



CORPORATION PUBLIC COMPANY LIMITED

TQM CORPORATION PUBLIC COMPANY LIMITED

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No. TC0160565

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Subject: Management Discussion and Analysis for Q1/2022

Attention: President

Stock Exchange of Thailand

TQM Corporation Public Company Limited and subsidiaries ("the Company") would like to clarify the operating results as at 31 March 2022, which was 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 premium from January to December 2021 was Baht 262,746 million, increasing by 4.01% YoY, with details as follows:

Nonlife Direct Premium : (All)		Year To Date		
		2020Q4	2021Q4	Change%
Million Baht	Nonlife Total	252,618	262,746	↑ +4.01%
	Fire	10,167	10,355	↑ +1.84%
	Hull	474	465	↓ -1.95%
	Cargo	4,816	5,853	↑ +21.54%
	Compulsory auto	18,661	18,634	↓ -0.14%
	Voluntary auto	127,356	128,773	↑ +1.11%
	IAR & Property	26,676	29,084	↑ +9.03%
	Liability	2,793	3,021	↑ +8.16%
	Accident	30,954	31,234	↑ +0.90%
	Health	15,632	18,738	↑ +19.87%
	Travel	860	1,130	↑ +31.39%
	Bail bond	159	157	↓ -1.60%
	Others	14,071	15,305	↑ +8.77%

Unit: million Baht

Source: OIC, Q4/2021 Summary of Non-life insurance business

Figure1 Non-life insurance premium details by policy types

Life insurance premium for first year premium, renewal year premium, and single premium was Baht 613,812 million, increasing by 2.33% YoY with details as follows:

Life premium by payment : (All)		Year To Date		
		2020Q4	2021Q4	Change%
Million Baht	Life Total	599,810	613,812	↑ +2.33%
	First year premium(FYP)	100,925	96,169	↓ -4.71%
	Renewal year premium(RYP)	441,541	443,040	↑ +0.34%
	Single Premium(SP)	57,344	74,603	↑ +30.10%

Unit: million Baht

Source: OIC, Q4/2021 Summary of Life insurance business

Figure 2 Life insurance premium details by policy types

There were some concerns on Omicron variant of COVID-19 in the beginning of 2022 and on inflation due to rising oil price. However, Thailand's economic condition in the first quarter of 2022 improved from previous period. The number of international tourist arrivals grew after some travel restrictions were lifted, except tourist arrivals from Russia and Eastern Europe dropped in March due to Russia-Ukraine conflict.

Economic recovery was also seen from car sales that improved from last year, partly from a trend of electric vehicle promoted by the government and from sales promotional campaigns, which is expected to benefit motor insurance in the future. Tourist sector recovered from inbound tourists, benefiting health insurance that covered medical expenses and accident for tourists. Although COVID-19 insurance was not as popular as last year, general health insurance also improved as consumers would prefer having insurance as a protection and look for more coverage in terms of medical expenses. As for TQM's newly acquired True Life Broker Company Limited and True Extra Broker Company Limited, they improved along with overall growth. Easy Lending, the personal loan providing business, started in the previous quarter also grew. It was well accepted and provided loans to more customers.

TQM expanded to reinsurance broker business by acquiring shares of TQR Public Company Limited ("TQR"). The transaction was accomplished as planned. The Board of Directors proposed the transaction to seek an approval from the Shareholders' meeting. It was approved on 28 April 2022 and 44.35% of TQR shares were already acquired on 29 April 2022. This investment should help TQM in business expansion, creating growth potential and source of revenue diversification as in the strategic plan. Synergy should be created for both TQM and TQR to offer products and services that add value for customers. More inorganic expansion plans are in the pipeline, with ongoing studies and negotiation with business partners.

It is expected that the above-mentioned growth plan should lead TQM to achieve the targeted premium sales of Baht 29 billion in 2022, from Baht 17.5 billion last year. The new growth should come from organic business of approximately Baht 19 billion, and from inorganic growth of approximately Baht 10 billion.

Major developments in Q1/2022 and April 2022

1. The Board of Directors' meeting No. 5/2564 considered to propose to the shareholders' meeting to change the Company's par value from Baht 1 to Baht 0.50 so that the shares can be accessible to wider group of investors and to increase market liquidity. It would not affect portion of shares held by existing shareholders, and paid-up capital would remain unchanged.

On 4 January 2022, the Company registered the change of par as approved by the EGM No. 1/2564, effective on 13 January 2022.

2. On 28 April 2022, the Shareholders' Annual General Meeting of 2022 approved a dividend payment from net profit and retained earnings of 2021 at Baht 0.50 per share for 600 million shares, totaling Baht 300 million, on 12 May 2022.

3. On 28 April 2022, the Shareholders' Annual General Meeting of 2022 approved an investment in 102,000,00 shares of TQR Public Company Limited or 44.35% of shares issued and paid at Baht 5.10 per share, totaling Baht 520.20 million. The acquisition was completed on 29 April 2022, with a total tender offer submission on 5 May 2022 at Baht 5.10 per share during 10 May – 15 June 2022.

Financial highlights of Q1/2022 compared to Q1/2021

Description	Q1/2022		Q1/2021		YoY change	
	MB	%	MB	%	MB	%
Service revenue	875.9	98.1	828.8	98.0	47.1	5.7
Other revenue	16.9	1.9	16.8	2.0	0.1	0.8
Service costs & expenses	403.0	45.1	401.8	47.5	1.2	0.3
Gross profit	472.9	54.0	427.0	51.5	45.9	10.8
Administrative expenses	224.7	25.2	189.6	22.4	35.0	18.5
Net profit	211.1	23.6	201.7	23.8	9.5	4.7
Earnings per share (Baht)	0.36		0.34		0.02	5.9

Revenue

- Service revenue of Q1/2022 was Baht 875.9 million, increasing by Baht 47.1 million or 5.7% YoY, mainly from motor insurance and corporate clients, as well as upcountry branch sales channels.

Cost and expenses

- Service cost and expenses of Q1/2022 was Baht 403.0 million, similar to the same quarter last year with 0.3% increase despite a higher revenue increase. It was because the fixed cost in sales staff was maintained while revenue increase from an improved efficiency. The percentage of service cost compared to total revenue decreased from 47.5% to 45.1% from the revenue growth that was higher than the cost increase.
- Administrative expenses were Baht 224.7 million, increasing by 18.5% mainly from the internal improvement with new hires to support growing business, as well as new businesses that generated revenue and profit.

Profit

- Gross profit of Q1/2022 was Baht 472.9 million, increasing by Baht 45.9 million or 10.8% due to efficient cost and expenses control.
- Net profit was Baht 211.1 million, increasing by Baht 9.5 million or 4.7% from an increase in revenue.
- Earnings per Share was Baht 0.36, increasing from Baht 0.34 last year.

Please be informed accordingly

Sincerely yours

- Signature -

(Miss Somporn Ampaisutthipong)

Chief Financial Officer