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No. TA0080566

15 May 2023

Subject: Management Discussion and Analysis for 1Q23

Attention: President, Stock Exchange of Thailand

TQM Alpha Public Company Limited and subsidiaries ("the Company") would like to clarify the operating results ending 31 March 2023, which was reviewed by the licensed auditors as follows:

Business Overview

According to statistics from the Office of Insurance Commission (OIC), the total non-life insurance premium for January to December 2022 was Baht 274,216 million, representing a 4.35% YoY increase. The details are as follows:

Nonlife Direct Premium : (All)		Year To Date		
		2021Q4	2022Q4	Change%
Million Baht	Nonlife Total	262,795	274,216	↑ +4.35%
	Fire	10,355	9,868	↓ -4.70%
	Hull	465	516	↑ +11.06%
	Cargo	5,853	6,486	↑ +10.81%
	Compulsory auto	18,634	19,114	↑ +2.58%
	Voluntary auto	128,772	135,772	↑ +5.44%
	IAR & Property	29,123	33,191	↑ +13.97%
	Liability	3,031	3,719	↑ +22.71%
	Accident	31,234	31,361	↑ +0.41%
	Health	18,738	15,811	↓ -15.62%
	Travel	1,130	2,266	↑ +100.50%
	Bail bond	157	111	↓ -29.39%
	Others	15,305	16,003	↑ +4.56%

Unit: million Baht

Source: OIC, Q4/2022 Summary of Non-life insurance business

Figure1 Non-life insurance premium details by policy types

Life insurance premiums for first-year, renewal, and single premiums for January to December 2022 amounted to Baht 611,106 million, reflecting a 0.45% YoY decrease, with the following breakdown:

Life premium by payment : (All)		Year To Date		
		2021Q4	2022Q4	Change%
Million Baht	Life Total	613,845	611,106	↓ -0.45%
	First year premium(FYP)	96,171	105,787	↑ +10.00%
	Renewal year premium(RYP)	443,040	441,317	↓ -0.39%
	Single Premium(SP)	74,633	64,002	↓ -14.25%

Unit: million Baht

Source: OIC, Q4/2022 Summary of Life insurance business

Figure 2 Life insurance premium details by policy types

In 1Q23, Thai economy showed signs of improvement compared to the last quarter due to the relaxation of COVID-19 measures. This led to a continuous increase in both Thai and foreign tourists, as well as an improvement in the service sector and private consumption due to the easing inflation situation. The value of exports also increased in line with the growth of the industrial sector. In terms of household purchasing power, it improved over time from increasing in employment and consumer confidence.

During the first quarter of 2023, Thai economy showed continuous signs of recovery. TQM's revenue consistently increased due to the improvement in insurance sales, particularly in motor insurance, including compulsory motor insurance and voluntary motor insurance, which was in line with the increasing trend of car usage. Accident and health insurance showed a positive growth trend due to consumers' increasing awareness of the importance of having insurance coverage for healthcare expenses. Home insurance sales also increased consistently during this quarter due to TQM's ability to ensure customers were aware of the importance of product coverage and protection. Heavy rain in some areas during this quarter increased the risk of flooding, lightning, and roof leakage, resulting in more customers recognizing the need for insurance. Travel insurance experienced a good growth trend in line with the increasing trend of tourism activities as the COVID-19 control measures are gradually lifted in various countries.

Easy Lending ("EL") has consistently received positive feedback, and its loan disbursement has increased in line with the growth of insurance sales. More customers are interested in using loans to purchase insurance from TQM, and EL has been effectively managing risks and debts while maintaining low financial costs. Additionally, EL plans to expand the business with potential partnership to offer more financial products in the future.

Due to the increasing demand for purchasing insurance through TQM, such as motor insurance driven by the growth of the automotive market, home insurance, accident and health insurance, as well as life insurance, there is a growing interest in new types of insurance, such as cyber insurance, among consumers. To improve the quality of service and sales, TQM is enhancing its sales and services by expanding its manpower and improving its employees' skills. This is a critical component in driving sustainable growth. In 1Q23, the company invested in hiring more staff and providing training to develop expertise, with the goal of generating higher sales in the future.

The insurance industry is expected to be more stable in 2023, following the impact of the COVID-19 situation in the past two years. As a result, the pressure to compete on pricing is expected to decrease. TQM's performance is also expected to have an upward trend in the second half of the year as the normal situation is anticipated to bring growth in the fourth quarter. Additionally, in the near future, the trend of electric vehicle (EV) market in Thailand is believed to be an encouraging factor for the business, as seen in the 44th Bangkok International Motor Show where the number of electric vehicle bookings exceeded 9,234 vehicles, accounting for 22% of all car bookings at the event. The number of electric vehicle bookings increased by more than 199% compared to the previous year. The rapid growth and popularity of electric vehicles is expected to result in demand for electric vehicle insurance, which carries a higher premium than regular car insurance.

Major developments in 1Q23 and April 2023

On 25 April 2023, the Shareholders' Annual General Meeting of 2023 approved a dividend payment from net profit and retained earnings of 2022 at Baht 0.50 per share for 600 million shares, totaling Baht 300 million, on 12 May 2023.

Financial highlights of 1Q23 compared to 1Q22

unit: million Baht

Description	1Q2023	1Q2022 (Restated)	Change
Service revenue	983.9	927.5	6.1%
Other revenue	13.4	21.5	(37.7%)
Total revenue	997.3	949.0	5.1%
Service costs	(488.0)	(415.7)	17.4%
Gross profit	495.9	511.8	(3.1%)
Administrative expenses	(242.3)	(237.5)	2.0%
Net profit	208.7	235.7	(11.4%)
Net profit – owners of parent	194.8	213.6	(8.8%)
Earnings per share (Baht)	0.32	0.36	(0.04)

Analysis of 1Q23 performance compared to 1Q22

Revenue

- Service revenue of 1Q23 was Baht 983.9 million, compared to Baht 927.5 million in 1Q22, increasing by 6.1% from an increase in overall insurance sales.
- Total revenue of 1Q23 was Baht 997.3 million, compared to Baht 949.0 million in 1Q22, increasing by 5.1%.

Cost and expenses

- Service cost was Baht 488.0 million, increasing by 17.4% along with the increasing revenue and hiring more salespeople to boost sales performance.
- The percentage of service cost compared to total revenue was 48.9%, increasing from 43.8% last year.
- Administrative expenses were Baht 242.3 million, increasing by 2.0% in correspondence to the increased income.
- The percentage of administrative expenses compared to total revenue was 24.3%, decreasing from 25.0% last year.

Profit

- Gross profit was Baht 495.9 million, decreasing by 3.1%
- Net profit was Baht 208.7 million, decreasing by 11.4%, and net profit – owners of parent was Baht 194.8 million, decreasing by 8.8% due to the increased cost of services resulting from investments in personnel and training to improve sales. It is expected that the new sales team will be able to increase sales with a more significant growth in the second quarter of 2023 and beyond. Overall, the company has the ability to continuously generate revenue and maintain profitability.

Please be informed accordingly

Sincerely yours

- Signature -

(Mr. Surath Pralongsil)

Chief Business Development Officer
