

11 May 2022

Subject Management Discussion and Analysis

Financial Performance for the three-month period ended 31 March 2022

To President
The Stock Exchange of Thailand

TQR Public Company Limited (“the Company”) would like to provide our financial performance for the three-month period ended 31 March 2022 as follows.

Items	Financial Performance for the three-month period ended 31 March					
	2021		2022		Change	
	MB	%	MB	%	MB	%
Total Revenues	43.18	100.00	56.16	100.00	12.98	30.06
Service Income	43.07	99.75	51.62	91.92	8.55	19.85
<u>Less</u> Cost of Service	12.19	28.23	12.30	21.90	0.11	0.90
Gross Profit	30.88	71.52	39.32	70.02	8.44	27.33
Other Income	0.11	0.25	4.54	8.08	4.43	4,027.27
<u>Less</u> Selling expenses	1.74	4.03	0.42	0.75	(1.32)	(75.86)
<u>Less</u> Administrative expenses	13.93	32.26	12.85	22.88	(1.08)	(7.75)
Profit before finance cost and income tax	15.32	35.48	30.59	54.47	15.27	99.67
<u>Less</u> Finance costs	0.18	0.41	0.19	0.34	0.01	5.56
Profit before income tax	15.14	35.07	30.40	54.13	15.26	100.79
<u>Less</u> Income tax expense	3.22	7.46	5.82	10.36	2.60	80.75
Profit for the period	11.92	27.61	24.58	43.77	12.66	106.21

Service Income

For the three-month period ended 31 March 2021 and 2022, the company had service income of THB 43.07 million and THB 51.62 million, respectively. The service income increased by THB 8.55 million or an increase of 19.85% from the same period last year. The company service income in 2022 consists of 3 segments as follow:

Items	The types of the company business for the three-month period ended 31 March					
	2021		2022		Change	
	MB	%	MB	%	MB	%
1. Traditional Business	21.57	50.08	19.30	37.39	(2.27)	(10.52)
2. Alternative Business	21.50	49.92	32.29	62.55	10.79	50.19
3. Other Business	-	-	0.03	0.06	0.03	100
Total Service Income	43.07	100.00	51.62	100.00	8.55	19.85

For the three-month period ended 31 March 2021 and 2022, the company had service income from Traditional Business of THB 21.57 million and THB 19.30 million, respectively. This decreased by THB 2.27 million or 10.52% from the same period last year due to the decrease of motor reinsurance treaty business resulted from license revocation of some insurance companies effected by Covid- 19 impact.

For the three-month period ended 31 March 2021 and 2022, the services income of Alternative Business was THB 21.50 million and THB 32.29 million, respectively. This increased by THB 10.79 million or 50.19% from the same period last year. The increase derived from Non-motor insurance class, especially from Specialty class such as Covid-19 Vaccine Side – effect (Moderna), Blanket Bond Insurance/Electronic Computer Crime Insurance, Cyber Insurance, and Director’s & Officer’s Liability Insurance.

Other Business is the revenue from subsidiary company which operates packaged software service provider.

Other income

For the three-month period ended 31 March 2021 and 2022, the company had other income of THB 0.11 million and THB 4.54 million, respectively. Other income increased by THB 4.43 million or 4,027.27% from the same period last year. The increase in other income are from the reversal of allowance for doubtful account amounting to THB 3.93 million to other income and received the supporting employment fund from government and dividends.

Cost of services

As the company is a service business, the main cost of service are mainly human resources, who have expertise in Insurance and Reinsurance Business. Therefore, cost of service of the Company comprises of salaries, bonus, social security fund and provident fund.

For the three-month period ended 31 March 2021 and 2022, the company had cost of services of THB 12.19 million and THB 12.30 million, respectively, which was increased by THB 0.11 million or 0.90% from the same period last year.

Gross Profit

For the three-month period ended 31 March 2021 and 2022, the company had gross profit of THB 30.88 million and THB 39.32 million, respectively, This increased by THB 8.44 million or 27.33% from the same period last year. The increase was mainly resulted from the increase of services income in Alternative business.

Selling Expenses

Selling expenses is mainly a sales promotion paid to the external introducer for Alternative Business. For the three-month period ended 31 March 2021 and 2022, the company had selling expenses of THB 1.74 million and THB 0.42 million, respectively, which was decreased by THB 1.32 million or 75.86% from the same period last year since the sale promotion was adjusted according to economic situation.

Administrative Expenses

For the three-month period ended 31 March 2021 and 2022, the company administrative expenses were THB 13.93 million and THB 12.85 million, respectively. The administrative expenses decreased by THB 1.08 million or 7.75%, from the same period last year mainly from the decrease of attributable expense from the listing on the Stock Exchange of Thailand in 2021 such as advertising expense, Financial Advisor Fee.

Income tax expenses

For the three-month period ended 31 March 2021 and 2022, the company had income tax expenses of THB 3.22 million and THB 5.82 million, respectively. The increase of THB 2.60 million was according to the increase of company profit.

Net Profit

For the three-month period ended 31 March 2021 and 2022, the company net profit was THB11.92 million and THB 24.58 million, respectively. The increase in net profit by THB 12.66 million or 106.21% from the same period last year, resulted from an increase of service income and decrease of selling and administrative expenses.

Analysis of the statement of financial position

Items	As at Dec 31, 2021		As at Mar 31, 2022		Change	
	MB	%	MB	%	MB	%
Total assets	547.36	100.00	576.26	100.00	28.90	5.28
Total liabilities	88.15	16.10	85.75	14.88	(2.40)	(2.72)
Total equity	459.21	83.90	490.51	85.12	31.30	6.82

Assets

As of 31 December 2021 and 31 March 2022, the company had total assets of THB 547.36 million and THB 576.26 million, respectively. The increase of THB 28.90 million or 5.28% was mainly from the increase of accrued brokerage income and value of financial assets.

Liabilities

As of 31 December 2021 and 31 March 2022, the company had total liabilities of THB 88.15 million and THB 85.75 million, respectively. The decrease of THB 2.40 million or 2.72% was from the decrease of accrued expenses and the decrease of employee benefit obligations from changing the rate of actuarial assumptions.

Total Equity

As of 31 December 2021 and 31 March 2022, the company had total equity of THB 459.21 million and THB 490.51 million, respectively. The increase of THB 31.30 million or 6.82% was mainly from the increase of net profit and other comprehensive income for the first quarter of 2022.

Yours sincerely,

- Mr. Chanaphan Piriyaphan -

(Mr. Chanaphan Piriyaphan)

Chief Executive Officer