

10 August 2022

Subject Management Discussion and Analysis

Financial Performance for the Q2/2022 period ended June 30, 2022.

To President
The Stock Exchange of Thailand

TQR Public Company Limited (“the Company”) provides Management Discussion and Analysis for the Q2/2022 period ended June 30, 2022, as follows:

Service Income

For the three-month period ended June 30, 2021 and 2022, the company had service income of THB 65.53 million and THB 64.12 million, respectively, service income decrease by THB 1.41 million or an decrease of 2.15% from the same period last year mainly from the decrease in service income from Alternative Business.

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 June 30,					
	2021		2022		Change	
	MB	%	MB	%	MB	%
1. Traditional Business	21.98	50.08	28.31	44.15	6.33	28.79
2. Alternative Business	43.55	49.92	35.27	55.00	(8.28)	(19.00)
3. Other Business	-	-	0.54	0.85	0.54	100
Total Service Income	65.53	100.00	64.12	100.00	(1.41)	(2.15)

For the three-month period ended June 30, 2021 and 2022, the company had service income from Traditional Business of THB 21.98 million and THB 28.31 million, respectively, increased by THB 6.33 million or 28.79% from the same period last year. The increase is mainly due to an increase of motor treaty reinsurance contracts.

For the three-month period ended June 30, 2021 and 2022, the services income of Alternative Business was THB 43.55 million and THB 35.27 million, respectively, decreased by THB 8.28 million or 19.00% from the same period last year. The decrease derived from license revocation of some insurance companies effected by Covid-19 impact.

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

For the six-month period ended June 30, 2021 and 2022, the company had service income of THB 108.61 million and THB 115.75 million, respectively, service income increase by THB 7.14 million or an increase of 6.58% from the same period last year mainly from the increase in service income from Traditional Business and Alternative Business.

Items	The nature of the business for the six-month period ended June 30,					
	2021		2022		Change	
	MB	%	MB	%	MB	%
1. Traditional Business	43.55	50.08	47.62	41.14	4.07	9.34
2. Alternative Business	65.06	49.92	67.56	58.37	2.50	3.85
3. Other Business	-	-	0.57	0.49	0.57	100
Total Service Income	108.61	100.00	115.75	100.00	7.14	6.58

For the six-month period ended June 30, 2021 and 2022, the company had service income from Traditional Business of THB 43.55 million and THB 47.62 million, respectively, increased by THB 4.07 million or 9.34% from the same period last year. The increase is mainly due to an increase of motor treaty reinsurance contracts and Industrial All Risks.

For the six-month period ended June 30, 2021 and 2022, the services income of Alternative Business was THB 65.06 million and THB 67.56 million, respectively, increased by THB 2.50 million or 3.85% from the same period last year. The increase derived from Non-motor insurance group, especially from Special type of insurance such as Jewelry Insurance, Director's & Officer's Insurance, Medical Malpractice Liability Insurance and Cyber.

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

Other income

Other income consists of interest income, gain from exchange rate and reverse allowance of loss to other income. For the three-month period ended June 30, 2021 and 2022, the company had other income of THB 27.72 million and THB 1.37 million, respectively. Other income decreased by THB 26.35 million or 95.04% from the same period last year. For the six-month period ended June 30, 2021 and 2022, the company had other income of THB 27.83 million and THB 5.65 million, respectively. Other income decreased by THB 22.18 million or 79.70% from the same period last year. The mainly from during 2564, 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.

Gross Profit

For the three-month period ended June 30, 2021 and 2022, the company had gross profit of THB 49.94 million and THB 50.67 million, with 79.01 % gross margin and with 76.21% gross margin, respectively,

The gross margin increasing came from cost of head count decreasing for Client-Facing employees while service income of company decrease from covid-19 impact. However revenue decrease less than cost of services, so gross profit was increasing. However, the company have recruited for that replacement.

For the six-month period ended June 30, 2021 and 2022, the company had gross profit of THB 80.83 million and THB 89.99 million, with 74.42 % gross margin and with 77.74% gross margin, respectively, The gross margin increasing came from cost of head count decreasing for Client-Facing employees decreasing while service income was increasing in Traditional Business and Alternative Business, so gross profit was increasing. However, the company have recruited for that replacement.

Selling Expenses

Selling expenses is mainly a sales promotion paid to the external introducer for Alternative Business. For the three-month period ended June 30, 2021 and 2022, the company had selling expenses of THB 1.17 million and THB 1.35 million, respectively.

Selling expenses is mainly a sales promotion paid to the external introducer for Alternative Business. For the six-month period ended June 30, 2021 and 2022, the company had selling expenses of THB 2.91 million and THB 1.76 million, respectively, decreased by THB 1.14 million or 39.27% since the sale promotion was adjusted according to economic situation.

Administrative Expenses

For the three-month period ended June 30, 2021 and 2022, the company administrative expenses were THB 11.83 million and THB 16.79 million, respectively. The administrative expenses increased by THB 4.96 million or 41.89%, from the same period last year mainly from expected credit loss of accrued income and unrealized loss from investment.

For the six-month period ended June 30, 2021 and 2022, the company administrative expenses were THB 25.77 million and THB 29.38 million, respectively. The administrative expenses increased by THB 3.61 million or

14.02%, from the same period last year mainly from the increase of amortized software and unrealized loss from investments.

Income tax expenses

For the three-month period ended June 30, 2021 and 2022, the company had income tax expenses of THB 7.49 million and THB 6.84 million, respectively. The decrease of THB 0.65 million.

For the six-month period ended June 30, 2021 and 2022, the company had income tax expenses of THB 10.72 million and THB 12.66 million, respectively. The increase of THB 1.94 million was in proportion to the increase of company profit.

Net Profit

For the three-month period ended June 30, 2021 and 2022, the company net profit was THB 57.01 million (61.13 % of sales), and THB 26.88 million (41.04 % of sales), respectively. The decrease in net profit by THB 30.13 million or 52.85% from the same period last year, resulted from in 2021, they have reversed provision amounting to 27.24 million to other income.

For the six-month period ended June 30, 2021 and 2022, the company net profit was THB 68.93 million (50.52 % of sales), and THB 51.47 million (42.39 % of sales), respectively. The decrease in net profit by THB 17.46 million or 25.34% from the same period last year, resulted from in 2021, they have reversed provision amounting to 27.24 million to other income, however, they have net profit from gross profit of service income increasing.

Yours sincerely,

- Mr. Chanaphan Piriayaphan -

(Mr. Chanaphan Piriayaphan)

Chief Executive Officer