Management Discussion and Analysis of Operating Results for the Second Quarter of 2026

TQM Alpha Public Company Limited ("TQM")

1. Executive Summary

In the second quarter of 2026 (2569 B.E.), Thailand's non-life insurance business showed a better-than-expected recovery. Although the beginning of the quarter faced pressure from rising energy costs amid the Middle East situation, conditions eased toward the end of the quarter. Combined with a rebound in domestic automobile sales, this had a direct positive impact on motor insurance premiums, which continue to make up the largest share of the overall non-life insurance portfolio.

However, this growth was concentrated in the passenger car segment, partly driven by a rush to purchase electric vehicles (EVs) ahead of the expiration of the EV 3.0 support scheme at year-end, while commercial vehicle sales grew only marginally. This indicates that the recovery has not been broad-based and may slow in the second half of the year once the stimulus measures expire.

TQM, as the leading insurance broker, also benefited from these trends, particularly from the recovery in voluntary motor insurance, while fire insurance and Industrial All Risks (IAR) insurance continued to expand steadily, driven by growing risk awareness among consumers and businesses. In addition, the Company maintained and strengthened the stability of its revenue base through a strong retention of its existing customer base. Nevertheless, the Company must continue to manage operating costs with discipline amid pressure from energy prices and the cost of living, which remained elevated in the early part of the quarter.

2. Insurance Business Overview

In Q2 2026, the non-life insurance business received significant support from three key factors consistent with Thailand's overall economic recovery, which grew in a concentrated manner at 2.1%: 1) growth in durable goods consumption, particularly sales of passenger cars and electric vehicles (EVs) ahead of the expiration of the EV 3.0 scheme; 2) recovery in long-haul tourism, aided by lower oil prices; and 3) private-sector investment in data centers and electronics. Meanwhile, other manufacturing sectors and the used-car market continued to face challenges from structural issues and competition.

Amid a dynamic macroeconomic environment, lessons from a series of major real-world loss events — including the severe earthquake crisis in early 2025, the major flooding in Hat Yai in late 2025, the tragic train-and-bus collision in early 2026, and the fire incident in the Lat Phrao area in mid-2026 — have become important turning points that have raised public awareness of uncertainty and shifted attitudes toward insurance purchasing, from being compulsory to being a means of self-protection for life and property. This has driven strong demand growth in fire insurance, Industrial All Risks (IAR) insurance, and health insurance, creating growth opportunities for insurance brokers.

As of Q1 2026, Thailand had a total of 244,048 insurance agents and brokers, operating through 2,318 insurance agency offices, 321,759 individual insurance brokers, and 736 corporate insurance broker companies. The market structure remains clearly divided by product type: agents account for a larger share of the life insurance business, while both individual and corporate brokers account for a larger share of the non-life insurance business. This is because non-life insurance is a product that can be purchased easily through digital platforms, whereas life insurance is a long-term, complex product that requires close, personalized advisory service — a role that technology has not yet been able to replace.

Existing market participants have continued to maintain their status and remain active in the system, as reflected by license renewals among individual agents and brokers in Q1 2026, which numbered 43,897, up 11.97% year-on-year. In addition, license-type conversion trends in 2025 clearly reflected the growing popularity of the life insurance business, with a total of 884 applications to convert from insurance broker to insurance agent licenses, of which more than 95% (839 applicants) chose to become life insurance agents.

3. Q2 2026 Financial Performance Overview

3.1 Premiums and Revenue

Motor insurance premiums remain TQM's stable core revenue base, benefiting directly from growth in new domestic car sales. Although the business faced volatility early in the quarter due to the conflict in the Middle East, it recovered well toward the end of the quarter, in line with improving car sales and consumer confidence. Meanwhile, fire insurance and IAR insurance continued to expand steadily, driven by rising risk awareness among consumers and businesses, reflecting growth opportunities across a diverse range of products beyond motor insurance.

3.2 Costs and Expenses

Operating costs remained under pressure from energy prices early in the quarter but eased as crude oil prices declined toward the end of the quarter. The Company continued to focus on cost control through digital channels to preserve margins amid cost volatility.

3.3 Liquidity and Financial Stability

The Bank of Thailand maintained its policy interest rate at 1.00%, which supported financing costs for insurance premium financing. Meanwhile, lending rates at major commercial banks remained stable (MLR at 6.38%, MRR at 6.63%), helping to keep the Company's credit costs from fluctuating significantly and supporting growth in insurance premium financing loans, which remain the largest share of the loan portfolio.

4. Risk Factors and Management

In Q2 2026, TQM proactively monitored and managed key risk factors with close attention and forward-looking discipline, as follows:

- **Energy price volatility:** Although oil prices declined toward the end of the quarter, there remains a risk of renewed volatility should geopolitical tensions resurface, which would affect both operating costs and consumer purchasing power.
- **Slowdown following the expiration of the EV 3.0 stimulus:** The acceleration in electric vehicle sales in Q2 was partly driven by advance purchases ahead of the expiration of the support stimulus, which may cause new vehicle sales — and new motor insurance premiums — to slow in the latter part of the year.
- **Inflation response:** TQM designs products with flexible pricing and coverage options, ensuring that customers across all segments can maintain continued access to insurance protection.
- **Trade uncertainty response:** TQM diversifies risk through a broad product portfolio, reducing dependence on any single external factor.
- **Consumer behavior response:** TQM offers insurance products across multiple coverage tiers — from Type 1 through Type 3 — providing customers with appropriate choices suited to their individual needs and budgets.
- **Price and digital channel competition:** The non-life insurance business continues to face competitive pressure from the ongoing expansion of digital channels.

5. Targets and Strategy

For 2026, TQM is committed to executing its growth strategy through three core pillars, aimed at creating sustainable long-term value for shareholders and all stakeholders:

- **Retain and grow the customer base:** by targeting an average policy renewal rate of 80% while expanding into new customer segments, particularly in health insurance and fire insurance markets, where demand growth momentum is strong.
- **Develop products tailored to every customer group:** by offering accessible, flexible coverage options that ensure customers at every level receive the right protection for their needs and budget.
- **Drive efficiency through innovation:** by fully deploying artificial intelligence and digital systems, while proactively preparing for the OIC-mandated e-Payment transition — strengthening long-term competitive capability across the organization.

6. Economic and Industry Outlook

6.1 Thailand Economic Outlook

Thailand's economy is expected to recover gradually over the remainder of 2026, supported by exports, investment, and tourism. However, the recovery remains K-shaped, concentrated in large enterprises and technology-related industries, while households and SMEs continue to face constraints from debt burdens and tight liquidity.

Businesses must continue to monitor risks from global economic volatility, energy prices, and geopolitical uncertainty, which could affect operating costs and consumer purchasing power going forward.

6.2 Insurance Industry Outlook

The outlook for the insurance industry over the remainder of 2026 remains positive, supported by growing risk-management awareness, an aging society, and rising healthcare costs, while industry players accelerate the development of personalized insurance products and services and adopt digital technology and AI to enhance the customer experience and improve operational efficiency.

On the earnings front, the health insurance claims ratio is trending lower due to the application of co-payment requirements and more effective claims management, while investment income continues to benefit from elevated bond yields, supporting the industry's overall profitability.

In addition, the Office of Insurance Commission (OIC) continues to strengthen the industry through capital supervision and ongoing Stress Testing, while driving total insurance premiums toward the THB 1 trillion target, supported by long-term growth drivers including an aging society, climate change, cyber risk, and the growth of the digital economy — creating opportunities for the development of new insurance products in the future.

7. TQM's Outlook

Growth driven by customer retention, targeted product design, and high-impact technology deployment

TQM expects to maintain stable growth through customer retention, product development aligned with the needs of each customer segment, and the application of technology to enhance operational efficiency.

For the remainder of 2026, TQM aims to maintain the strength of its motor insurance business, which remains its core revenue driver, while building on growth in individual life and health insurance through the development of products that precisely address customer needs. This includes elevating the customer experience through digital channels and the use of AI in product delivery, data analytics, and increasing the policy renewal rate.

Additionally, TQM has begun implementing its Jump+ strategic plan, which focuses on transforming the organization into a Data-driven Insurance Broker. The goal is to achieve total revenue growth of 5-7% by 2028 through four Strategic AI Pillars: Sales Productivity, Conversion Effectiveness, Policy Persistency, and Cost Efficiency Platform management.

The financial business will proceed with credit quality management in a prudent and disciplined manner, focusing on financial products with appropriate risk levels. Insurance premium loans continue to be the primary portion of the credit portfolio, alongside the development of digital channels to broaden public access, utilizing AI to assist in risk analysis and increase the Renewal Rate.

Key Events in Q2/2026 to Date

As of August 13, 2026, the Board of Directors, at its Meeting No. 4/2026, resolved to approve the payment of an interim dividend from the separate (company-only) financial statements for the period from January 1 – June 30, 2026, at a rate of Baht 0.65 per share, on a total of 581,242,000 shares, amounting to a total of Baht 378 million, to be paid on September 10, 2026.

Key Financial Information for Q2/2026 Compared with Q1/2026 and Q2/2025

Item Unit: THB million	Q2/2026 (3-month)	Q1/2026 (3-month)	% Change (QoQ)	Q2/2025 (3-month)	% Change (YoY)	***2025***	***2024***	% Change (YoY)
Revenue from contracts with customers	940.0	997.7	(5.8%)	933.0	0.8%	3,856.9	3,905.6	(1.3%)
Other income	36.8	20.2	82.5%	29.3	25.6%	90.0	85.6	5.1%
Total revenue	**976.8**	**1,017.9**	**(4.0%)**	**962.3**	**1.5%**	**3,946.9**	**3,991.3**	**(1.1%)**
Cost of services	(516.1)	(533.5)	(3.3%)	(496.7)	3.9%	(2,012.4)	(1,927.9)	4.4%
Gross profit	**423.9**	**464.2**	**(8.7%)**	**436.3**	**(2.9%)**	**1,844.6**	**1,977.7**	**(6.7%)**
Administrative expenses	(227.7)	(221.5)	2.8%	(241.3)	(5.7%)	(928.0)	(936.7)	(0.9%)
Net profit	**185.3**	**204.1**	**(9.2%)**	**171.5**	**8.0%**	**783.9**	**861.9**	**(9.1%)**
Net profit attributable to the parent company	**171.3**	**185.7**	**(7.8%)**	**164.3**	**4.3%**	**736.8**	**810.9**	**(9.1%)**
Earnings per share (Baht)	0.29	0.31	(0.02)	0.27	0.02	1.23	1.35	(0.12)

Key Financial Ratios

Item	Q2/2026	Q2/2025
Net profit margin	19.0%	17.8%
Net profit margin attributable to the parent company	17.5%	17.1%
Debt-to-equity ratio (times)	0.85	0.67
Current ratio (times)	1.90	2.25
Return on total assets (ROA)	12.8%	13.9%
Return on equity (ROE)	22.6%	24.8%
Operating profit margin	21.4%	21.4%
EBITDA margin	28.2%	28.0%

Analysis of Q2/2026 Operating Performance Compared with Q1/2026 and Q2/2025

Revenue

- Q2/2026 Compared with Q1/2026:
  - Revenue from contracts with customers in Q2 2026 was THB 940.0 million, down 5.8% from THB 997.7 million in Q1 2026, mainly due to a decline in commission income from the life insurance brokerage business during the quarter. Commission income was THB 555.1 million, down 6.1% from THB 591.2 million in Q1 2026, while other service income was THB 384.9 million, down 5.3% from THB 406.5 million in Q1 2026.
  - Interest and dividend income in Q2 2026 was THB 15.2 million, up 427.5% from THB 2.9 million in Q1 2026.
  - Other income in Q2 2026 was THB 21.6 million, up 25.1% from THB 17.3 million in Q1 2026.
- Q2/2026 Compared with Q2/2025:
  - Revenue from contracts with customers in Q2 2026 was THB 940.0 million, up 0.8% from THB 933.0 million in Q2 2025, mainly due to an increase in commission income from the health insurance brokerage business during the quarter. Commission income was THB 555.1 million, down 5.0% from THB 584.0 million in Q2 2025, while other service income was THB 384.9 million, up 10.3% from THB 349.0 million in Q2 2025.
  - Interest and dividend income in Q2 2026 was THB 15.2 million, up 5.1% from THB 14.4 million in Q2 2025.
  - Other income in Q2 2026 was THB 21.6 million, up 45.6% from THB 14.9 million in Q2 2025.

Costs of rendering of services and Administrative Expenses

- Q2/2026 Compared with Q1/2026:
  - Cost of services in Q2 2026 was THB 516.1 million, down 3.3% from THB 533.5 million in Q1 2026, mainly due to lower service expenses in line with lower revenue. Cost of services represented 54.9% of revenue from contracts with customers, up from 53.5% in Q1 2026.
  - Administrative expenses in Q2 2026 were THB 227.7 million, up 2.8% from THB 221.5 million in Q1 2026, mainly due to expenses related to the development of digital work processes. Administrative expenses represented 24.2% of revenue from contracts with customers, up from 22.2% in Q1 2026.
- Q2/2026 Compared with Q2/2025:
  - Cost of services in Q2 2026 was THB 516.1 million, up 3.9% from THB 496.7 million in Q2 2025, mainly due to increased marketing expenses to support the development of online sales channels. Cost of services represented 54.9% of revenue from contracts with customers, up from 53.2% in Q2 2025.
  - Administrative expenses in Q2 2026 were THB 227.7 million, down 5.7% from THB 241.3 million in Q2 2025, mainly due to process improvements and increased efficiency in customer communications. Administrative expenses represented 24.2% of revenue from contracts with customers, down from 25.9% in Q2 2025.

Profit

- Q2/2026 Compared with Q1/2026:
  - Gross profit was THB 423.9 million, down 8.7% from THB 464.2 million in Q1 2026, representing a gross profit margin of 45.1% and 46.5%, respectively.
  - Net profit was THB 185.3 million, down 9.2% from THB 204.1 million in Q1 2026, representing a net profit margin of 19.0% and 20.0%, respectively. The decline in net profit was mainly attributable to seasonal factors in the non-life insurance brokerage business, which led to a decrease in revenue from the non-life insurance brokerage business compared with the previous period.
- Q2/2026 Compared with Q2/2025:
  - Gross profit was THB 423.9 million, down 2.9% from THB 436.3 million in Q2 2025, representing a gross profit margin of 45.1% and 46.8%, respectively.
  - Net profit was THB 185.3 million, up 8.0% from THB 171.5 million in Q2 2025, representing a net profit margin of 19.0% and 17.8%, respectively. The increase in net profit was mainly attributable to higher revenue and lower administrative expenses.

Summary of Financial Position as at 30 June 2026 Compared with 31 December 2025

Item Unit: THB million	30 June 2026	31 December 2025	% Change
Current assets	4,230.5	4,185.2	1.1%
Non-current assets	1,925.9	1,944.4	(1.0%)
Total assets	**6,156.4**	**6,129.6**	**0.4%**
Current liabilities	2,222.2	2,053.4	8.2%
Non-current liabilities	610.1	625.5	(2.5%)
Total liabilities	**2,832.3**	**2,679.0**	**5.7%**
Total shareholders' equity	**3,324.1**	**3,450.6**	**(3.7%)**

Assets

As of 30 June 2026, the Company had total assets of THB 6,156.4 million, up 0.4% from THB 6,129.6 million at the end of 2025. Current assets accounted for 68.7% of total assets and non-current assets accounted for 31.3%, compared with 68.3% and 31.7%, respectively, at the end of 2025.

- Current assets at Q2 2026 stood at THB 4,230.5 million, up 1.1% from THB 4,185.2 million at the end of 2025, mainly due to a 17.0% increase in cash and cash equivalents to THB 1,320.4 million from THB 1,129.1 million at the end of 2025, in line with improved cash flows from operating and financing activities. In addition, personal loans and other loans increased by 11.0% to THB 1,808.8 million from THB 1,628.9 million at the end of 2025, driven by growth in insurance premium financing.
- Non-current assets at Q2 2026 stood at THB 1,925.9 million, down 1.0% from THB 1,944.4 million at the end of 2025, mainly due to depreciation of right-of-use assets, which reduced the value of right-of-use assets by 8.1% to THB 300.9 million from THB 327.5 million at the end of 2025, and amortization of intangible assets, which reduced the value of intangible assets by 8.5% to THB 458.7 million from THB 501.4 million at the end of 2025.

Liabilities

As of 30 June 2026, the Company had total liabilities of THB 2,832.3 million, up 5.7% from THB 2,679.0 million at the end of 2025. Current liabilities accounted for 78.5% of total liabilities and non-current liabilities accounted for 21.5%, compared with 76.7% and 23.4%, respectively, at the end of 2025.

- Current liabilities at Q2 2026 stood at THB 2,222.2 million, up 8.2% from THB 2,053.4 million at the end of 2025, mainly due to two factors: (1) unearned premium income increased by 19.6% to THB 140.5 million from THB 117.5 million at the end of 2025, and (2) short-term loans from financial institutions increased by 11.6% to THB 1,350.0 million from THB 1,210.0 million at the end of 2025.
- Non-current liabilities at Q2 2026 stood at THB 610.1 million, down 2.5% from THB 625.5 million at the end of 2025, mainly due to a 10.3% decrease in lease liabilities to THB 244.0 million from THB 272.0 million at the end of 2025.

Shareholders' Equity

As of 30 June 2026, the Company had total shareholders' equity of THB 3,324.1 million, down 3.7% from THB 3,450.6 million at the end of 2025, mainly due to a 147.7% increase in treasury shares to THB 231.7 million from THB 93.5 million at the end of 2025.

Sustainability Performance

TQM is committed to responsible business practices that consider all stakeholders, including customers, employees, partners, society, and the community. We aim to drive sustainable development by integrating sustainability goals into our operational strategy. In doing so, we set targets, monitor our performance, and make improvements as necessary. Our focus is on achieving a balance between TQM's growth and development, good corporate governance, risk management, operational efficiency, and value creation with stakeholders. This commitment spans across environmental, social, and governance (ESG) dimensions.

Evaluation Results (as of 31 December 2025)

- Received certification from the Thai Private Sector Collective Action Against Corruption (CAC) in the announcement of certified companies for Q2 2025
- 2025 AGM Checklist rated as 'Outstanding and Exemplary'
- Received a 5-star rating, or "Excellent" (Excellent CG Scoring), for corporate governance assessment in 2025, marking the sixth consecutive year, awarded by the Thai Institute of Directors (IOD)
- Received an "A" rating in the SET ESG Ratings for the year 2025

Strategy and Operational Framework for Sustainability

Fostering an innovative and sustainable organization	Empowering employees for well-being and security
Digitalizing operational processes for innovation	Creating shared value with strategic partners for sustainable business

Sustainability strategy

Smart Partner

- Support development and innovation
- Collaboration with business partners

Smart People

- Human right
- Wellbeing of Employees
- Hygiene and safety of Employees
- Development of capability, skills, and growth in career journey

Smart Place

- Reduction of greenhouse gas emission

Summary of Key Goals and Achievements for 2025

Corporate Governance

Indicator	Performance	Target
The corporate governance assessment score (CGR)	5 stars or "Excellent"	5 stars or "Excellent"

Customer satisfaction

Indicator	Performance	Target
Customer satisfaction*	92.44%	100%

Note: *Customer satisfaction through online channels, after service provided via the Line Chat center, is surveyed across three aspects: the staff's information provision, ease of communication, and overall service quality.

Fair treatment of employees and employee care

Indicator	Performance	Target
Zero complaints and legal actions regarding human rights violations	0	0
Employee engagement score	67%	Equal to or greater than 72%
Average training hours	48 hours/person/year	38 hours/person/year
Incidence rate of workplace accidents and fatalities	0	0

Environmental performance results

Indicator	Performance			Target
	2023	2024	2025	2025
Total weight of collected garbage (tons)	106.50	135.07	140.17	<135
Infected waste (tons)	0.042	0.019	0.033	<0.030
% of wastewater exceeding standards	0	0	0	0
Electricity consumption change compared to the baseline year of 2020.	25%	8%	15%	<16%
Water consumption change compared to the baseline year of 2020.	64%	69%	70%	<69%

In 2025, TQM's environmental performance was largely in line with its established targets in terms of total waste collected, infectious waste volume, and water consumption. TQM continuously implemented resource and waste management measures to enhance resource efficiency and control waste volumes in accordance with its defined goals. Notably, electricity consumption was maintained below the set target.