9 August 2023

Subject Management Discussion and Analysis

Financial Performance for the Q2/2023 period ended June 30, 2023.

To President

The Stock Exchange of Thailand

TQR Public Company Limited ("the Company") provides Management Discussion and Analysis for the Q2/2023 period ended June 30, 2023, as follows:

Service Income

For the three-month period ended June 30, 2022 and 2023, the company had service income of THB 64.12 million and THB 60.29 million, respectively, service income decrease by THB 3.83 million or a decrease of 5.97% 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 June 30,					
	2022		2023		Change	
	MB	%	MB	%	MB	%
1. Traditional Business	28.31	44.15	16.63	27.58	(11.69)	(41.28)
2. Alternative Business	35.27	55.00	43.14	71.54	7.87	22.30
3. Other Business	0.54	0.85	0.53	0.88	(0.01)	(1.46)
Total Service Income	64.12	100.00	60.30	100.00	(3.83)	(5.97)

For the three-month period ended June 30, 2022 and 2023, the company had service income from Traditional Business of THB 28.31 million and THB 16.63 million, respectively, decreased by THB 11.69 million or 41.28% from the same period last year. The decrease is mainly due to one of the Cedant changed in reinsurance policy of motor business. However, the company has developed and focused on Motor EV, commercial motor and other motor portfolio in the industry.

For the three-month period ended June 30, 2022 and 2023, the services income of Alternative Business was THB 35.27 million and THB 43.14 million, respectively, increased by THB 7.87 million or 22.30% from the same period last year. The increase derived from Non-motor insurance class in Health and Personal Accident insurance, especially from Specialty class such as Fire Insurance, Cyber Insurance, and Director's & Officer's Liability Insurance.

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

For the six-month period ended June 30, 2022 and 2023, the company had service income of THB 115.75 million and THB 125.45 million, respectively, service income increase by THB 9.70 million or an increase of 8.38% from the same period last year mainly from the increase in service income from Alternative Business.

Items	The nature of the business for the six-month period ended June 30,					
	2022		2023		Change	
	MB	%	MB	%	MB	%
1. Traditional Business	47.62	41.14	38.49	30.68	(9.13)	(19.18)
2. Alternative Business	67.56	58.37	85.80	68.39	18.24	27.01
3. Other Business	0.57	0.49	1.16	0.93	0.59	103.23
Total Service Income	115.75	100.00	125.45	100.00	9.70	8.38

For the six-month period ended June 30, 2022 and 2023, the company had service income from Traditional Business of THB 47.62 million and THB 38.49 million, respectively, decreased by THB 9.13 million or 19.18% from the same period last year. The decrease is mainly due to one of the Cedant changed in reinsurance policy of motor business. However, the company has developed and focused on Motor EV, commercial motor and other motor portfolio in the industry.

For the six-month period ended June 30, 2022 and 2023, the services income of Alternative Business was THB 67.56 million and THB 85.80 million, respectively, increased by THB 18.24 million or 27.01% from the same period last year. The increase derived from Non-motor insurance class in Health and Personal Accident insurance, especially from Specialty class such as Political violence Insurance and Fire Insurance, Cyber Insurance, and Director's & Officer's Liability Insurance.

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

<u>Other income</u>

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 June 30, 2022 and 2023, the company had other income of THB 1.37 million and THB 3.71 million, respectively. Other income increased by THB 2.34 million or 170.29% from the same period last year.

For the six-month period ended June 30, 2022 and 2023, the company had other income of THB 5.65 million and THB 4.94 million, respectively. Other income decreased by THB 0.71 million or 12.54% from the same period last year. 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. While the reasons that increased of

other income in Q1'23 occurred from interest income and dividend income from investment and gain on disposal asset.

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 June 30, 2022 and 2023, the company had cost of services of THB 13.46 million and THB 14.67 million, respectively, which was increased by THB 1.21 million or 9.03% from the same period last year.

For the six-month period ended June 30, 2022 and 2023, the company had cost of services of THB 25.76 million and THB 29.44 million, respectively, which was increased by THB 3.68 million or 14.28% from the same period last year.

Gross Profit

For the three-month period ended June 30, 2022 and 2023, the company had gross profit of THB 50.67 million and THB 45.62 million, with 79.01 % gross margin and with 71.14% gross margin, respectively,

For the six-month period ended June 30, 2022 and 2023, the company had gross profit of THB 89.99 million and THB 96.01 million, with 77.74% gross margin and with 76.53% gross margin, respectively, The gross margin decreasing came from decreasing service income from Traditional Business, while fixed cost of service mainly human resources.

Selling Expenses

Selling expenses is mainly a sales promotion paid to the external introducer for Alternative Business. For the three-month period ended June 30, 2022 and 2023, the company had selling expenses of THB 1.35 million and THB 1.70 million, respectively, increased by THB 0.35 million or 26.06%, from the same period last year.

For the six-month period ended June 30, 2022 and 2023, the company had selling expenses of THB 1.76 million and THB 2.77 million, respectively, increased by THB 1.01 million or 57.26%, 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 June 30, 2022 and 2023, the company had administrative expenses were THB 14.12 million and THB 13.83 million, respectively. The administrative expenses decreased by THB 0.29 million or 2.09%, from the same period last year.

For the six-month period ended June 30, 2022 and 2023, the company had administrative expenses were THB 26.95 million and THB 28.89 million, respectively. The administrative expenses increased by THB 1.94 million or 7.21%, from the same period last year.

Other expenses

For the three-month period ended June 30, 2022 and 2023, the company had other expenses were THB 2.67 million and THB 2.11 million, respectively. The other expenses decreased by THB 0.56 million or 21.00%, from the same period last year, mainly decreasing from the unrealized loss from securities investments.

For the six-month period ended June 30, 2022 and 2023, the company had other expenses were THB 2.43 million and THB 3.79 million, respectively. The other expenses increased by THB 1.36 million or 55.89%, from the same period last year, mainly increasing from the unrealized loss exchange rate of FCD bank and unrealized loss from securities investments.

Income tax expenses

For the three-month period ended June 30, 2022 and 2023, the company had income tax expenses of THB 6.84 million and THB 6.37 million, respectively. The decrease of THB 0.46 million.

For the six-month period ended June 30, 2022 and 2023, the company had income tax expenses of THB 12.66 million and THB 13.31 million, respectively. The increase of THB 0.66 million was in proportion to the increase of company profit.

Net Profit

For the three-month period ended June 30, 2022 and 2023, the company net profit was THB 26.88 million (41.04 % of sales), and THB 25.19 million (39.36 % of sales),respectively. The decrease in net profit by THB 1.68 million or 6.27% from the same period last year.

For the six-month period ended June 30, 2022 and 2023, the company net profit was THB 51.47 million(42.39 % of sales), and THB 51.91 million(39.81 % of sales),respectively. The increase in net profit by THB 0.45 million or 0.87% from the same period last year, resulted from the company had service income for six-month increasing from Alternative Business.

Yours sincerely,

- Mr. Chanaphan Piriyaphan -

(Mr. Chanaphan Piriyaphan)

Chief Executive Officer