

TQM CORPORATION PUBLIC COMPANY LIMITED

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No.TC0091164

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Subject: Management Discussion and Analysis for Q3/2021

Attention: President

Stock Exchange of Thailand

TQM Corporation Public Company Limited and subsidiaries ("the Company") would like to clarify the operating results as at 30 September 2021, which has been reviewed by the licensed auditors as follows:

Business overview

In accordance with the statistics of the Office of Insurance Commission (OIC), the total non-life insurance premiums from January to June 2021 amounted to 130,006 MB, or 5.44% growth YoY, detail in Figure 1.

| Nonlife Direct Premium : (All) | | Year To Date | | |
|--------------------------------|-----------------|--------------|---------|-----------|
| | | 2020Q2 | 2021Q2 | Change% |
| Million Baht | Nonlife Total | 123,295 | 130,006 | ↑ +5.44% |
| | Fire | 5,451 | 5,514 | ↑ +1.15% |
| | Hull | 251 | 266 | ↑ +5.68% |
| | Cargo | 2,497 | 2,896 | ↑ +15.99% |
| | Compulsory auto | 9,518 | 9,581 | ↑ +0.66% |
| | Voluntary auto | 60,848 | 62,945 | ↑ +3.45% |
| | IAR & Property | 12,271 | 12,750 | ↑ +3.91% |
| | Liability | 1,439 | 1,581 | ↑ +9.83% |
| | Accident | 15,234 | 16,871 | ↑ +10.75% |
| | Health | 10,071 | 10,909 | ↑ +8.33% |
| | Travel | 452 | 367 | ↓ -18.80% |
| | Bail bond | 87 | 71 | ↓ -18.08% |
| | Others | 5,177 | 6,255 | ↑ +20.84% |

Source: OIC, Q2/2021 Summary of Non-life insurance business

Figure 1 Non-life insurance premium details by policy types

Life insurance premiums from January to June 2021 amounted to 294,667 MB, which were 46,330 MB from the first-year premiums; 210,978 MB from the renewal premiums; and 37,359 MB or 3.26% growth from single premiums as detailed in Figure 2.

| Life premium by payment : (All) | | Year To Date | | |
|---------------------------------|---------------------------|--------------|---------|-----------|
| | | 2020Q2 | 2021Q2 | Change% |
| Million Baht | Life Total | 285,372 | 294,667 | ↑ +3.26% |
| | First year premium(FYP) | 49,198 | 46,330 | ↓ -5.83% |
| | Renewal year premium(RYP) | 209,185 | 210,978 | ↑ +0.86% |
| | Single Premium(SP) | 26,989 | 37,359 | ↑ +38.42% |

Source: OIC, Q2/2021 Summary of Life insurance business

Figure 2 Life insurance premium details by premium types

In the third quarter of 2021, there were several incidents; for instance, the peak of Covid-19 infected patient numbers at the beginning of the quarter, fire incidents and flood crisis in several provinces throughout Thailand at the end of the quarter.

However, from the best management and action plans for crises as well as the launch of new products from the consumer's needs on time for any crisis, along with the best cost control and the efficient use of resources; therefore, the Company maintain sustainable revenues and profits.

Company Overview

| Description | Q3/2021 | | Q3/2020 | | YoY | |
|---------------------------|---------|------|---------|------|-------|-------|
| | MB | % | MB | % | MB | % |
| Service income | 769.3 | 90.3 | 759.7 | 98.2 | 9.6 | 1.3 |
| Other income | 82.6 | 9.7 | 14.2 | 1.8 | 68.5 | 483.9 |
| Service costs & expenses | 376.2 | 44.2 | 380.3 | 49.1 | (4.0) | (1.1) |
| Gross profit | 393.1 | 51.1 | 379.5 | 49.9 | 13.6 | 3.6 |
| Administrative expenses | 190.2 | 22.3 | 185.3 | 23.9 | 4.9 | 2.7 |
| Net profit | 241.7 | 28.4 | 169.7 | 21.9 | 72.0 | 42.4 |
| Earnings per share (Baht) | 0.81 | | 0.57 | | 0.24 | 42.1 |

3-Quarter Company Overview

| Description | 2021 | | 2020 | | YoY | |
|---------------------------|---------|------|---------|------|-------|-------|
| | MB | % | MB | % | MB | % |
| Service income | 2,433.8 | 95.2 | 2,302.6 | 98.2 | 131.2 | 5.7 |
| Other income | 122.1 | 4.8 | 41.7 | 1.8 | 80.4 | 192.9 |
| Service costs & expenses | 1,170.4 | 45.8 | 1,149.3 | 49.0 | 21.1 | 1.8 |
| Gross profit | 1,263.4 | 51.9 | 1,153.3 | 50.1 | 110.1 | 9.6 |
| Administrative expenses | 567.9 | 22.2 | 560.4 | 23.9 | 7.5 | 1.3 |
| Net profit | 664.0 | 26.0 | 512.0 | 21.8 | 152.0 | 29.7 |
| Earnings per share (Baht) | 2.21 | | 1.71 | | 0.50 | 29.2 |

- Service income of Q3/2021 was 769.3 MB compared to 759.7 MB of Q3/2020, increased amounted to 9.6 MB or 1.3% YoY from the increase of sales and services of various insurance products and channels.
- Service cost and expenses of Q3/2021 was 376.2 MB or 44.2% of total revenues compared to 380.3 MB or 49.1% of Q3/2020, decreased amounted to 4 MB or 1.1% YoY
- The gross margin of Q3/2021 was 393.1 MB or 51.1% compared to 379.5 MB or 49.9% of Q3/2020, increased amounted to 13.6 MB or 3.6% YoY from the expansion of sales channels, exclusively online.
- Administrative expenses of Q3/2021 was 190.2 MB or 22.3% compared to 185.3 MB or 23.9% of Q3/2020, increased amounted to 4.9 MB or 2.7% YoY.
- The net profit of the group for the operation results of Q3/2021 was 241.7 MB or 28.4% compared to the net profit amounted to 169.7 MB or 21.9% of Q3/2020, increased in amount of 72.0 MB or 42.4% YoY as result of the increase of sales from every channel and the best cost control and the contribution from the joint-venture investment in this quarter.
- 3-Quarter Earnings per share was 2.21 baht per share, increased 0.50 baht per share, compared to 3-Quarter of the previous year or 29.2% and earnings per share of Q3/2021 was 0.81 baht per share, compared to 0.57 baht per share of Q3/2020, increased in amount of 0.24 baht per share.
- The Board of Directors' meeting No. 5/2564 acknowledged the investment in TQD Co., Ltd. in amount of 20 million baht holding 199,998 shares at par value 100 baht/share or 99.99% for the one-stop claims services business for health insurance, accident insurance and consulting service for claims and indemnity for customers, non-life and life insurance companies.

- In addition, there was an important consideration in the Board of Directors' meeting No. 5/2564, which was to propose the shareholders' meeting, so that the Company would be able to distribute shares to wide-range of shareholders, and to improve the market liquidity, the change of par value from 1 baht per share to 0.50 baht per share, not affecting any current portion of shares being held by shareholders, paid-up capital unchanged as follows:

| Description | <u>Before</u> changing Par Value | <u>After</u> changing Par Value |
|-----------------------|----------------------------------|---------------------------------|
| 1. Registered capital | 300,000,000 baht | 300,000,000 baht |
| 2. Paid-up capital | 300,000,000 baht | 300,000,000 baht |
| 3. Par value | 1.00 baht per share | <u>0.50 baht per share</u> |
| 4. No. of shares | 300,000,000 shares | <u>600,000,000 shares</u> |

Please be informed accordingly,

Sincerely yours

- *Signature* -

(Miss Somporn Ampaisutthipong)

Chief Financial Officer