

**Management Discussion and Analysis for 2Q24**  
**TQM Alpha Public Company Limited (“TQM”)**

**Business Overview**

According to statistics from the Office of Insurance Commission (OIC), the total non-life insurance premium for January to March 2024 was Baht 72,499 million, representing a slight decrease of 0.17% YoY. The details are as follows:

Nonlife Direct Premium		Year to Date		
		2023Q1	2024Q1	%Change
<b>Million Baht</b>	<b>Nonlife Total</b>	<b>72,620</b>	<b>72,499</b>	↓ -0.17%
	Fire	2,422	2,371	↓ -2.11%
	Hull	179	231	↑ +28.82%
	Cargo	1,615	1,525	↓ -5.56%
	Compulsory auto	5,337	5,374	↑ +0.69%
	Voluntary auto	36,107	36,068	↓ -0.11%
	IAR & Property	7,700	7,644	↓ -0.74%
	Liability	1,099	1,171	↑ +6.52%
	Accident	7,807	8,225	↑ +5.36%
	Health	5,699	4,776	↓ -16.19%
	Travel	611.7033	665.2896	↑ +8.76%
	Bail bond	29	28	↓ -5.89%
	Others	4,015	4,423	↑ +10.15%

Unit: million Baht

Figure1: Non-life insurance premium details by policy types

Source: OIC, Q1/2024 Summary of Non-life insurance business

Life insurance premiums for first-year, renewal, and single premiums for January to March 2024 amounted to Baht 163,877 million, reflecting a 4.71% YoY increase, with the following breakdown:

Life Direct Premium		Year to Date		
		2023Q1	2024Q1	%Change
<b>Million Baht</b>	<b>Life Total</b>	<b>156,509</b>	<b>163,877</b>	↑ +4.71%
	First Year Premium (FYP)	31,122	30,178	↓ -3.03%
	Renewal Year Premium (RY)	111,508	117,956	↑ +5.78%
	Single Premium (SP)	13,879	15,743	↑ +13.43%

Unit: million Baht

Figure 2: Life insurance premium details by policy types

Source: OIC, Q1/2024 Summary of Life insurance business

### Thailand's Economic Outlook

The Thai economy in 2Q24 continued to expand from the previous quarter, driven primarily by increased government spending and the rise in the number of tourists, which boosted tourism growth. Additionally, exports grew in line with industrial production. However, the Consumer Confidence Index continued to decline due to concerns over the cost of living, energy prices, and the slow recovery of income.

### Overview of Insurance Business

The Office of Insurance Commission (OIC) anticipates that the insurance industry will continue to grow this year, both in non-life and life insurance, supported by three key factors: 1) The new EV insurance guidelines announced by the OIC in June 2024 are expected to accelerate the growth of EVs and EV insurance sales. 2) Increased consumer awareness of climate changes, such as floods, fires, and storms, is likely to boost interest in property insurance and agricultural insurance. 3) Growing interest in health insurance is driven by consumers' increasing health consciousness and the steadily rising elderly population.

Source: Office of Insurance Commission (OIC)

### Summary of Key Performance Results in 2Q24

TQM's total revenue in 2Q24 amounted to Baht 979.4 million, with net profit of Baht 206.9 million, growing YoY. The better performance was mainly from the higher sales in insurance products, especially motor insurance as a majority of portfolio. Our motor insurance has seen a high renewal rate due to customer's trust and satisfaction in TQM's services. Moreover, EV insurance continued to grow along with popularity of EV in Thai market. The health insurance segment, including group insurance, has also grown, partly due to the increased market penetration.

Additionally, the subsidiaries have shown satisfactory growth.

As for the financial services business, operated by Easy Lending Co. Ltd., it continues to earn the trust of customers seeking loans to purchase insurance from TQM.

The cost of services and SG&A in this quarter were managed efficiently. Although the cost of services increased along with the higher revenue, the gross profit grew from last year. Also, as the SG&A decreased, 2Q24 net profit increased by 7.6% with net profit margin of 21.1%, higher than the target.

Recently, TQM invested in two companies to enhance the potential. Firstly, TQM invested in My Group Intelligent Co. Ltd., which operates as a comprehensive logistics provider both online and offline under the brand *My Save* and *Shippop*, with over 6,600 service points. The investment is expected to enhance TQM's distribution channel, allowing us to reach more customers. Moreover, Easy Lending Co. Ltd., a subsidiary of TQM, invested in 25% of Ngern Rueang Jib Co. Ltd.'s shares. Ngern Rueang Jib operates a business of consignment loan for brand name bags and watches, under the brands *bagforcash* and *watchforcash*. The rationale of the investment was because of the expected growth potential of the market and the low risk in secured loan.

In 2024, TQM's investments and groundwork laid for future growth are expected to drive significant development, including technology upgrades to enhance operations and sales team capabilities. The company's overall performance is projected to grow in line with the expanding insurance market. Additionally, subsidiary companies are expected to show improved performance. The overall business outlook for this year is expected to progress as planned, aiming for sustainable revenue growth averaging over 5-10%.

### Major Developments Since 2Q24

1. On 24 July 2024, the Board of Directors' meeting No. 3/2567 passed the resolutions to acknowledge the conversion of a loan into equity in My Group Intelligent Company Limited, resulting in 723,470 common shares, representing 19.43% of the company, valued at 300 million Baht.
2. On 14 August 2024, the Board of Directors' meeting No. 4/2567 approved the interim dividend payment from the financial statements of 1 January to 30 June 2024 of Baht 0.45 per share, 600 million shares, amounting Baht 270 million. The dividend payment date set for 10 September 2024.
3. On 14 August 2024, the Board of Directors' meeting No. 4/2567 passed the resolutions to acknowledge the investment in Ngern Rueang Jib Company Limited through the acquisition of a 25.00% stake in its common stock.

### Financial Highlights of 2Q24 Compared to 2Q23

unit: million Baht

Description	2Q24	2Q23	Change	1H24	1H23	Change
Service revenue	951.9	898.1	6.0%	2,018.3	1,882.0	7.2%
Other revenue	27.5	22.5	22.5%	49.9	33.8	47.7%
<b>Total revenue</b>	<b>979.4</b>	<b>920.6</b>	<b>6.4%</b>	<b>2,068.2</b>	<b>1,915.8</b>	<b>8.0%</b>
Service costs	(471.8)	(422.7)	11.6%	(988.2)	(910.7)	8.5%
<b>Gross profit</b>	<b>480.1</b>	<b>475.4</b>	<b>1.0%</b>	<b>1,030.1</b>	<b>971.3</b>	<b>6.1%</b>
Administrative expenses	(234.3)	(247.3)	(5.3%)	(497.6)	(489.6)	1.6%
<b>Net profit</b>	<b>206.9</b>	<b>192.2</b>	<b>7.6%</b>	<b>447.3</b>	<b>401.0</b>	<b>11.5%</b>
<b>Net profit – owners of parent</b>	<b>196.2</b>	<b>196.9</b>	<b>(0.4%)</b>	<b>421.7</b>	<b>391.7</b>	<b>7.7%</b>
Earnings per share (Baht)	0.33	0.33	-	0.70	0.65	0.05

### Key Financial Ratio

Description	1H24	1H23
Net profit margin	21.6%	20.9%
Net profit margin – owner of parent	20.4%	20.4%
Debt-to-equity ratio (times)	0.89	0.53
Current ratio (times)	2.04	2.42
Return on asset	16.4%	18.4%
Return on equity	28.0%	27.9%
Operating margin	26.7%	26.5%
EBITDA margin	32.4%	32.7%

## Analysis of 2Q24 Performance Compared to 2Q23

### **Revenue**

- Service revenue of 2Q24 was Baht 951.9 million, increasing by 6.0% compared to Baht 898.1 million in 2Q23.
- Total revenue of 2Q24 was Baht 979.4 million, increasing by 6.4% compared to Baht 920.6 million in 2Q23 driven by robust insurance sales, especially in motor insurance, have been driven by customer trust and satisfaction, resulting in a high renewal rate. Additionally, loan disbursements have risen, supported by effective risk management.

### **Cost and Expenses**

- Service cost was Baht 471.8 million, reflecting a 11.6% increase in line with revenue growth.
- The percentage of service cost compared to total revenue was 48.2%, increasing from 45.9% in the same period last year.
- Administrative expense was Baht 234.3 million, reflecting an 5.3% decrease due to efficient control and management.
- The percentage of administrative expense compared to total revenue was 23.9%, decreasing from 26.9% in the previous year.

### **Profit**

- Gross profit reached Baht 480.1 million, reflecting a 1.0% increase driven by increased sales. The gross profit margin also improved to 50.4%.
- Net profit was Baht 206.9 million, reflecting a 7.6% increase. The net profit – owners of parent was Baht 196.2 million, reflecting a 0.4% change. The increase in profit is driven by sales of insurance products and financial services across all channels, along with efficient cost control measures.