

21 February 2023

Subject Management Discussion and Analysis Financial Performance for the year ended 31 December 2022.

To President
The Stock exchange of Thailand

TQR Public Company Limited (“the Company”) provides Management Discussion and Analysis for the year ended 31 December 2022 as follows.

Service Income

In the year 2021 and 2022, the company had service income of THB 224.65 million and THB 236.73 million, respectively. In 2022, service income increased by THB 12.08 million or an increase of 5.38% from 2021 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 3 segments according to the nature of the business:

Items	The nature of the business for the year ended					
	2021		2022		Change	
	THB mm	%	THB mm	%	THB mm	%
1. Traditional Business	81.37	36.22	92.72	39.17	11.35	13.95
2. Alternative Business	143.28	63.78	141.66	59.84	-1.62	-1.13
3. Other Business	-	-	2.35	0.99	2.35	100
Total Service Income	224.65	100.00	236.73	100.00	12.08	5.38

In the year 2021 and 2022, the company had service income from Traditional Business of THB 81.37 million and THB 92.72 million, respectively. In 2022, Traditional business service income increased by THB 11.35 million or 13.95% from 2021. The increase is mainly due to an increase of Industrial All Risks reinsurance contracts.

For the Alternative Business, In the year 2021 and 2022, the services income was THB 143.28 million and THB 141.66 million, respectively. In 2022, Alternative business service income decreased by THB 1.62 million or 1.13% from 2021. The decrease derived from license revocation of some insurance companies effected by Covid- 19 impact, that effect more than increase of non-motor insurance group, especially from Special type of insurance such as Property, 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

For the year 2021 and 2022, the company had other income of THB 31.71 million and THB 6.76 million, respectively. Other income decreased by THB 24.95 million or 78.67% from 2021. The decrease in other income are mainly from in 2021, 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 2021 and 2022, the company had cost of services of THB 56.31 million and THB 56.69 million, respectively. In 2022, cost of services increased by THB 0.38 million or 0.68 % from 2021.

Gross Profit

For the year 2021 and 2022, the company had gross profit of THB 168.34 million and THB 180.04 million, respectively. In 2022, gross profit increased by THB 11.70 million of 6.95% from 2021. The increase was mainly from the increase in services income from Brokerage re-insurance and managed cost in effectiveness.

Selling Expenses

Selling expenses is mainly a sales promotion paid to the external introducer for Alternative Business. For the year 2021 and 2022, the company had selling expenses of THB 4.82 million and THB 4.59 million, respectively. In 2022, selling expenses decreased by THB 0.22 million or 4.65 % from 2021.

Administrative Expenses

For the year 2021 and 2022, the company administrative expenses were THB 73.60 million and THB 58.47 million, respectively. The administrative expenses decreased in 2022 by THB 15.13 million or 20.56%, mainly from in 2021, there is an increase in loss allowance for accrued brokerage income due to the revocation of non-life insurance license of the insurance companies in amount of THB22.08 million..

Income tax expenses

For the year 2021 and 2022, the company had income tax expenses of THB 23.44 million and THB 24.77 million, respectively. The THB 1.33 million increase in 2022 was in proportion to the increase of company profit.

Net Profit

For the year 2021 and 2022, the company net profit was THB 97.46 million (38.02 % of sales) and THB 98.27 million (40.36 % of sales), respectively. The increase in net profit by THB 0.81 million or 0.83 % from 2021, resulted gross profit of service income increasing.

Yours sincerely,

- Mr. Chanaphan Piriyaphan -

(Mr. Chanaphan Piriyaphan)

Chief Executive Officer