in Brokerage Fees came mainly from the securities business as the SET's average daily trading value decreased and the Company's market share decreased.

### B. Fee and service income

The Company's fee and service income in the third quarter of 2023 was Baht 302 million, a decrease of 9 percent compared to the third quarter of the previous year. The decrease was mainly due to a decrease in the Company's underwriting fee income and financial advisory fee income and a decrease in front-end fee income earned by the Company's subsidiary, ONE Asset Management Limited.

### C. Interest income

The Company's interest income in the third quarter of 2023 was Baht 100 million, an increase of 66 percent compared to the third quarter of the previous year, mainly from an increase in interest income from deposits at financial institutions and Bank of Thailand bonds.

### D. Gains and return on financial instruments

The Company's gains and return on financial instruments in the third quarter of 2023 were Baht 361 million, a decrease of 15 percent compared to the third 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 third quarter of 2023 were Baht 675 million, a decrease of 6 percent compared to the third quarter of the previous year. The significant expenses items are as follows:

Unit: Thousand Baht

Expenses in the third quarter of 2023 Vs the third quarter of 2022	3Q2023	3Q2022	% Change
Employee benefits expenses	278,964	335,415	(17%)
Fee and service expenses	241,019	259,548	(7%)
Interest expenses	34,859	17,419	100%
Expected credit losses (Reversal)	12,712	(2,006)	N/A
Other expenses	107,211	104,192	3%
<b>Total expenses</b>	<b>674,765</b>	<b>714,568</b>	<b>(6%)</b>

### A. Employee benefits expenses

The Company's employee benefits expenses for the third quarter of 2023 were Baht 279 million, a decrease of 17 percent compared to the third 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 third quarter of 2023 were Baht 241 million, a decrease of 7 percent compared to the third quarter 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 third quarter of 2023 were Baht 35 million, an increase of 100 percent compared to the third quarter of the previous year, mainly from an increase in interest paid on private repo business and interest paid on borrowing from financial institutions.

## The nine-month period of 2023 Vs the nine-month period of 2022

### 1. Revenues

The Company's total revenues in the nine-month period of 2023 were Baht 2,908 million, a decrease of 8 percent compared to the nine-month period of the previous year. The Company's revenue structure is well diversified. In the nine-month period of 2023, the Company's revenue mix consisted of brokerage fees (24 percent), fee and service income (35 percent), interest income (9 percent) and gains and return on financial instruments (31 percent). The significant revenue items are as follows:

Unit: Thousand Baht

Revenue in the nine-month period of 2023 Vs the nine-month period of 2022	9M2023	9M2022	% Change
Brokerage fees	694,558	874,445	(21%)
Fee and service income	1,024,353	984,722	4%
Interest income	271,035	180,692	50%
Gains and return on financial instruments	914,150	1,120,788	(18%)
Other income	3,910	12,920	(70%)
<b>Total revenues</b>	<b>2,908,006</b>	<b>3,173,567</b>	<b>(8%)</b>
<b>Profits attributable to Equity holders of the parent</b>	<b>705,568</b>	<b>933,301</b>	<b>(24%)</b>
<b>Earnings per share (Baht/share)</b>	<b>0.35</b>	<b>0.47</b>	<b>(24%)</b>

#### **A. Brokerage fees**

The Company's brokerage fees in the nine-month period of 2023 were Baht 695 million, a decrease of 21 percent compared to the nine-month period of the previous year. The brokerage fee income consisted of brokerage fees from securities business of Baht 444 million (a 28% decrease), and brokerage fees from derivatives business of Baht 251 million (a 3% decrease). The decrease in Brokerage fees mainly from the securities business as the SET's average daily trading value decreased.

#### **B. Fee and service income**

The Company's fee and service income in the nine-month period of 2023 was Baht 1,024 million, an increase of 4 percent compared to the nine-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 registrar and custodian fee income earned by the Company's subsidiary, ONE Asset Management Limited.

#### **C. Interest income**

The Company's interest income in the nine-month period of 2023 was Baht 271 million, an increase of 50 percent compared to the nine-month period of the previous year, mainly from an increase in interest income from deposits at financial institutions and Bank of Thailand bonds.

#### **D. Gains and return on financial instruments**

The Company's gains and return on financial instruments in the nine-month period of 2023 were Baht 914 million, a decrease of 18 percent compared to the nine-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 nine-month period of 2023 were Baht 2,057 million, a decrease of 1 percent compared to the nine-month period of the previous year. The significant expenses items are as follows:

Unit: Thousand Baht

Expenses in the nine-month period of 2023 Vs the nine-month period of 2022	9M2023	9M2022	% Change
Employee benefits expenses	892,176	960,395	(7%)
Fee and service expenses	702,202	740,941	(5%)
Interest expenses	96,867	55,491	75%
Expected credit losses (Reversal)	44,669	(1,468)	N/A
Other expenses	320,840	312,609	3%
<b>Total expenses</b>	<b>2,056,754</b>	<b>2,067,968</b>	<b>(1%)</b>

#### A. Employee benefits expenses

The Company's employee benefits expenses for the nine-month period of 2023 were Baht 892 million, a decrease of 7 percent compared to the nine-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 nine-month period of 2023 were Baht 702 million, a decrease of 5 percent compared to the nine-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 nine-month period of 2023 were Baht 97 million, an increase of 75 percent compared to the nine-month period of the previous year, mainly from an increase in interest paid on private repo business and interest paid on borrowing from financial institutions.

Please be informed accordingly.

Yours Sincerely,

(Dr. Chih-Hung Lin)  
Chief Operating Officer

Company Secretary Office  
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