

21 February 2024

Subject Management Discussion and Analysis Financial Performance for the year ended 31 December 2023.

To President  
The Stock exchange of Thailand

TQR Public Company Limited (“the Company”) provides Management Discussion and Analysis for the year ended 31 December 2023 as follows.

### Service Income

In the year 2022 and 2023, the company had service income of THB 236.73 million and THB 240.59 million, respectively. In 2023, service income increased by THB 3.86 million or an increase of 1.63% from 2022 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					
	2022		2023		Change	
	THB mm	%	THB mm	%	THB mm	%
1. Traditional Business	92.72	39.17	67.77	28.17	-24.95	-26.91
2. Alternative Business	141.66	59.84	170.22	70.75	28.56	20.16
3. Other Business	2.35	0.99	2.60	1.08	0.25	10.64
Total Service Income	236.73	100.00	240.59	100.00	3.86	1.63

In the year 2022 and 2023, the company had service income from Traditional Business of THB 92.72 million and THB 67.77 million, respectively. In 2023, Traditional business service income decreased by THB 24.95 million or 26.91% from 2022. 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.

For the Alternative Business, In the year 2022 and 2023, the services income was THB 141.66 million and THB 170.22 million, respectively. In 2023, Alternative business service income increased by THB 28.56 million or 20.16% from 2022. The increase derived from Non-motor insurance class in Health and Personal Accident reinsurance, Loan Protection reinsurance. 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 reinsurance, and Money / Cash in transit reinsurance.

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

#### **Other income**

For the year 2022 and 2023, the company had other income of THB 6.76 million and THB 9.33 million, respectively. Other income increased by THB 2.57 million or 38.00% from 2022. The reasons that increased of other income due to in this period was occurred from interest income and dividend income from investment, gain on disposal asset and gain on exchange rate. 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 year 2022 and 2023, the company had cost of services of THB 56.69 million and THB 57.73 million, respectively. In 2023, cost of services increased by THB 1.04 million or 1.84 % from 2022.

#### **Gross Profit**

For the year 2022 and 2023, the company had gross profit of THB 180.04 million and THB 182.86 million, respectively. In 2023, gross profit increased by THB 2.83 million of 1.57% from 2022. The increase was mainly from the increase in services income from Brokerage re-insurance.

#### **Selling Expenses**

Selling expenses is mainly a sales promotion paid to the external introducer for Alternative Business. For the year 2022 and 2023, the company had selling expenses of THB 4.59 million and THB 6.19 million, respectively. In 2023, selling expenses increased by THB 1.59 million or 34.67 % from 2022, this increase in the same way of Revenue from Alternative Business.

#### **Administrative Expenses**

For the year 2022 and 2023, the company administrative expenses were THB 58.47 million and THB 54.67 million, respectively. The administrative expenses decreased in 2023 by THB 3.80 million or 6.50%, mainly from in 2022. This decreased from in 2022 there was ECL from doubtful debt THB 3.01 million, while in 2023 had reverse ECL from doubtful debt 2.84 million.

**Other expenses**

For the year 2023, the company had other expenses were THB 5.83 million. The other expense was the unrealized loss from securities investments, as fair value, that decreased depend on Fair Market value.

**Share of profit of associates**

For the year 2023, the company had invested in Alphasec Co., Ltd., in portion 30% as associated company, So the company have take equity THB 0.62 million, as share of profit in this period.

**Income tax expenses**

For the year 2022 and 2023, the company had income tax expenses of THB 24.77 million and THB 25.39 million, respectively. The increase of THB 0.62 million was in proportion to the increase of company profit.

**Net Profit**

For the year 2022 and 2023, the company net profit was THB 98.27 million (40.36 % of sales) and THB 100.31 million (40.14 % of sales), respectively. The increase in net profit by THB 2.04 million or 2.08 % from 2022, resulted from the company had service income from Alternative Business and other income increased.

Yours sincerely,

**- Mr. Chanaphan Piriayaphan -**

(Mr. Chanaphan Piriayaphan)

Chief Executive Officer