

21 February 2022

Subject Management Discussion and Analysis Financial Performance for the year ended 31 December 2021.

To President  
The Stock exchange of Thailand

TQR Public Company Limited (“the Company”) provides Management Discussion and Analysis for the year ended 31 December 2021 as follows.

Items	Financial Performance for the year ended					
	2020		2021		Change	
	THB mm	%	THB mm	%	THB mm	%
Total Revenues	196.04	100.00	256.37	100.00	60.33	30.77
Service Income	193.98	98.95	224.65	87.63	30.67	15.81
<u>Less</u> Cost of Service	51.64	26.34	56.31	21.96	4.67	9.04
Gross Profit	142.34	72.61	168.34	65.67	26.00	18.27
Other Income	2.06	1.05	31.72	12.37	29.66	1,439.81
<u>Less</u> Selling expenses	3.59	1.83	4.82	1.88	1.23	34.26
<u>Less</u> Administrative expenses	46.82	23.89	73.60	28.71	26.78	57.20
Profit before finance cost and income tax	93.99	47.94	121.64	47.45	27.65	29.42
<u>Less</u> Finance costs	0.76	0.38	0.74	0.29	(0.02)	(2.63)
Profit before income tax	93.23	47.56	120.90	47.16	27.67	29.68
<u>Less</u> Income tax expense	19.17	9.78	23.44	9.14	4.27	22.27
Profit for the year	74.06	37.78	97.46	38.02	23.40	31.60

### Service Income

In the year 2020 and 2021, the company had service income of THB 193.98 million and THB 224.65 million, respectively. In 2021, service income increased by THB 30.67 million or an increase of 15.81% from 2020 mainly from the increased in service income from Traditional Business and Alternative Business. The company service income comes from providing brokerage services for reinsurance contracts divided into 2 segments according to the nature of the business:

Items	The nature of the business for the year ended					
	2020		2021		Change	
	THB mm	%	THB mm	%	THB mm	%
1. Traditional Business	71.48	36.85	81.37	36.22	9.89	13.84
2. Alternative Business	122.50	63.15	143.28	63.78	20.78	16.96
Total Service Income	193.98	100.00	224.65	100.00	30.67	15.81

In the year 2020 and 2021, the company had service income from Traditional Business of THB 71.48 million and THB 81.37 million, respectively. In 2021, Traditional business service income increased by THB 9.89 million or 13.84% from 2020. The increase is mainly due to an increase of motor treaty reinsurance contract.

For the Alternative Business, In the year 2020 and 2021, the services income was THB 122.50 million and THB 143.28 million, respectively. In 2021, Alternative business service income increased by THB 20.78 million or 16.96% from 2020. The increase derived from Non-motor insurance group.

#### Other income

For the year 2020 and 2021, the company had other income of THB 2.06 million and THB 31.72 million, respectively. Other income increased by THB 29.66 million or 1,439.81% from 2020. The increase in other income are mainly from during the period, the company has reversed provision amounting to 27.24 million to other income. The provision arose in 2018 when the Company was in a dispute over a compromised business email case and this caused the foreign reinsurer partner not to receive the funds. The company has already followed up a shortfall and continuously reported on progress to the reinsurer partner and the company was not obliged to indemnify the reinsurer partner against the damages.

#### Cost of services

As the company is a service business, the main cost of service are mainly employees, who have expertise in Insurance and Reinsurance Business. Therefore, cost of service of the Company comprises of wages, bonus, social security fund contribution and provident fund contribution for Client-Facing employees.

For the year 2020 and 2021, the company had cost of services of THB 51.64 million and THB 56.31 million, respectively. In 2021, cost of services increased by THB 4.67 million or 9.04 % from 2020 mainly from the increase in number of headcounts in accordance with the company expansion plan.

**Gross Profit**

For the year 2020 and 2021, the company had gross profit of THB 142.34 million and THB 168.34 million, respectively. In 2021, gross profit increased by THB 26.00 million of 18.27% from 2020. The increase was mainly from the increase in services income from Traditional business and Alternative business.

**Selling Expenses**

Selling expenses is mainly a sales promotion paid to the external introducer for Alternative Business. For the year 2020 and 2021, the company had selling expenses of THB 3.59 million and THB 4.82 million, respectively. In 2021, selling expenses increased by THB 1.23 million or 34.26% from 2020, being in line with an increase of revenue.

**Administrative Expenses**

For the year 2020 and 2021, the company administrative expenses were THB 46.82 million and THB 73.60 million, respectively. The administrative expenses increased in 2021 by THB 26.78 million or 57.20%, mainly from during the year, there is an increase in loss allowance for accrued brokerage income due to the revocation of non-life insurance license of the insurance companies and the increase of headcounts in Operation Department in accordance with the company expansion plan.

**Income tax expenses**

For the year 2020 and 2021, the company had income tax expenses of THB 19.17 million and THB 23.44 million, respectively. The THB 4.27 million increase in 2021 was in proportion to the increase of company profit after deducting the reversal of other income which is exempted from tax.

**Net Profit**

For the year 2020 and 2021, the company net profit was THB 74.06 million and THB 97.46 million, respectively. The increase in net profit by THB 23.40 million or 31.60% from 2020, resulted from the increase in services income and other income.

Analysis of the statement of financial position

Items	As at Dec 31, 2020		As at Dec 31, 2021		Change	
	THB mm	%	THB mm	%	THB mm	%
Total assets	212.98	100.00	547.36	100.00	334.38	157.00
Total liabilities	111.49	52.35	88.15	16.10	(23.34)	(20.93)
Total equity	101.49	47.65	459.21	83.90	357.72	352.47

Assets

As of 31 December 2020 and 2021, the company had total assets of THB 212.98 million and THB 547.36 million, respectively. The increase of THB 334.38 million or 157.00% was mainly from Cash received from issue of ordinary shares of THB 300.08 million, and the increase in accrued brokerage income of THB 37.99 million.

Liabilities

As of 31 December 2020 and 2021, the company had total liabilities of THB 111.49 million and THB 88.15 million, respectively. The decrease of THB 23.34 million or 20.93 % was resulted from the company has reversed provision amounting to 27.24 million to other income and increase THB 6.11 million from employee benefit obligations.

Total Equity

As of 31 December 2020 and 2021, the company had total equity of THB 101.49 million and THB 459.21 million, respectively. The increase of THB 357.72 million or 352.47% was mainly from Cash received from issue of new ordinary shares of THB 300.08 million and net profit for the 2021 of THB 97.46 million and decrease THB 41.17 million from dividend payment. .

Yours sincerely,

~~- Mr. Chanaphan Piriayaphan -~~

(Mr. Chanaphan Piriayaphan)

Chief Executive Officer