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KGI Securities (Thailand) Public Company Limited and its subsidiaries (“The Group”)

Management Discussion and Analysis for 1H2026 Ending 30 June 2026

1. Overview of economy and industry conditions affecting operations

Summary of Thai stock market for 2Q 2026

During 2Q 2026, the SET Index posted a 9.9% gain, outperforming other regional stock markets. However, the local index still significantly under-performed the tech-driven North Asian equities like Korea and Taiwan that were buoyed by the global tech up-cycle.

The SET Index moved sideways up in April, but a closer look reveals that the market was primarily supported only by the petrochemical sector (benefiting from higher oil prices and wide product spreads) and the electronics sector (driven by the continued megatrend of AI and data centers). Other sectors remained flat or declined, weighed down by the prolonged conflict in the Middle East. Despite ongoing news about peace talks and ceasefire extensions, there was still no clarity on an end to the war by the end of April. Fund flows also weakened amid investor concerns about an MSCI rebalancing in mid-May, amidst the news that Thai weighting may be reduced in the MSCI Global Standard Index.

The Thai stock market was stronger-than-expected in May. First, the conflict between the US and Iran eased, improving investor sentiment. Second, Thai economic data came out better-than-expected, notably the 1Q2026 GDP data, while 1Q2026 corporate earnings also surprised on the upside. Third, the government began accepting registrations for the "Thai Help Thai Plus" package, totaling Baht 173 billion in size. Fourth, foreign equity inflows still looked resilient, despite the MSCI announcing a modest cut in Thai weighting in MSCI Global Standard Indices.

The Thai stock market was very volatile in June. While domestic factors were more positive, there was pressure from overseas factors. Locally, investors turned more positive towards the economy following stronger-than-expected 1Q2026 economic figures, strong private sector investment and export growth, and expectations for further investment stimulus. However, the SET Index was pressured by sector rotation out of the recent outperformers like electronics and the energy sector, which became less attractive after crude oil prices experienced a sharp correction following the US-Iran 60-day ceasefire deal.

2. Summary of important events and developments

The Meeting of the Board of Directors of the Company No. 4/2026, held on 26 August 2026, acknowledged the following:

- As of 29 June 2026, TRIS Rating affirms the issuer credit rating (ICR) on KGI Securities (Thailand) PLC at “A/Stable”. The ICR incorporates a one-notch uplift from KGI Thailand’s stand - alone credit profile (SACP) assessed at “a-”. The enhancement is based on our assessment of KGI Thailand’s group status as a “Strategic” affiliate of KGI Securities Co., Ltd. in Taiwan (KGI Taiwan, rated “BBB+/Stable” by S&P Global Ratings).
- The Company has received approval from the Securities and Exchange Commission of Thailand (SEC) to act as a financial advisor for a period of 5 years, from 3 August 2026 to 2 August 2031.

- The Company received "Best Securities Company of the Year 2026" at the Money & Banking Awards 2026, organized by Money & Banking Magazine, following its outstanding performance and its achievement of the highest net profit in the securities industry. The award is evaluated based on three key criteria: company size, profitability, and financial ratio, as measured by ROE and ROA.

3. Summary of operating results

In the second quarter of 2026, the Group had profits attributable to the Company's shareholders of Baht 398 million, an increase of 25 percent compared to the first quarter of 2026 and an increase of 167 percent compared to the second quarter of 2025.

In the six-month period of 2026, the Group had profits attributable to the Company's shareholders of Baht 716 million, an increase of 107 percent compared to the six-month period of 2025.

(Unit: Million Baht)	2Q2026	1Q2026	% QoQ	2Q2025	% YoY	6M2026	6M2025	% YOY
Brokerage fees	205	240	-14%	171	20%	446	348	28%
Fee and service income	332	356	-7%	299	11%	688	627	10%
Interest income	107	76	42%	94	14%	183	190	-4%
Gains and return on financial instruments	624	471	32%	266	135%	1,096	556	97%
Other income	1	1	1%	1	54%	2	2	47%
Total income	1,270	1,145	11%	831	53%	2,415	1,723	40%
Employee benefits expenses	369	335	10%	286	29%	705	564	25%
Fee and service expenses	219	271	-19%	196	12%	489	416	18%
Interest expenses	68	30	129%	27	151%	98	59	66%
Reversal of expected credit losses	-	-	-	-	-	-	(1)	-
Other expenses	114	110	3%	117	-3%	224	232	-3%
Total expenses	771	746	3%	626	23%	1,516	1,270	19%
Profit before income tax	499	399	25%	205	144%	898	453	98%
Income tax	(101)	(80)	27%	(56)	81%	(181)	(106)	71%
Profit for the period	398	319	25%	149	168%	717	347	107%
Profit attributable to the Company's shareholders	398	319	25%	149	167%	716	346	107%
Basic earnings per share (Baht)	0.20	0.16	25%	0.07	167%	0.36	0.17	107%

3.1 Income

A. Brokerage fees

In the second quarter of 2026, the Group had brokerage fee income of Baht 205 million, a decrease of 14 percent compared to the first quarter of 2026. The brokerage fee income consisted of 1) brokerage fees from securities business and 2) brokerage fees from derivatives business. The decrease in income was mainly from both securities business and derivatives business, due to a decrease in trading by foreign and retail clients.

However, the brokerage fee income increased by 20 percent compared to the second quarter of 2025. The increase in income was from brokerage fees from securities business, due to an increase in trading by foreign and retail clients.

In the six-month period of 2026, the Group had brokerage fee income of Baht 446 million, an increase of 28 percent compared to the six-month period of 2025. The increase in income was from brokerage fees from securities business, due to an increase in trading by foreign and retail clients.

B. Fee and service income

In the second quarter of 2026, the Group had fee and service income of Baht 332 million, a decrease of 7 percent compared to the first quarter of 2026, mainly due to a decrease in income from front-end fees, advisory service fees for debt restructuring and placement agent fees.

The fee and service income increased by 11 percent compared to the second quarter of 2025, mainly due to an increase in income from sales agent of investment units and front-end fees.

In the six-month period of 2026, the Group had fee and service income of Baht 688 million, an increase of 10 percent compared to the six-month period of 2025, mainly due to an increase in income from sales agent of investment units and front-end fees.

C. Interest income

In the second quarter of 2026, the Group had interest income of Baht 107 million, an increase of 42 percent and 14 percent compared to the first quarter of 2026 and the second quarter of 2025, respectively, mainly due to an increase in interest income from private repo transactions.

In the six-month period of 2026, the Group had interest income of Baht 183 million, a decrease of 4 percent compared to the six-month period of 2025, mainly due to a decrease in interest income from deposit at financial institutions and Bank of Thailand Bonds.

D. Gains and return on financial instruments

In the second quarter of 2026, the Group had gains and return on financial instruments of Baht 624 million, an increase of 32 percent and 135 percent compared to the first quarter of 2026 and the second quarter of 2025, respectively. This was in accordance with market conditions.

In the six-month period of 2026, the Group had gains and return on financial instruments of Baht 1,096 million, an increase of 97 percent compared to the six-month period of 2025. This was in accordance with market conditions.

The gains and return on financial instruments were derived from a variety of activities, including, derivative warrants (DWs), depositary receipts (DRs) representing foreign securities, OTC derivatives including structured products, the Company's investments in debt & equity securities and derivatives (Futures & Options), bond dealing, private repo, and other investments.

3.2 Expenses

A. Employee benefits expenses

In the second quarter of 2026, the Group had employee benefits expenses of Baht 369 million, an increase of 10 percent and 29 percent compared to the first quarter of 2026 and the second quarter of 2025, respectively, mainly due to an increase in personnel expenses.

In the six-month period of 2026, the Group had employee benefits expenses of Baht 705 million, an increase of 25 percent compared to the six-month period of 2025, mainly due to an increase in personnel expenses.

B. Fee and service expenses

In the second quarter of 2026, the Group had fee and service expenses of Baht 219 million, a decrease of 19 percent compared to the first quarter of 2026, mainly due to a decrease in commission fees, and fees paid in respect of derivatives trading.

The fee and service expenses increased by 12 percent compared to the second quarter of 2025, mainly due to an increase in commission fees, and fees paid in respect of securities trading.

In the six-month period of 2026, the Group had fee and service expenses of Baht 489 million, an increase of 18 percent compared to the six-month period of 2025, mainly due to an increase in commission fees, and fees paid in respect of securities trading.

C. Interest expenses

In the second quarter of 2026, the Group had interest expenses of Baht 68 million, an increase of 129 percent and 151 percent compared to the first quarter of 2026 and the second quarter of 2025, respectively, mainly due to an increase in interest paid on private repo transactions.

In the six-month period of 2026, the Group had interest expenses of Baht 98 million, an increase of 66 percent compared to the six-month period of 2025. This was due to an increase in interest paid on private repo transactions.

D. Other expenses

In the second quarter of 2026, the Group had other expenses of Baht 114 million, similar to the first quarter of 2026 and the second quarter of 2025.

In the six-month period of 2026, the Group had other expenses of Baht 224 million, a decrease of 3 percent compared to the six-month period of 2025, mainly due to a decrease in communication and information expenses.

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4. Summary of financial position

4.1 Assets

As at 30 June 2026, the Group had total assets of Baht 24,559 million, an increase of 44 percent compared to as at 31 December 2025. This was mainly due to an increase in securities and derivatives business receivables, and non-collateralised investments, in accordance with market conditions.

Assets (Million Baht)	Consolidated		Change	
	30 Jun 2026	31 Dec 2025	Amount	%
Assets				
Cash and cash equivalents	373	440	(67)	-15%
Securities purchased under resale agreements	1,700	2,095	(395)	-19%
Receivables from Clearing House and broker - dealers	580	631	(51)	-8%
Securities and derivatives business receivables	8,941	4,148	4,793	116%
Accrued fees and service income				
from asset management business	115	117	(2)	-2%
Derivative assets	17	30	(14)	-45%
Non-collateralised investments	10,479	6,291	4,188	67%
Collateralised investments				
Collateralised investments without granting right to				
transferee to sell or repledge	9	9	-	-
Collateralised investments with granting right to				
transferee to sell or repledge	866	1,756	(891)	-51%
Property, plant and equipment	200	221	(21)	-9%
Right-of-use assets	623	679	(56)	-8%
Intangible assets	38	42	(4)	-9%
Goodwill	27	27	-	-
Properties foreclosed	6	6	-	-
Deferred tax assets	159	124	35	28%
Other assets	426	474	(48)	-10%
Total assets	24,559	17,091	7,469	44%

4.2 Liabilities

As at 30 June 2026, the Group had total liabilities of Baht 16,327 million, an increase of 82 percent compared to 31 December 2025. This was mainly due to an increase in securities and derivatives business payables, and payables to Clearing House and broker - dealers, in accordance with market conditions.

Liablities (Million Baht)	Consolidated		Change	
	30 Jun 2026	31 Dec 2025	Amount	%
Liabilities				
Borrowings from financial institutions	1,350	-	1,350	-
Securities sold under repurchase agreements	3,040	3,060	(20)	-1%
Payables to Clearing House and broker - dealers	1,854	219	1,634	745%
Securities and derivatives business payables	4,987	1,877	3,110	166%
Accrued fees and service expenses				
from asset management business	26	26	-	-
Financial liabilities designated at fair value	215	284	(69)	-24%
Derivative liabilities	584	80	504	628%
Accrued expenses	421	436	(14)	-3%
Current tax liabilities	185	120	65	54%
Debts issued and other borrowings	2,616	1,763	853	48%
Lease liabilities	718	773	(56)	-7%
Provisions for employee benefits	250	244	6	2%
Provisions for liabilities	49	49	-	-
Other liabilities	32	38	(5)	-14%
Total liabilities	16,327	8,969	7,358	82%

4.3 Owners' equity

As at 30 June 2026, the Group had total equity attributable to the Company's shareholders of Baht 8,229 million, an increase of 1 percent compared to as at 31 December 2025. This was mainly due to profit attributable to the Company's shareholders for the six-month period of 2026 in the amount of Baht 716 million, offset by dividend payment during the six-month period of 2026 in the amount of Baht 617 million.

Key financial ratios

Financial Ratio	2Q2026	1Q2026	2Q2025	6M2026	6M2025
Profitability ratios					
Net profit margin (%)	31.33	27.84	17.90	29.67	20.11
Return on equity (%) *	15.62	11.95	11.09	15.62	11.09
Return on investment (%) *	21.82	22.42	21.94	21.82	21.94
Efficiency ratios					
Return on assets (%) *	5.42	5.28	4.40	5.42	4.40
Asset turnover (%) *	19.20	21.05	19.59	19.20	19.59
Financial policy analysis ratio					
Interest Coverage Ratio (times)	8.98	15.91	10.25	11.09	10.26
Debt Service Coverage Ratio (times) *	0.26	0.34	0.66	0.26	0.66
Total liabilities to equity (times)	1.98	1.39	1.76	1.98	1.76

Note

* Annualised the latest four quarters of data

Profitability ratios

In the six-month period of 2026, the Group's profitability ratios compared favorably with other securities companies. The Group had a net profit margin of 29.67 percent, a return on equity of 15.62 percent and return on investments of 21.82 percent.

Efficiency ratios

In the six-month period of 2026, the Group was able to manage its assets efficiently, by making good use of the assets available for the Group's operations. This resulted in a 5.42 percent return on assets ratio and a 19.20 percent asset turnover ratio.

Financial policy analysis ratios

The Group was able to generate strong and adequate EBITDA to cover debt obligations. It had an interest coverage ratio of 11.09 times and a debt service coverage ratio of 0.26 times.

In addition, the Group has an appropriate capital structure. As at 30 June 2026, it had total liabilities to equity of 1.98 times, an increase compared to 1.10 times as at 31 December 2025. This was mainly due to an increase in total liabilities from securities and derivatives business payables, and payables to Clearing House and broker - dealers.

Factors that may affect the Company's credit rating

The issuer credit rating (ICR): "A/Stable"
Stand - alone credit profile (SACP): "a-"

Key Rating Considerations

- Strategic affiliate of KGI Group;
- Revenue diversification supports healthy profitability;
- Dominant position in derivative warrants market;
- Market recovery supports brokerage revenue;
- Wealth business as a growth in fee and service income;
- Strong capital position;
- Adequate funding profile and liquidity position.

Rating Sensitivities
Credit upsides to SACP could develop from sustained improvement in capital position. Downward pressure on the ratings could occur if KGI's capitalization, as measured by the RAC ratio, weakens significantly on a prolonged basis, either from losses in equity capital or by a rapidly enlarged balance sheet from aggressive business expansion.

5. Factors which may affect the Company's operating results in future

Factors that may affect the Company's operations are both internal and external as follows:

Internal factors include information technology systems, financial liquidity, loss of key employees, failure of operational controls or risk management.

External factors include economic conditions, political situation, changes in market conditions, competition, changes in government policies, regulations and laws, changes in interest rates and foreign exchange rates, including natural disasters and disease outbreaks.

These factors may affect the business operations of the Company and may impact the Company's revenue. However, the Company has established a Risk Management Committee as well as other control systems to ensure that risk is appropriately managed. The Company's Risk Management Committee is comprised of representatives of all business units as well as senior, middle and back-office executives and operational and administrative executives. The Committee acts as a forum where professional managers can join forces in coordinating risk-management initiatives. These initiatives include the installation of a mechanism for monitoring and managing market risk, credit risk and operational risks. The Risk Management Department is responsible for monitoring all trading positions by systematically calculating Value at Risk (VaR) and also monitoring all client positions using computerized systems. Thus, the Company has been able to systematically identify relevant risks. The Company also has a variety of standardized operational procedures that have been developed to reduce risk in routine operations.

6. Sustainability Development

The Company has enhanced its sustainability as follows:

Month/Year	Sustainability Development
July 2026	Earthquake Preparedness Training The Company representatives participated in training on information and guidelines for responding in the event of an earthquake. The training took place on 22 July 2026, and Company employees participated in an earthquake evacuation drill on 24 July 2026. This included instruction on procedures during an earthquake and a review of evacuation routes for all employees within the building to ensure everyone has the knowledge, understanding, and ability to act correctly and safely in a real event.
	Seminar on "Anti-Corruption" The Company recognizes the importance of combating corruption and is committed to conducting business ethically within the framework of good corporate governance. To ensure that the Company has appropriate measures in place to prevent corruption in all business activities, the Company organized a seminar for directors and executives on the topic of "Anti-Corruption" on 8 July 2026. The speaker was Ms. Pinn Siraprapasiri, Senior Manager, Thai Private Sector Collective Action Against Corruption (CAC).
	Seminar on "AI Readiness for Business Leaders" In the current era where artificial intelligence (AI) technology remains a key factor shaping the direction of businesses worldwide, organizations that can effectively apply AI to manage change will have a competitive advantage and be able to adapt to economic changes more quickly than before. Therefore, the Company organized a seminar for directors and executives on the topic of "AI Readiness for Business Leaders" on 16 July 2026, with Mr. Thuchakorn Vachiramon, CEO and founder of Sertis, as the speaker.
August 2026	Acknowledgement of the AGM Check List for 2026 The Board of Directors' meeting acknowledge the results of the assessment of the Company's 2026 AGM by the Thai Investors' Association. The Company received a score at the "Excellent" level.
	The Board of Directors has approved the scheduling of board meetings and shareholder meetings The Company has set the dates for board meetings and shareholder meetings for 2027 in advance and notified each director of the schedule so that they can schedule their time and attend the meetings. The number of board meetings will be appropriate to the nature of the Company's business operations. In 2027, the Company has scheduled a total of 6 board meetings.

Month/Year	Sustainability Development
August 2026	Review policies To comply with SEC requirements and to enhance operational efficiency, the Board of Directors' meeting no. 4/2026 that be held on 26 August 2026, has acknowledged the change of policy/manual as follows: (1) Business Continuity Management; (2) Requesting and Exchanging Client Information via the Securities Data Exchange Platform (SDEP) Policy; (3) Credit Balance Policy; (4) Investment Banking Operations Manual; (5) Maintenance of Equity Policy; (6) Maintenance of Net Liquid Capital (NC) and Net Capital Ratio (NCR) Policy.