

Management Discussion and Analysis (MD&A)

Overview

The operating results of the SET group for the year ended December 31, 2024 are as shown below.

(Unit: THB million)	For the year ended December 31			
	2024	2023	Increase / (Decrease)	
			Amount	%
Operating revenue	6,438	6,850	(412)	(6)
Other income	240	235	5	2
Total operating revenues	6,678	7,085	(407)	(6)
Operating expenses	(5,530)	(5,226)	304	6
Revenues over expenses from operation	1,148	1,859	(711)	(38)
Investment income, net	867	206	661	321
Non-operating revenue	42	35	7	20
Revenues over expenses before contribution to CMDF and income tax	2,057	2,099	(42)	(2)
Income tax expense	(315)	(320)	(5)	(2)
Revenues over expenses before contribution to CMDF	1,742	1,779	(37)	(2)
Contribution to CMDF	(182)	(500)	(318)	(64)
Revenues over expenses, net	1,560	1,280	280	22

In 2024, the SET group had total operating revenues of THB 6,678 million, a decrease of THB 407 million or 6% from the previous year. The decline was primarily due to a decrease of THB 347 million in revenue from securities and derivatives market as trading fees as well as clearing and settlement fees decreased in line with lower average daily trading volume of equity and derivatives. Total operating expenses increased 6% to THB 5,530 million, mainly from higher employee expenses and technology expenses as a result of the IT system development and maintenance activities. Regarding the investment performance in 2024, the net investment income rose to THB 867 million, driven by higher interest income and investment gains especially from global equity instruments and Thai debt instruments amid monetary easing in the U.S. and Thailand and strong performance of U.S. companies. Therefore, the SET group had total revenues over expenses before remittance to the CMDF and taxes of THB 2,057 million.

SET's annual contribution to CMDF was approximately THB 182 million, accounting for 90% of the revenue after deduction of expenses, taxes and reserves, based on the SET group's 2024 consolidated financial statements. As a result, the SET group had net revenues over expenses of THB 1,560 million in 2024.

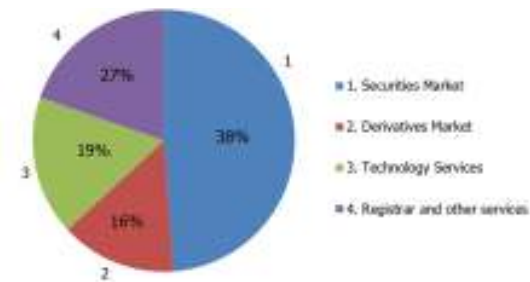
1. Analysis of Operating Results

1.1 Operating revenue

Operating revenue by business type

Operating revenue classified by key business type consists of Securities Market, Derivatives Market, Technology Services, and Registrar and other services.

Operating revenue by business type



For the year ended December 31, 2024

(Unit: THB million)

Securities Market	
- Trading fees	1,135
- Clearing and settlement fees	339
- Listing fees	558
- Depository fees	388
- Membership fees	31
Total	2,451
Derivatives Market	
- Trading fees	693
- Clearing fees	297
- Membership fees	30
Total	1,020
Technology Services	
- IT support fees	402
- Member services fees	412
- Information services fees	433
Total	1,247
Registrar and other Services	
- Securities registrar services fees	1,644
- Fund services fees	44
- Digital gateway services fees	22
- Payment services fees	10
Total	1,720
Total operating revenue	6,438

1.1.1 Securities Market

(Unit: THB million)	2024	2023	Increase / (Decrease)	
			Amount	%
Revenue - Securities Market	2,451	2,716	(265)	(10)
Trading fees	1,135	1,295	(160)	(12)
Clearing and settlement fees	339	372	(33)	(9)
Listing fees	558	625	(67)	(11)
Depository fees	388	392	(4)	(1)
Membership fees	31	32	(1)	(3)
Key market index indicators				
SET Index at the end of the year (points)	1,400	1,416	(16)	(1)
Average daily trading value - Equity (THB million)	46,551	53,331	(6,780)	(13)
Average market capitalization (THB trillion)	17.5	19.3	(1.8)	(9)
Number of listed securities (securities)	2,575	2,875	(300)	(10)

Operating revenue from securities market decreased by THB 265 million or 10% in correlation with lower average daily trading volume of equity instruments and declining number of listed securities.

1.1.2 Derivatives Market

(Unit: THB million)	2024	2023	Increase / (Decrease)	
			Amount	%
Revenue - Derivatives Market	1,020	1,102	(82)	(7)
Trading fees	693	749	(56)	(7)
Clearing fees	297	321	(24)	(7)
Membership fees	30	32	(2)	(6)
Key market index indicators				
Average daily trading volume - Derivatives (contracts)	483,772	532,886	(49,114)	(9)

Average daily trading volume of all derivatives instruments combined dropped by 9%, resulting in a decrease of THB 82 million or 7% in operating revenue from derivatives market.

1.1.3 Technology Services

(Unit: THB million)	2024	2023	Increase / (Decrease)	
			Amount	%
Revenue - Technology services	1,247	1,377	(130)	(9)
IT support fees	402	454	(52)	(11)
Member services fees	412	449	(37)	(8)
Information services fees	433	474	(41)	(9)

Operating revenue from technology services decreased by THB 130 million or 9%, mainly due to a drop in IT support fees and member services fee in correlation with the capital market conditions. Revenue from information services fees decreased in line with lower service request volume and demand for SET's data & information services.

1.1.4 Registrar and Other Services

(Unit: THB million)	2024	2023	Increase / (Decrease)	
			Amount	%
Revenue - Registrar and other services	1,720	1,655	65	4
Securities registrar fees	1,644	1,589	55	3
Fund services	44	41	3	7
Digital gateway service fees	22	16	6	38
Payment service fees	10	9	1	11

Operating revenue from the registrar and other services increased by THB 65 million or 4%, mainly due to securities registrar fees which grew in line with the volume of corporate actions services, while revenue from other services increased in line with the service usage volume.

1.2 Other income

(Unit: THB million)	2024	2023	Increase / (Decrease)	
			Amount	%
Total other income	240	235	5	2
Funds to support projects from CMDF	55	51	4	8
Revenue from fees of funds management	43	48	(5)	(10)
Revenue from education activities	38	36	2	6
Revenue from rental and utilities	10	13	(3)	(23)
Revenue from fines	8	5	3	60
Revenue from others	86	82	4	5

Other income was relatively flat year-on-year and mainly comprised of funds from CMDF to support projects such as the SME platform development, the micro learning on the education platform, and the sustainability data quality improvement for pilot listed companies.

1.3 Operating expenses

(Unit: THB million)	2024	2023	Increase / (Decrease)	
			Amount	%
Operating expenses	5,530	5,226	304	6
Employee expenses	2,455	2,271	184	8
Depreciation and amortization	705	601	104	17
Direct service expenses	648	624	24	4
SEC fees	460	524	(64)	(12)
Technology expenses	399	379	20	5
Fees and compensation expenses	237	223	14	6
Marketing expenses	219	199	20	10
Building and office expenses	200	199	1	1
Educational activities expenses	52	53	(1)	(2)
Donations and CSR expenses	27	23	4	17
Others	128	130	(2)	(2)

Operating expenses in 2024 amounted to THB 5,530 million, or a 6% increase, primarily driven by employee expenses, technology expenses and depreciation expenses which increased in tandem with IT system development and maintenance activities while the SEC fees decreased due to a drop in equity trading volume.

1.4 Investment income

(Unit: THB million)	2024	2023	Increase / (Decrease)	
			Amount	%
Investment income (loss)	867	206	661	321
Interest income	418	329	89	27
Dividend income	75	51	24	47
Realized gain (loss) from investments	136	(220)	356	162
Unrealized gain from investments	239	45	194	431
Reversal (allowance) for expected credit loss	(1)	1	(2)	(200)

In 2024, the SET group recorded a net investment income of THB 867 million, rising by THB 661 million or 131%. This was attributable to higher interest income and investment gains higher interest income and investment gains especially from global equity instruments and Thai debt instruments amid monetary easing in the U.S. and Thailand and strong performance of U.S. companies.

2. Analysis of Financial Position

(Unit: THB million)	Dec 31,	Dec 31,	Increase / (Decrease)	
	2024	2023	Amount	%
Total assets	56,607	56,744	(137)	0.2
Total liabilities	23,566	25,226	(1,660)	(7)
Funds balances	33,041	31,518	1,523	5

Significant changes in assets, liabilities and funds of the SET group as at December 31, 2024 in comparison with the balance as at December 31, 2023 are as follows:

2.1 Analysis of assets

As at December 31, 2024, total assets of the SET group amounted to THB 56,607 million, an increase of THB 137 million or 0.2%. Significant details are as follows:

2.1.1 Cash and cash equivalents, cash at banks for financial benefits payable, and financial assets were THB 22,842 million or 40% of total assets. The total balance increased by THB 1,408 million or 7% as categorized below.

(Unit: THB million)	Dec 31,	Dec 31,	Increase /(Decrease)	
	2024	2023	Amount	%
Cash and cash equivalents	2,303	2,828	(525)	(19)
Cash at banks for financial benefits payable	94	94	-	-
Financial assets	20,445	18,512	1,933	10%
- Investment in debt instruments measured at FVTPL	16,715	15,344	1,371	9
- Investment measured at amortized cost	860	1,206	(346)	(29)
- Investment in debt instruments measured at FVTOCI	1,638	1,646	(8)	(0.5)
- Investment in equity instruments measured at FVTOCI	1,232	316	916	290
Total	22,842	21,434	1,408	7

The SET group invested in bank deposits, bonds, debt instruments, investment units in mutual funds, and domestic and foreign financial instruments. The investment policies are determined based on the objectives of each investment portfolio. Total financial assets increased due to expanded investments in debt instruments and equity instruments.

2.1.2 Assets for margin deposits and benefits, and assets for clearing system protection and benefits were recorded at THB 19,108 million or 34% of total assets. This represented a decrease of THB 1,489 million or 7%, resulting from the collateral withdrawals by Thailand Clearing House Co., Ltd. (TCH)'s members, who are obliged to place assets as collateral for derivatives trading at specified rates.

2.1.3 Property, building and equipment, and intangible assets amounted to THB 4,896 million or 9% of total assets, decreasing THB 196 million or 4% mainly due to useful life depreciation of IT systems in 2024.

2.2 Analysis of liabilities

As at December 31, 2024, total liabilities of the SET group amounted to THB 23,566 million, a decrease of THB 1,660 million or 7%. Significant details are as follows:

2.2.1 Margin deposits and assets for clearing system protection and benefits payable amounted to THB 18,953 million or 80% of total liabilities, a decrease of THB 1,492 million or 7%. The decrease resulted from the change in the volatility of futures contracts and the collateral withdrawals by Thailand Clearing House Co., Ltd. (TCH)'s members.

2.3 Analysis of funds

As at December 31, 2024 the total funds of the SET group amounted to THB 33,041 million, an increase of THB 1,523 million or 5%. This growth was driven by the SET group's net revenue over net expenses for 2024 which reached THB 1,560 million and gains on revaluation of investment in other comprehensive income which stood at THB 27 million. These increases were partially offset by an estimated actuarial loss of THB 64 million.

3. Analysis of Liquidity

Cash flows of the SET group for the year ended December 31, 2024 and 2023 can be summarized as follows:

(Unit: THB million)	2024	2023	Increase /(Decrease)	
			Amount	%
Cash flows from operating activities	1,125	1,176	(51)	(4)
Cash flows used in investing activities	(1,639)	(3,948)	(2,309)	(58)
Cash flows used in financing activities	(14)	(12)	2	17
Cash and cash equivalents at the end of year	2,397	2,923	(526)	(18)

Cash and cash equivalents as at December 31, 2024 amounted to THB 2,397 million, a decrease of THB 526 million or 18% from the year 2023. The details of the inflows and outflows are as follows:

- Net cash from operating activities totaled THB 1,125 million
- Net cash used in investing activities totaled THB 1,639 million. This reflected the outflows of THB 14,581 million in purchase of financial assets and THB 485 million in new asset investments, especially in IT system development activities to support business operations, partially offset by cash received from investments which totaled THB 13,427 million.

4. Reserves and Contribution to the Capital Market Development Fund (“CMDF”)

The Securities and Exchange Act (No. 6) B.E. 2562, enacted on April 16, 2019, requires the Stock Exchange of Thailand (SET) to contribute to CMDF no less than 90% of the revenue after deduction of expenses, taxes and reserves. In this regard, the consolidated financial statements of SET shall be used to calculate the contribution amount. The provision of reserves shall be in accordance with the type and amount specified by the SET’s Board of Governors. Details are as follows:

4.1 Reserves

The type of reserves, allocation principles, and reserve amount are as follows:

Type of reserve	Principles for reserve allocation to ensure adequacy of funding sources	Reserve amount (THB million)	
		2024	2023
1. Reserves set aside according to law or criteria in business operation as specified, including reserve amount to accommodate special situations	1.1 Legal reserve	-	4
	1.2 Reserves according to business operation such as European Market Infrastructure Regulation (EMIR) and Principles for financial Market Infrastructures (PFMI) to meet an increase (decrease) of business operation during each year	(34)	(23)
	1.3 Reserves allocated for specific funds such as approval of additional capital in specific funds during the year, benefit sharing of Securities Investor Protection Fund (SIPF), Derivatives Investor Protection Fund (DIPF), Clearing Fund (CLF) or other similar funds	-	(29)
	1.4 Reserves allocated to accommodate financial risks from operations including emergency measures	621	565
2. Reserves set aside to accommodate the fluctuation of investments	According to unrealized gain (loss) during the year	239	45
3. Reserves set aside for investment in businesses or fixed assets	According to the investment amount in businesses and fixed assets approved by the Board of Governors	714	662
Total reserves		1,540	1,224

4.2 Contribution to CMDF

Details of the annual contribution calculation are as follows:

(Unit: THB million)	2024	2023
Revenue over expenses before contribution to CMDF (according to the statement of comprehensive revenue and expenses)	2,057	2,099
Less Income tax expense	(315)	(320)
Revenue after deduction of expenses and taxes before reserves	1,742	1,779
Less Reserves	(1,540)	(1,224)
Revenue after deduction of expenses, tax, and reserves	202	555
Annual contribution amount at the rate of 90%	182	500

Accumulated contribution expenses as at December 31, 2024 can be presented as follows:

	(THB million)
Money transferred to CMDF in 2019	5,700
Annual contribution amount for 2020	362
Annual contribution amount for 2021	583
Annual contribution amount for 2022	539
Annual contribution amount for 2023	500
Annual contribution amount for 2024	182
Total accumulated contribution expenses	7,865