

9 November 2023

Subject Management Discussion and Analysis

Financial Performance for the Q3/2023 period ended September 30, 2023.

To President

The Stock Exchange of Thailand

TQR Public Company Limited (“the Company”) provides Management Discussion and Analysis for the Q3/2023 period ended September 30, 2023, as follows:

Service Income

For the three-month period ended September 30, 2022 and 2023, the company had service income of THB 53.04 million and THB 51.40 million, respectively, service income decreases by THB 1.64 million or a decrease of 3.09% from the same period last year mainly from the decrease in service income from Traditional Business.

The company service income in 2023 consists of 3 segments as follow:

Items	The types of the company business for the three-month period ended September 30,					
	2022		2023		Change	
	MB	%	MB	%	MB	%
1. Traditional Business	21.39	40.33	14.07	27.37	(7.32)	(34.23)
2. Alternative Business	30.88	58.22	36.56	71.13	5.68	18.40
3. Other Business	0.77	1.45	0.77	1.50	-	-
Total Service Income	53.04	100.00	51.40	100.00	(1.64)	(3.09)

For the three-month period ended September 30, 2022 and 2023, the company had service income from Traditional Business of THB 21.39 million and THB 14.07 million, respectively, decreased by THB 7.32 million or 34.23% from the same period last year. The decrease is mainly due to miscellaneous class such as Extend Warranty. However, the company has increased in property class, motor class from new cedants and miscellaneous class such as casualty business.

For the three-month period ended September 30, 2022 and 2023, the services income of Alternative Business was THB 30.88 million and THB 36.56 million, respectively, increased by THB 5.68 million or 18.40% from the same period last year. The increase derived from Non-motor insurance class in Health and Personal Accident insurance, Fire Insurance. Moreover, the company has developed and focused on Motor EV, Commercial motor and other motor portfolio in the industry. The company also focus on Specialty class such as, Cyber Insurance.

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

For the nine-month period ended September 30, 2022 and 2023, the company had service income of THB 168.79 million and THB 176.85 million, respectively, service income increases by THB 8.06 million or a increase of 4.78% from the same period last year mainly from the increase in service income from Alternative Business.

Items	The nature of the business for the nine-month period ended September 30,					
	2022		2023		Change	
	MB	%	MB	%	MB	%
1. Traditional Business	69.01	40.89	52.57	29.72	(16.44)	(23.82)
2. Alternative Business	98.43	58.32	122.35	69.19	23.92	24.30
3. Other Business	1.35	0.79	1.93	1.09	0.58	42.96
Total Service Income	168.79	100.00	176.85	100.00	8.06	4.78

For the nine-month period ended September 30, 2022 and 2023, the company had service income from Traditional Business of THB 69.01 million and THB 52.57 million, respectively, decreased by THB 16.44 million or 23.82% from the same period last year. The decrease is mainly due to one of the Cedant changed in reinsurance policy of motor business in Quarter 2nd and miscellaneous class such as Extend Warranty. However, the company has increased in property class, motor class from new cedants and miscellaneous class such as casualty business.

For the nine-month period ended September 30, 2022 and 2023, the services income of Alternative Business was THB 98.43 million and THB 122.35 million, respectively, increased by THB 23.92 million or 24.30% from the same period last year. The increase derived from Non-motor insurance class in Health and Personal Accident insurance, Fire Insurance. Moreover, the company has developed and focused on Motor EV, Commercial motor and other motor portfolio in the industry. The company also focus on Specialty class such as Political violence Insurance, Cyber Insurance, and Director's & Officer's Liability Insurance.

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

Other income

Other income consists of interest income, gain from exchange rate, gain on disposal asset and reverse allowance of loss to other income.

For the three-month period ended September 30, 2022 and 2023, the company had other income of THB 0.50 million and THB 4.04 million, respectively. Other income increased by THB 3.54 million or 707.25% from the same period last year.

For the nine-month period ended September 30, 2022 and 2023, the company had other income of THB 6.15 million and THB 8.32 million, respectively. Other income increased by THB 2.17 million or 35.33% from the same period last year. The reasons that increased of other income due to in this period was occurred from interest income and dividend income from investment and gain on disposal asset. While during 2022, There was the reversal of allowance for doubtful account amounting to THB 3.93 million to other income and received the supporting employment fund from government in Q1'22.

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 employees.

For the three-month period ended September 30, 2022 and 2023, the company had cost of services of THB 13.66 million and THB 14.98 million, respectively, increase by THB 1.32 million or 9.70% from the same period last year.

For the nine-month period ended September 30, 2022 and 2023, the company had cost of services of THB 39.42 million and THB 44.43 million, respectively, increased by THB 5.00 million or 12.70% from the same period last year.

Gross Profit

For the three-month period ended September 30, 2022 and 2023, the company had gross profit of THB 39.38 million and THB 36.41 million, with 74.24 % gross margin and with 70.85% gross margin, respectively.

For the nine-month period ended September 30, 2022 and 2023, the company had gross profit of THB 129.36 million and THB 132.42 million, with 76.64 % gross margin and with 74.88% gross margin, respectively.

Selling Expenses

Selling expenses is mainly a sales promotion for Alternative Business. For the three-month period ended September 30, 2022 and 2023, the company had selling expenses of THB 1.73 million and THB 1.60 million, respectively, decreased by THB 0.12 million or 7.09%.

Selling expenses is mainly a sales promotion paid to the external introducer for Alternative Business. For the nine-month period ended September 30, 2022 and 2023, the company had selling expenses of THB 3.49 million and THB 4.38 million, respectively, increased by THB 0.89 million or 25.43%, from the same period last year. This increase in the same way as the sale promotion increase on service income from Alternative Business.

Administrative Expenses

For the three-month period ended September 30, 2022 and 2023, the company administrative expenses were THB 13.62 million and THB 12.68 million, respectively. The administrative expenses decreased by THB 0.94 million or 6.89%, from the same period last year.

For the nine-month period ended September 30, 2022 and 2023, the company administrative expenses were THB 40.79 million and THB 40.91 million, respectively. The administrative expenses increased by THB 0.12 million or 0.29%, from the same period last year.

Other expenses

For the three-month period ended September 30, 2022 and 2023, the company had other expenses were THB 0 million and THB 1.64 million, respectively. The other expenses increased by THB 1.64 million or 100.00%, from the same period last year, mainly decreasing from the unrealized loss from securities investments.

For the nine-month period ended September 30, 2022 and 2023, the company had other expenses were THB 2.20 million and THB 5.43 million, respectively. The other expenses increased by THB 3.23 million or 146.46%, from the same period last year, mainly increasing from the unrealized loss from securities investments, as fair value, that decreased depend on Fair Market value .

Income tax expenses

For the three-month period ended September 30, 2022 and 2023, the company had income tax expenses of THB 5.09 million and THB 5.01 million, respectively. The decrease of THB 0.09 million.

For the nine-month period ended September 30, 2022 and 2023, the company had income tax expenses of THB 17.75 million and THB 18.32 million, respectively. The increase of THB 0.57 million was in proportion to the increase of company profit.

Net Profit

For the three-month period ended September 30, 2022 and 2023, the company net profit was THB 19.26 million (35.98 % of sales), and THB 19.41 million (35.01 % of sales), respectively. The increase in net profit by THB 0.15 million or 0.74% from the same period last year, resulted from increasing other income.

For the nine-month period ended September 30, 2022 and 2023, the company net profit was THB 70.73 million (40.43 % of sales), and THB 71.32 million (38.51 % of sales), respectively. The increase in net profit by THB 0.59 million or 0.83% from the same period last year, resulted from the company had service income for nine -month increasing from Alternative Business and other income.

Yours sincerely,

- Mr. Chanaphan Piriayaphan -

(Mr. Chanaphan Piriayaphan)

Chief Executive Officer