



CORPORATION PUBLIC COMPANY LIMITED

TQM CORPORATION PUBLIC COMPANY LIMITED

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No. TC0120865

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Subject: Management Discussion and Analysis for 2Q22

Attention: President

Stock Exchange of Thailand

TQM Corporation Public Company Limited and subsidiaries ("the Company") would like to clarify the operating results ending 30 June 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 March 2022 was Baht 68,131 million, increasing by 4.65% YoY, with details as follows:

| Nonlife Direct Premium : (All) | | Year To Date | | |
|--------------------------------|-----------------|--------------|--------|------------|
| | | 2021Q1 | 2022Q1 | Change% |
| Million Baht | Nonlife Total | 65,107 | 68,131 | ↑ +4.65% |
| | Fire | 2,376 | 2,491 | ↑ +4.83% |
| | Hull | 149 | 144 | ↓ -3.29% |
| | Cargo | 1,379 | 1,571 | ↑ +13.87% |
| | Compulsory auto | 4,962 | 4,887 | ↓ -1.51% |
| | Voluntary auto | 32,634 | 34,138 | ↑ +4.61% |
| | IAR & Property | 6,079 | 6,860 | ↑ +12.86% |
| | Liability | 850 | 899 | ↑ +5.73% |
| | Accident | 8,407 | 8,383 | ↓ -0.29% |
| | Health | 4,558 | 4,711 | ↑ +3.36% |
| | Travel | 182 | 521 | ↑ +186.63% |
| | Bail bond | 36 | 41 | ↑ +12.05% |
| | Others | 3,494 | 3,486 | ↓ -0.23% |

Unit: million Baht

Source: OIC, Q1/2022 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 150,480 million, decreasing by 1.67% YoY with details as follows:

| Life premium by payment : (All) | | Year To Date | | |
|---------------------------------|---------------------------|--------------|---------|-----------|
| | | 2021Q1 | 2022Q1 | Change% |
| Million Baht | Life Total | 153,029 | 150,480 | ↓ -1.67% |
| | First year premium(FYP) | 24,798 | 26,481 | ↑ +6.79% |
| | Renewal year premium(RYP) | 109,409 | 109,488 | ↑ +0.07% |
| | Single Premium(SP) | 18,822 | 14,511 | ↓ -22.90% |

Unit: million Baht

Source: OIC, Q1/2022 Summary of Life insurance business

Figure 2 Life insurance premium details by policy types

In 2Q22, Thai economy continued to recover from last quarter. Number of foreign tourists increased, especially tourists from ASEAN region and India, as the travel restriction and pandemic control were relieved. However, concerns on rising cost of living were a pressure on consumption rate.

As for TQM, in 2Q21 COVID-19 insurance policies were very popular resulting in high premium sales. Later on, in 2Q22, the situation changed. Concern on catching Corona Virus subsided so COVID-19 insurance was not as popular. Therefore, TQM aimed to boost sales with other products, namely home, health and travel insurance, starting in 2Q22. It is expected that for the whole year 2022, these three categories can compensate sales from COVID-19 insurance. Key driving trends are from consumer's increasing awareness of having insurance, as well as more user-friendly website developed and more sales support for home insurance. Also, more trends benefiting our business are from interest in comprehensive health insurance, and recovery of tourism in the second half of the year, both in-bound and out-bound, to boost travel insurance.

Easy Lending, loan providing business, continued its good momentum from customers who applied for loans to buy insurance from TQM. Easy Lending also planned to offer more products and expand by leveraging customer base of the subsidiaries.

On 3 August, TQM announced its strategy to transform to TQMalpha and set a structure to go beyond insurance broker, enter financial business and expand with support from technology platform. The target of insurance broker business is to achieve Baht 29 billion premium in 2022, from Baht 17.5 billion last year. In five-year time, TQMalpha has long-term targets to achieve Baht 50 billion premium, and to grow the new businesses, i.e. financial and technology platform, to generate 50% of total revenue, equal to insurance broker business. The long-term targets include listing subsidiaries with good performance in the stock exchange, and to grow customer base to 10 million in Thailand and CLMV.

Major developments in 2Q22 and after

1. 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.
2. 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. Within the specific period, no one tendered the securities.
3. On 11 May 2022, the Board of Directors' meeting number 3/2565 approved the change of Company's name and seal, and amendment of the memorandum of association and articles of association. It is in accordance with the change of Company's name from TQM Corporation Public Company Limited to TQMalpha Public Company Limited. The changes and amendments are subject to the approval of Extraordinary General Meeting of Shareholders on 18 August 2022.
4. On 3 August 2022, the Board of Directors' meeting No. 5/2565 approved the entering into the sales and purchase agreement to acquire shares of Builk One Group Company Limited of 486,907 shares or 40.00% of issued and sold shares of Builk One Group, totaling approximately 247.09 million baht. The acquisition is subject to conditions and it is expected to completed within the third quarter of 2022.
5. On 11 August 2022, the Board of Directors' meeting No. 6/2565 approved the interim dividend payment from the financial statements of 1 January to 30 June 2022 of Baht 0.70 per share, 600 million shares, amounting Baht 420 million. The payment date is on 9 September 2022

Financial highlights of first half 2022 compared to first half 2021, and 2Q22 compared to 2Q21

| Description | 1H22 | 1H21 | Change | 2Q22 | 2Q21 | Change |
|---------------------------|----------------|---------|--------|--------------|-------|--------|
| Service revenue | 1,772.2 | 1,773.1 | -0.1% | 844.7 | 901.2 | -6.3% |
| Other revenue | 50.2 | 67.2 | -25.3% | 28.7 | 50.3 | -42.9% |
| Service costs & expenses | 819.3 | 824.8 | -0.7% | 403.6 | 409.1 | -1.3% |
| Gross profit | 952.9 | 948.3 | 0.5% | 441.1 | 492.1 | -10.4% |
| Administrative expenses | 463.6 | 403.4 | 14.9% | 226.1 | 199.8 | 13.1% |
| Net profit | 430.3 | 491.2 | -12.4% | 194.5 | 277.6 | -29.9% |
| Earnings per share (Baht) | 0.66 | 0.71 | -7.0% | 0.30 | 0.37 | -18.9% |

** In 2Q22, upon the completion of TQR share acquisition transaction, TQR's performance was consolidated to TQM's financial statement based on common control basis. Previous financial statements were restated for comparison purpose.

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Analysis of 1H22 performance compared to 1H21

Revenue

- Service revenue of 1H22 was Baht 1,772.2 million, compared to Baht 1,773.1 million in 1H21 which included revenue from COVID-19 insurance of approximately Baht 145 million. If excluding COVID-19 sales last year, revenue of 1H21 would be Baht 1,628.1 million, reflecting growth of TQM's core business in 1H22.

Cost and expenses

- Service cost and expenses was Baht 819.3 million, decreasing by 0.7% in line with the change of revenue. The percentage of service cost compared to total revenue was 46.2%, similar to 46.5% last year.
- Administrative expenses were Baht 463.6 million, increasing from Baht 403.4 million 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 was Baht 952.9 million, increasing by 0.5% due to lower service cost while revenue slightly changed by 0.1%.
- Net profit of 1H22 was Baht 430.3 million, or Baht 12.4 million change from last year.

Please be informed accordingly

Sincerely yours

- Signature -

(Miss Somporn Ampaisutthipong)

Chief Financial Officer