

Ref: CSO. 005/2024
 Date: 21st February 2024
 Subject: Management Discussion and Analysis for Year Ending 31st December 2023
 Attention: President
 The Stock Exchange of Thailand

The Board of Directors meeting of KGI Securities (Thailand) Public Company Limited (“the Company”) No.1/2024, held on 21st February 2024, approved the audited financial statements, including the consolidated financial statements of the Company and its subsidiaries for the year ended 31st December 2023.

In 2023, the Company had profits attributable to equity holders of the parent of Baht 868 million and earnings per share of Baht 0.44, a decrease of 14 percent from the previous year. The details of changes in revenue and expenses are as follows:

Consolidated Financial Statement	Year 2023	Year 2022	% Change
Profit attributable to equity holders of the parent (Million Baht)	868	1,004	(14%)
Earnings per share (Baht)	0.44	0.50	(14%)

1. Revenues

In 2023, the Company had total revenue of Baht 3,797 million. The Company’s revenue structure is well diversified, the Company’s revenue mix consisted of brokerage fees (23 percent), fee and service income (35 percent), interest income (10 percent) and gains and return on financial instruments (32 percent). The significant revenue items are as follows:

Revenue	Y 2023 (Million Baht)	% Total revenue	Y 2022 (Million Baht)	% Total revenue	% Change
Brokerage fees	884	23%	1,115	27%	(21%)
Fee and service income	1,324	35%	1,329	32%	(0.4%)
Interest income	389	10%	252	6%	54%
Gains and return on financial instruments	1,195	32%	1,435	35%	(17%)
Other income	6	-	15	-	(61%)
Total Revenue	3,797	100%	4,146	100%	(8%)

A. Brokerage fees

The Company’s brokerage fees in 2023 were Baht 884 million, a decrease of 21 percent from the previous year. The brokerage fee income consisted of brokerage fees from securities business of Baht 557 million, and brokerage fees from derivatives business of Baht 327 million. The decrease in total brokerage fee income was mainly due to a decrease in brokerage fees from securities business as a result of a decrease in the SET’s average daily trading volume.

Unit: Million Baht

Brokerage fees	Year 2023	Year 2022	% Change
Brokerage fees from securities business	557	780	(29%)
Brokerage fees from derivatives business	327	335	(2%)
Total Brokerage fees	884	1,115	(21%)

B. Fee and Service income

The Company's fee and service income in 2023 was Baht 1,324 million, a decrease of 0.4 percent from the previous year, the changes in various types of income were as follows:

Unit: Million Baht

Fee and Service income	Year 2023	Year 2022	% Change
Timing of revenue recognition - at a point in time			
Front-end fee income	43	47	(9%)
Securities borrowing and lending	2	3	(7%)
Underwriting	150	126	19%
Placement agent	1	20	(95%)
Sales agent of investment units	34	39	(14%)
Co-location	71	81	(13%)
Introducing	13	26	(48%)
Others	7	5	50%
Total	323	348	(7%)
Timing of revenue recognition - over time			
Mutual fund management	608	585	4%
Private fund management	159	145	10%
Provident fund management	24	25	(4%)
Registrar and custodian	142	108	31%
Financial advisory	40	90	(55%)
Trustee fee	28	28	1%
Total	1,001	981	2%
Total fee and service income	1,324	1,329	(0.4%)

C. Interest income

The Company's interest income in 2023 was Baht 389 million, an increase of 54 percent from the previous year, mainly due to an increase in interest income from deposit 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 2023 were Baht 1,195 million, a decrease of 17 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 2023 were Baht 2,708 million, a decrease of 7 percent from the previous year. The changes in expenses are as follows:

Unit: Million Baht

Expenses	Year 2023	Year 2022	% Change
Employee benefits expenses	1,152	1,231	(6%)
Fee and service expenses	898	945	(5%)
Interest expenses	144	76	91%
Expected credit losses	41	221	(81%)
Other expenses	473	426	11%
Total expenses	2,708	2,899	(7%)

A. Employee benefits expenses

The Company's employee benefits expenses in the 2023 were Baht 1,152 million, a decrease of 6 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 2023 were Baht 898 million, a decrease of 5 percent from the previous year, mainly from a decrease in fees paid in respect of securities trading.

C. Interest expenses

The Company's interest expenses in 2023 were Baht 144 million, an increase of 91 percent from the previous year, mainly from an increase in interest paid on private repo transactions.

D. Expected credit losses

The Company's expected credit losses in 2023 were Baht 41 million, a decrease of 81 percent from the previous year. In 2023, the Company made an additional allowance in order to make full provision for a non-performing customer which occurred in the previous year.

E. Other expenses

The Company's other expenses in 2023 were Baht 473 million, an increase of 11 percent from the previous year. In 2023, such other expenses were necessary expenses for the Company's business operations, mainly Premises and equipment expenses, Communication and information expenses, and Publication, marketing and sale promotion expenses.

Unit: Million Baht

Other expenses	Y2023	Y2022	% Change
Premises and equipment expenses	262	216	21%
Communication and information expenses	65	62	4%
Professional fee	22	20	7%
Publication, marketing and sale promotion expenses	32	33	(4%)
Entertainment expenses	17	19	(12%)
Traveling expenses	22	19	19%
Taxation	9	7	28%
Software amortization	18	18	0%
Bank fees	11	13	(11%)
Stationery and office supplies	5	5	0%
Others	11	14	(23%)
Total other expenses	473	426	11%

3. Profitability

In 2023, the Company's Profitability ratios were good; the Company had a Net profit margin of 22.87%, a Return on equity of 11.50%, and a Return on investment of 20.23%.

Profitability ratios	Year 2023	Year 2022	Year 2021
Net profit margin (%)	22.87%	24.23%	34.69%
Return on equity (%)	11.50%	13.39%	27.19%
Return on investments (%)	20.23%	19.77%	28.79%

Please be informed accordingly.

Yours Sincerely,

(Dr. Chih-Hung Lin)
Chief Operating Officer

Contact: Company Secretary Office
Tel 0 2658 8881