Dear Tidlor Holdings Shareowners,

Let me begin this year's letter with a thank you to all our supportive co-owners and extending a warm welcome to Tidlor Holdings Public Company Limited ("Tidlor Holdings" or "TIDLOR"). From an ownership perspective, following the successful share swap last May, in which 99.4% of our owners participated, we are now co-owners of a new holding company. While the underlying operating entity remains Ngern Tid Lor Public Company Limited ("NTL"), this structure of holding an economic interest is more capital-efficient. So far, our transformation has already yielded benefits amounting to 16 million THB in cost savings associated with compliance with the Foreign Business Act. While this figure may seem small in relation to our equity base and annual earnings, if we are successful in growing our company to reach its centennial (eighty-two years to go) and beyond, forgoing the annual compounding benefits of a few million Baht would be a mistake we would later regret. Additionally, this structure provides us with flexibility and optionality, even if those benefits remain intangible today. Afterall, even the largest and most complex multinationals of today were once small, monoline businesses.

Let's move on to a more engaging topic—a recap of 2025 through the eyes of your management team. The year began with us scrambling to reallocate our resources to support the Bank of Thailand's "You Fight, We Help" (YFWH) initiative that was launched to assist distressed borrowers amidst Thailand's historically high household debt levels. This was followed by a series of global and domestic shocks, including US President Donald Trump's "Liberation Day" tariffs, a powerful earthquake in Myanmar that rattled Bangkokians (including many NTLers), a border conflict with Cambodia that escalated into drone and F-16 airstrikes followed by a temporary truce, the removal of Prime Minister Paetongtarn Shinawatra by the Constitutional Courts, the imprisonment of former Prime Minister Thaksin Shinawatra (Prime Minister Paetongtarn Shinawatra's father), the passing of Her Majesty Queen Sirikit, the introduction of yet another government-led acronymized debt relief scheme to aid delinquent borrowers, the devastating impact of Cyclone Senyar on Hat Yai (a major city in Southern Thailand), a return of F-16s bombing Cambodian targets, a year-end government scheme to provide debt relief to the flood victims of Hat Yai, and the dissolution of government before the year end. Throughout the year, as such events unfolded, global markets and asset values gyrated wildly, while AI-driven technology and tools continued to advance at an unrelenting pace. In summary, this chronology of unexpected and often dizzying events —ranging from extreme climate changes, geopolitical tensions, domestic political upheaval, heightened regulatory activity, trade wars, and an outright armed conflict with Cambodia, coupled with AI's rapid progress—formed the backdrop of our achievements and missteps in 2025.

Despite these events, our net income grew by seventeen percent from the previous year, reaching a new all-time high of 5.0 billion THB. Last year marked our sixteenth consecutive year of earnings growth since we turned profitable in 2010. These figures are after accounting for a one-time investment markdown of 140 million THB and a year-end provision accrual to mitigate risks from the December 2025 flood disaster. Excluding these nonrecurring items, our net income from operations grew by an impressive 20% from 2024, exceeding 5 billion THB.

Our financial success stemmed from improved margins, lower credit costs, and higher productivity. 2025 was also the first year in which revenue contribution from our non-life insurance brokerage business exceeded 10 percent. Critically, your company continues to gain market share in terms of borrowers and insurance purchasers faster than indicated by the financial figures. Average new loan amounts and average insurance premiums sold were both lower than their peaks in 2023. This reflects caution from both our clients and our company in light of the aforementioned uncertainties. I believe this is what healthy growth should look like amidst this confluence of the competitive, economic, and automotive cycles.

Our mindset and business mechanics with regard to our core lending business has already been addressed comprehensively in our previous letters.

We entered 2025 cautiously optimistic, expecting volatility, industry consolidation, and recovery in our truck business. We got two out of three right—volatility and consolidation materialized as expected, but truck portfolio growth did not. Your company's total loan portfolio expanded by 5.4% for the year, with our four-wheeler portfolio growing 5% and two-wheelers leading the charge at 11%. In line with 2024, our client base expanded at a faster pace than loans, growing 9%, or 1.2 million active borrowers. While overall assets did not reach the double-digit growth we had envisioned, you'd be pleased to know that, in the first nine months of 2025, we helped pull up the industry average, which is more impressive than you might think, given that 6 of 8 listed auto-backed lenders experienced loan portfolio contractions. Even our stagnant truck-backed portfolio outperformed the market, declining by 1 % overall, with title loans expanding by three percent and hire purchase contracting by seven percent. This compares favorably against a truck hire purchase market that contracted by 12–13%. If we include non-listed truck-backed portfolios, we believe the contraction would be even greater. It is likely that portfolio quality and funding challenges persisted for most small- and mid-sized NBFIs.

Lending in the first quarter of 2025 was marked by caution, as we were recovering from a dip in the second half of 2024—a year in which we saw no growth in Q3 and only a slight pickup in Q4. By the end of Q3 2025, the odds of achieving a 10% loan growth seemed slim. Nevertheless, your management team felt confident that after nine months of refining lending criteria, we had isolated unwanted risk factors and could contain credit quality and profitability on new loan vintages well enough to go back on offense. Accordingly, we realigned company-wide resources to make up for lost ground and capitalize on our strong funding position by launching special incentive programs for employees and partners, along with pricing promotions for clients in Q4. With portfolio growth gaining momentum in each quarter, we anticipated further acceleration in Q4. Our campaigns started off as planned—in the first four weeks of October, we witnessed our fastest portfolio growth for the year. In fact, October alone accounted for 1% of our year-to-date growth, which equaled nearly 20% of what we'd built over the previous nine months, putting us back in range of potentially reaching the ten percent growth target for the year.

However, the momentum began to slow down around the end of October and dropped significantly in November. Demand for loans noticeably stalled when the newly formed government led by Prime Minister Anutin Charnvirakul launched the co-payment subsidy ("Khon La Krueng" scheme), and skirmishes with Cambodia began to resurface. This was immediately followed by the devastating floods in Hat Yai, which dampened sentiment significantly, thrusting your management team back into crisis management mode. In December, the skirmishes with Cambodia escalated into major clashes, and the newly appointed Prime Minister, after serving for less than 100 days, dissolved the House of Representatives and announced new elections, reintroducing another bout of uncertainty. After the one-off government stimulus was exhausted, we saw applications for loans and insurance transactions pick up during December 2025, finally resulting in a quarter-over-quarter loan portfolio growth of 2.1%.

Financially, one bright spot in Q1 was that our blended cost of funds finally peaked and began to drop—the first decline since the policy rate began to rise in August 2022—supporting a marginal expansion of our net interest margin.

The credit cost narrative for our loan business follows a similar arc. Having been in “cleanup mode” in 2024, we delivered a credit cost of 2.59% for the first nine months of 2025—a significant improvement from 2024, when credit costs were elevated at 3.40%. Our performance was supported by a low net write-off component, as the Bank of Thailand’s YFWH program helped prevent delinquency and repossessions by reducing borrowers’ monthly car installments by half. This resulted in a lower supply of auction vehicles and reduced losses on the sales of repossessed assets. In Q4, however, our credit costs spiked due to the damage resulting from the flood in Hat Yai.

As I write this letter, the magnitude of damage caused by the flood in Hat Yai is still being assessed. Market reports indicate that 30,000 vehicles have filed claims for some type of water damage from insurance companies. Overlaying voluntary motor insurance (VMI) market statistics for flood coverage onto this, we extrapolate that nearly 100,000 cars and a similar number of motorcycles were damaged by the floods, bringing the estimated total damage to about 200,000 vehicles. In our own portfolio, around 70% of the surveyed borrowers indicated that both their incomes and pledged assets were impacted by the flooding to varying degrees. Our granular calibrations indicate that less than 1.5–2% of our portfolio clients were in the “dark red” zone designated by the government. To budget for this, we set aside an unplanned 210 million THB in loan loss provisions as a management overlay, raising our NPL coverage ratio to 325% and total provisions to 5% of our total loan portfolio.

Clearly, our loan business lost some momentum in the final quarter of 2025 due to exogenous factors, and the overall results fell short of our internal expectations. Nevertheless, it is important to recognize that none of these events had any long-term impact on our strategy. Our growth, albeit slow, remains healthy.

In fact, our business is potentially stronger, exhibiting “antifragile” properties.

Beyond the financial impact and operational disruptions caused by various calamities—earthquake, flooding, war, and otherwise—are the lives of those adversely affected by these events. Your management team is keenly aware that beyond protecting and growing your capital, we also share responsibility for ensuring the well-being of our employees, customers, and community. I am proud to work alongside colleagues whose collective actions demonstrate that Ngern Tidlor is an organization that cares and acts with compassion. Following the unprecedented earthquake (centered in Myanmar that sent strong tremors through Bangkok) that caused a building to collapse, we took the requisite measures to ensure that employees felt safe to return to office. During the Hat Yai flood emergency, we actively monitored the locations of our stranded employees and made multiple attempts to assist them and their families. As soon as the waters receded, our leadership team was on the ground to assess the impact, take decisive action, and determine how we could assist our colleagues and customers in rebuilding their lives.

I was most impressed, not by the efforts of our senior leadership team, but by the actions of nearly 300 staffs who were in the “red zone” of the floods. When I visited Hat Yai, I expected to find a dispirited and unmotivated team, many having survived near-death experiences but ending up with their personal assets destroyed—motorcycles, cars, and homes inundated and lost to the floods. Instead, what I saw was the opposite—stories of volunteerism, sacrifice, community, and bravery in the face of uncertainty. The crisis seemed to have brought out the best in many of our people and tightened the bonds of our NTL community in Hat Yai. I returned from my visit energized by the strength of our NTL community. In particular, I was impressed by the actions of one NTLer who guided the rescue team from Bangkok in navigating the flooded city in search of stranded survivors. I found his volunteerism even more remarkable when I discovered that all his personal possessions were also lost in the flood.

Seeing the aftermath of seemingly more frequent climate disasters, such as Hat Yai last year and Chiang Rai the year prior, reminds me that, in my capacity as a member of the management team, I am sometimes too focused on abstractions such as dashboards, operating metrics, and financial performance, distant from many tangible aspects of our business. As an organization, we should ensure that our management team is mindful of minimizing the four dimensions of psychological distance—social, temporal, spatial, and experiential—and making empathy a defining feature of our company, and not a bug.

I’m thankful that all of our employees and their immediate family members survived the natural disaster that claimed hundreds of lives. This concentrated disaster in an area remote from Bangkok exposed some weaknesses in our response to such events, and we are determined to learn from them. Your management team recognizes that, as a company, we are also a member of the communities in which we operate and would strive to support the relief and recovery of the local economy during times of such calamities.

How can we design a financial inclusion product when household debt is high?

Not long ago, while on a technology tour in Silicon Valley, I had the pleasure of visiting the headquarters of IDEO, the famous design company in San Francisco renowned for its contributions to the aesthetic and functional development of Apple products, standing toothpaste tubes, and ergonomic chairs. During a presentation about their design philosophy, the presenter shared a perspective that I always try to adopt when faced with challenges: “designers love constraints.”

In trying to extend credit during a period of constraints—namely, elevated household debt levels amid a high-risk economic backdrop—we may have uncovered a way to help a new segment of borrowers solve their financial problems by leveraging NTL’s unique combination of capabilities. In previous letters, I have explained your company’s relative strengths in possessing both centralized and decentralized credit approval policies, processes, and infrastructure, as well as our ability to distill insights from data. I have also discussed the importance of cash flows, specifically the dimensions of affordability and flexibility, to individual borrowers’ repayment performance. These elements remain in place and would continue to support our growth. These skills, combined with our understanding of the current context of overindebted borrowers, have led us to try to serve the seemingly “*over*banked.” In doing so, we did something counterintuitive: we launched a high loan-to-value (LTV) product targeting borrowers who had previously been extended too much credit. Our solution managed to improve overall affordability and reduce their overall monthly cash outflows intended for debt repayments by an average of 46%. To protect confidentiality, I won't go into the specifics of our eligibility criteria or operational processes. But for specific segments, these larger LTV loans can help clients restructure their balance sheets and cash flows. It is not uncommon for products like this to be offered to corporate borrowers; we are simply doing it on a smaller scale, leveraging existing assets, and without taking on significant incremental risk.

We also introduced a "payment holiday" product feature for existing borrowers to provide better flexibility during uneven economic times. This feature has become popular and has already been used by thousands of clients since its launch. We believe that these products and borrowers do not come with increased default risk.

When most people hear the term "underbanked," they imagine the traditionally credit-starved, irregular, and low-income self-employed borrower who cannot get a loan. This past year, I have come to realize that the definition of "underbanked" can be broadened to include existing borrowers who aren't given access to the full suite of financial products and tools that are readily available to other segments such as large corporates or high-net-worth individuals. Only borrowers with loan sizes large enough to matter to banks have access to more tools and solutions. So, similar to how we reinvented term-based title loans as card-based and revolving, we continued our quest to find ways to miniaturize the products available to other borrower segments and extend them to our underbanked clients to help them manage their financial problems.

Naturally, this type of loan is harder to underwrite and execute than our typical title loan. But unconventional times call for unconventional solutions—and without any visibility of whether Thailand's household debt and economic growth situations will improve dramatically on their own, we resorted to creating solutions in novel and impactful ways. Although the portfolio for these products and features have yet to reach 1 billion THB, I can foresee them growing in proportion to our business over the next few years, after a few more iterations.

Insurance brokerage revenue growth has outpaced loans for the second consecutive year.

Our insurance brokerage businesses—Shield Insurance, heygoody, and Areegator—demonstrated resilience and individually outgrew the non-life insurance market. They continued to gain market share, having achieved a combined 11.3 billion THB in premiums sold. This represents a 11% increase from 2024. Most of this was VMI. While this growth pace is slower compared to prior years partly due to a growing base, it is impressive when considering that the number of VMI policies issued contracted by 480,000 policies, reflecting a 4% contraction, during the first nine months of 2025. Meanwhile, overall non-life insurance premiums grew by an anemic 3%, with auto insurance premiums growing only 1.5%. The disparity between VMI policy issuance and premium growth is likely due to pricing increases. We believe the contraction in VMI to be temporary and related to the combined effect of high household debts and low economic growth situation, which forced car owners to forego purchasing VMI. Against this backdrop, our market share grew from 3.55% to 3.85% last year in terms of premium, and faster in terms of the number of policies.

Competition in the insurance brokerage sector presented a different dynamic than our lending business. Many banks that struggled to lend and grow their balance sheets entered the insurance brokerage space in search of fee income to offset their declining interest income. This influx of new entrants intensified competition across digital customer acquisition channels, including, but not limited to search engines, increasing the level of effort required to reach the same customer segments. Consequently, engaging these segments in 2025 demanded materially higher investment. Nevertheless, our digital and traditional marketing teams actively defended our market share and continued to grow our slice of the pie, while our product teams continuously refined and improved the attractiveness of our platform and brokerage offerings.

One example of how we differentiate ourselves from our competitors is our "1501" Claims Center. Inbound requests for assistance with claims grew by around 60%, from 31,000 calls in 2024 to 50,000 last year. Embedded in this figure are some policy owners who did not buy their insurance policies from us and were unable to recall which insurance company or broker they used. However, they remembered that "1501" is a claims service center. Clearly, this service represents an unmet need. Needless to say, our team is delighted to help anyone and everyone who calls for assistance, as it can build our goodwill and encourage them to consider purchasing their next policy from one of our brokerage brands.

An example of our value contribution as a broker is our partnership mindset when working with insurers to ensure sustainable relationships. This initiative involved analyzing historical VMI claims to identify lower-risk segments and then collaborating with partners to reduce premiums for specific vehicle and driver segments by over 40%. In such instances, everyone wins—our clients enjoy lower premiums, our insurance partners reduce their claims costs, and we expand our market share with a competitively priced product. Thus, we add value beyond mere product distribution by effectively utilizing data to co-design products with our partners.

Although public data is unavailable, I believe that we have the largest retail customer base among insurance brokers, despite being ranked second in terms of total premiums sold. At this stage, growing our client base in a fragmented market matters more than chasing the highest overall premium or profit optimization. Firstly, because we understand that margins and commissions vary depending on the product. Secondly—and more importantly—we believe a good broker should understand that every client, regardless of social and economic standing, faces risks to their assets, health, income, and lives. Being successful translates into larger and deeper relationships with clients over time. Finally, while plotted volume and revenues for new businesses typically resemble an S-curve, profitability naturally exhibits the patterns of a J-curve. While profitable overall, each brokerage business remains in a different stage of profitability and I am confident that shareowners will come to appreciate our insurance engine more over time.

One reason why an estimated 40% of Thais remain uninsured is low awareness of the available solutions. To this end, your company has actively engaged with the Office of Insurance Commission (OIC) to help promote insurance awareness. Last year, we committed resources to accompany the OIC on market visits and participated in insurance education events, visiting a total of 22 provinces and engaging in 52 activities.

We are confident that, over the long run, our commitment to help promote insurance education while also improving operational and service standards in a fragmented but increasingly competitive insurance brokerage market will secure our leadership position in this space.

Our conviction to embrace technology as a core strategy is stronger than ever, although we are still finding our way with AI. Our mantra continues to be self-disruption.

Within NTL, I often joke that "AI" stands for "almost intelligent" rather than "artificial intelligence," because the early large language models (LLM) tended to deliver eloquently phrased answers that were factually incorrect. However, such comments are made only in jest and intended to remind our team that, as humans who possess "actual intelligence," we must not outsource our thinking to machines. There is too much context that algorithms cannot perceive in real time. Yet, when properly prompted, they can seemingly perform magic.

In 2023, I devoted a substantial portion of my annual letter to describing how we perceive IT assets, system design, and cost-to-serve. Last year, I shared that the arrival of AI/LLMs forced us to rethink our relationship with data—a critical enabler for harnessing the benefits of future technology. We continue to build on those lessons, deepening our understanding of technology as we foster a culture of tinkering, training, and experimentation. I will now update you on our views on AI and how we expect it to shape our organization in a way that makes sense for shareowners.

This technology is impossible to ignore. Any management team with a basic understanding of technology and experience in digitalization—combined with a first-principles appreciation for our business—will realize that investing in AI is an imperative, not a choice. Scaling the learning curve on this technology falls under our fiduciary responsibility to manage and minimize disruption risk. While moving too quickly might result in some upfront costs and wastages, the consequences of moving too slowly are likely to be far more devastating and disruptive if new entrants and competitors successfully overtake us in launching commercially viable solutions.

A digitally literate organizational culture, combined with domain mastery, is more critical than technology and data infrastructure. AI-related licenses, software, and GPUs can be purchased with money—but the skill to wield those tools to the point of mastery must be developed and honed over time. There are no shortcuts. Bespoke IT solutions within large organizations, if designed and implemented properly, can serve as their own competitive moat. Our intention is to elevate the digital fluency of our entire organization and embed AI literacy into our corporate DNA through active encouragement and guided decentralization. To achieve this, we must ensure that our team possesses a first-principles appreciation of credit and insurance brokerage. Fundamentally, they are about selling a commodity (cash) and helping customers transfer risk (to insurers who pool, redistribute, and disperse the impact of risks that materialize to make them easier to absorb and less devastating). For employees inundated with KPIs, project timelines, targets, rules, and incentives, it is easy to lose sight of the fact that nearly all our business processes and infrastructure are organized around a few basic activities related to the collection, storage, processing, and delivery of data. Keeping this perspective front and center can help ensure that our digital transformation remains grounded in the fundamentals of our business.

Over time, we have built a physical infrastructure totaling 1,800 branches and 8,500 employees and established policies governing people, processes, and systems for implementing conceptual risk management frameworks and enabling efficient product delivery. These layers of physical infrastructure add complexity to essentially simple concepts. The more layers there are between us and our core activity, the more fragile our systems and company will become. New technologies should help us manage better, if not reduce, these layers of complexity.

To reach this point, however, we must first learn about AI, then unlearn the assumption that our current way of operating is the “right” or “optimal” way, and finally relearn/refresh the first principles of marketing, risk management, customer service, lending, insurance, etc., to become better systems designers. One clear example of this is with regard to marketing. Earlier, I mentioned that new entrants have entered the insurance market and driven up the cost of Search Engine Marketing (SEM). Going forward, we need to replace Search Engine Optimization (SEO) and SEM with skills related to AI, just to stay relevant. New acronyms like AEO, GEO, AISO, AISEO, and LLMO—all related to using AI to make our brands discoverable and relevant—have entered the marketing lexicon.

To promote more digital fluency and adaptation, we customized workshops for our executives—the organization’s key decision-makers. Equipping ourselves with the mindset, terminology, and a basic understanding of what’s possible with newer technologies, will help us make better decisions when troubleshooting and allocating resources for longer-term business enhancements. Even if not all of us are able to meaningfully contribute to technical solutions for our business upgrades, we will, at the minimum, be able to ask relevant questions and avoid hindering progress and development. For the rest of the organization, we developed more hands-on and intensive training courses with some customization to encourage the utilization of either generative or predictive AI tools based on relevance to their roles. In this process, we are investing in across-the-board upskilling of NTLers to help them become more valuable members of the professional workforce.

Expect only relative savings in the near term, with potential absolute savings down the road. Over time, AI will effect changes to our technology stack and cost structure in ways we cannot yet imagine. The real cost of not investing is the risk of being rendered uncompetitive, or worse, obsolete. We are already seeing pockets of relative cost savings, but there’s been no reduction in overall costs. Specifically, we should expect faster releases and better quality and value for the same cost. Below are four use cases that leverage generative AI, predictive AI tools, or a combination of both:

1. Our marketing communications team of 13 employees, dedicated to running ideation campaigns and creating collateral (pamphlets, signage, artwork, press releases, etc.), has not increased headcount but has substantially increased output quantity and quality, resulting in 20 million THB saved on media production costs while creating content for more brands than in the past. We were able to rotate these savings from AI into increased spending on media and campaign promotion.

2. Likewise, in control functions that ensure our compliance with various consumer protection regulations and customer service standards, rather than randomly sampling sales scripts and collections calls using employees, we can monitor 100% of the calls for compliance using technology. Without technology, we wouldn't even consider monitoring all calls to ensure quality. Beyond just ticking boxes and indicating whether our staff stick to their scripts, we can use AI to monitor sentiment and customer satisfaction Today, phone-based functions such as telesales, claims support, collections, and customer service account for 1,249 employees. While replacement of human agents will not reach 100%, providing highly skilled people with better tools will allow us to improve quality while replenishing natural turnover as needed and at a slower pace.
3. Last year, one of our impatient Areegator leaders experimented with an AI solution offering a limited free plan and managed to develop a sizable portion of systems change requests without much involvement from our IT team. By the time he finished fiddling with his prototype using free AI tools, he essentially delivered a package that was nearly ready for production. This is an example of how semi-technical NTLers are taking product development into their own hands and leveling up without relying on traditional domain experts.
4. My previous years' letters to shareowners would end with a remark that AI was not used to write them. This year, I must be more specific: AI was used only for research and editing, and no section was written by AI. Now that it is embedded into search engines, it is impossible to google without using AI. Additionally, AI has been immensely helpful as an editing and translation tool. Previously, I would draft this letter in English, enlist an editor to check for grammatical errors and provide suggestions, and then send it to an internal team to translate it into Thai and validate the numbers. This year, the processing time has been cut short with the help of off-the-shelf AI tools. It would be hypocritical of me to champion the usage of AI without utilizing it myself—but the outlining, content curation, and drafting were completely done by yours truly. This letter and future letters will also likely be shorter, as I no longer feel the need to deep-dive into topics that can be researched using AI tools. Instead, I will focus more on TIDLOR-specific content and our views on different topics.

Our inspiration for some of the aforementioned use cases comes from our decentralized and bottom-up approach to AI. Last year, we held an AI hackathon that required participating teams to deliver their hacks in the form of a proof of concept (POC). Impressively, some of the finalists did not include a single person with an IT background or training, and many of the AI-driven solutions presented by our junior colleagues demonstrated a practical understanding of how to apply technology to eliminate waste, reduce friction for internal processes, and grow our business. Additional examples of problems we expect to solve with new AI tools include fraud identification and prevention, call monitoring (mentioned above), and use of automated chatbots as a stepping stone to unlock chat commerce capabilities.

Alongside individual use cases, we have also focused on building the enabling infrastructure required to scale AI adoption responsibly. As access to AI tools increases, so too does the risk of fragmented experimentation, duplicated effort, and unintended data exposure.

To address this, we have established a secure AI sandbox environment that allows employees to experiment with AI tools, complemented by an emerging internal AI service hub. Over time, we expect this hub to help reduce redundancy, accelerate learning, and ensure that our AI efforts compound rather than fragment.

Importantly, this approach reinforces a core principle of our technology strategy: innovation should be encouraged broadly but scaled thoughtfully. By pairing freedom to experiment with shared infrastructure and governance, we aim to unlock creativity while preserving coherence, security, and long-term efficiency.

I must state that we haven't undergone any IT headcount reduction despite having access to significantly upgraded tools for developers. With resources such as GitHub Copilot evolving to extend its capabilities beyond just storing code to becoming more of an AI factory shipping software, shareowners might expect cost savings from our IT team of over 400 professionals. Instead, we choose to embrace AI in ways that accelerate our digital transformation and enhance growth. This is because the arrival of AI has also made technology more accessible. Even those individuals who have always labeled themselves as "low-tech," when shown the right use cases, intuitively grasp the potential of AI in solving their daily pain points, resulting in increased demand for automation.

Accordingly, since my letter in 2023, our technology team has adapted in the following ways:

1. We discontinued using Lines of Code as a measure of developer productivity because it has become obsolete. Large volumes of code can now be generated within minutes. We now measure code quality, maintainability, reduced technical debt, and delivery impact.
2. Developers' roles have shifted from primarily writing code to reviewing AI-generated code, with a greater focus on system design, architecture, integration, and code quality.
3. The way we develop microservices and application programming interfaces (API) has changed. While we continue to deliver new capabilities, expanding API feature groups by almost 60% (from 327 to 517), each group is now designed to be much more granular, improving reusability across the organization.
4. The number of APIs we use has declined. We continue to pay down technical debt by decommissioning legacy APIs to enhance efficiency, maintainability, and performance.
5. We are learning to operate AI infrastructure, which has introduced new cost elements related to energy consumption and cooling, and requires a deeper understanding before we can rebalance and optimize our IT setup.

Since we began our digital transformation journey nearly a decade ago, our company has come a long way, and must continue adapting to the rapidly changing technology landscape and ever-evolving consumer demands for increased speed, transparency, and ultimately personalization. I cannot imagine any other way to build a lasting retail-oriented financial services organization.

AI is likely to be the game-changing variable that will reshape the competitive landscape. While the ability to fund a balance sheet business like ours will always be critical, those with access to capital *and* fluency in technology are more likely to emerge as winners. Thus, the composition of the top five players in the title loan industry could change if incumbents underinvest and fall too far behind. Brand awareness and extensive branch networks will only go so far in protecting market positions when consumer habits are inevitably influenced by technology. This transformation will likely occur within the next decade or sooner, depending on how high a priority larger financial institution with both funding and technology place on this space—likely after they upgrade and defend their own positions. The lack of visibility of an "end game" can feel uncomfortable, but such discomfort is a hallmark of being a pioneer. This is clearly evidenced by Tidlor Card effectively replacing half of our branch lending activity, only to be followed by our app, which rendered the card useless and enabled more self-service activities, further reducing the need to consider "the highest number of branches" as a relevant metric of market presence. In our insurance business, while we were still incubating our market-leading Shield Insurance Broker, we launched heygoody with the aim of self-disruption. Operationally, our IT team embraced self-disruption years ago by training functions across the company to develop robotic process automation. In summary, cost reduction is not our primary goal when considering new technologies; rather, we aim to stay ahead by providing modernized solutions to fundamental problems. The requisite tinkering and trial and error will undoubtedly lead to more errors than successes and higher upfront costs. The initial benefits have already materialized in nonfinancial dimensions, resulting in an upgraded NTL comprising skilled and highly valuable NTLers. Ultimately, our technology, digital, and AI journey is about human capital. Now, I would like to discuss how we view the management of your financial capital.

We have excess capital for organic growth, but potentially insufficient capital if we wish to pursue meaningful inorganic opportunities.

Last year, we saw our capital position strengthen on several fronts. Firstly, our ratio of debt-to-equity (DE) declined further, closing the year at 2.3 times. Related to this DE figure, but often overlooked, is our loan loss reserve level. Since provisions are treated as contra-equity, our reserves act as an additional buffer to protect shareowners' capital when risks materialize. With 5.5 billion THB in provisions against 34.5 billion THB in equity and 1.7 billion THB in NPLs, the net book value of our capital is considerably solid. The level of provisions against our NPLs and equity base will serve as key considerations if we specify a target DE in the future.

Our prudent approach to risk management, consistently applied, combined with our track record, helped us receive a ratings upgrade from TRIS Rating (TRIS). This is remarkable, given the deterioration in the broader economy and the acute performance decline of NBFIs over the past two years.

Subsequently, just before year-end, the Japanese Credit Ratings agency (JCR) gave an "A-" rating for TIDLOR Holdings. This is your company's first international rating, and we are thrilled to be rated Investment Grade only one notch below the sovereign rating JCR assigned to Thailand. This rating is the first step toward accessing Japan's deep pool of savers and unlocking additional funding to further diversify risk while simultaneously supporting future growth.

These endorsements matter, especially during these times when confidence in Thailand's capital markets is low, resulting from seemingly endless scandals related to equities combined with rising defaults in the debt capital market. In 2025, we witnessed further deterioration in the Thai bond market with 21 debenture issuers owing 59.8 billion THB requesting or entering into delayed payment proceedings and 8 issuers defaulting on balances of 8.3 billion THB. These figures were higher than those in 2024 and should be considered yellow flags for fixed income investors.

It is worth mentioning here that our ratings upgrade from TRIS was based on standalone strength and essentially reflects improved business fundamentals and lower default risk. Critically, our upgrade was not a ratings arbitrage play that can be achieved by switching to an agency that uses a different rating scale to get a "headline letter upgrade" without actual improvements in underlying risk conditions. Successful ratings shoppers who position their new headline ratings as "upgrades" are potentially misleading investors.

Naturally, with healthy levels of capital and abundant access to funding, TIDLOR shareowners will want to know how we think about capital allocation, going forward. After two consecutive years of single-digit growth and the expectation of a decline in borrowing costs, it is reasonable to anticipate that our capital base will continue to grow unless we deploy it by exercising one of four options: lending more aggressively, investing in inorganic opportunities, engaging in share repurchases, or paying dividends.

At all times, we consider all options with a bias toward inorganic opportunities. Consequently, we have been less vocal about committing to paying higher dividends. We believe that many of our capabilities concerning operations, risk management, governance, and technology are transferable to adjacent industries domestically and to the NBFI space regionally, making us a relatively attractive strategic shareholder. Thus, our opportunity set is likely broader than that of some other operators. While TIDLOR has the second-largest equity base among title loan lenders in Thailand, 34 billion THB in capital is not a large number in the banking and finance industry. In fact, last year, we evaluated a transaction that, if consummated, would have increased our DE by nearly 50%. Since we are actively looking to deploy capital in inorganic opportunities, it is unlikely that we will announce changes to our dividend policy.

Naturally, there will be windows where we feel "Mr. Market" undervalues our company. In those instances, we should aim to capitalize on those dislocations and repurchase shares. Additionally, share repurchases must be compared against other prospects for deploying capital.

Although the current market sentiment is most demanding of higher dividend payments, I view it as the least efficient capital allocation option. Since your company's pretax earnings incur a 20% corporate income tax and dividends bear an additional 10% withholding tax, the effective after-tax earnings on dividends fall to only 72% of pretax profits. As an alternative to cash payouts, stock dividends are an even worse option. Giving every shareowner additional share on a prorated basis does not mathematically increase anyone's ownership position while forcing everyone to bear the cost of the 10% withholding tax for zero economic benefit. I equate this to slicing someone's cake into two pieces and charging them for the slicing. They end up with two pieces of cake, but the same total amount of cake, at a cost. Since share inflation is not an actual return of capital, stock dividends should not be included when calculating "dividend yield." I believe that companies foregoing cash payouts only to issue a stock dividend are artificially inflating the "dividend yield ratio" at the expense of shareowners. I am glad that our new holding company structure will allow us to comply with Thailand's Foreign Business Act while avoiding costly stock dividends.

Despite their relative inefficiency, we paid cash dividends equivalent to 55.8% of our 2024 net income and are committed to managing your capital sensibly. It is worth reiterating here that our dividend policy under Tidlor Holdings remains unchanged at 20% of annual earnings.

Returning to the more sustainable form of capital…

While we're on the topic of capital, it is worth mentioning that the most significant capital in our company is not equity; it is human capital. In my view, this is our most important off-balance sheet asset. On this point, I would like to highlight a fundamental disconnect between how I view investing in our business and the financial reporting standards relied upon by investors and analysts. Each year, we invest tens of millions of Baht to send employees around the globe to attend executive education programs, technology tours, and various conferences. These experiences broaden their horizons, inspire them, and deepen their understanding of the changing relationship between technology and people, forming dots and relationships that later connect to form innovative solutions. This is besides our bespoke and internally developed workshops throughout the year, designed to help hundreds of NTLers keep pace and level up alongside our organization. This consistent commitment to our people has resulted in leadership continuity, lower turnover of key talents, a growing pipeline for leadership succession, enhanced technical skills, global perspectives, and strong relationships within our community. Additionally, we conduct regular activities and "happy time" sessions focused on employees' financial, mental, and physical well-being. Visitors who have the opportunity to join our company tours and culture camps can realize the benefits of these investments and witness self-directed learning and self-organized leadership in our Culture Heroes, AI Gangsters, and Financial Coaches. Likewise, innovations arising in nonpublic forums designed to promote change and innovation such as Build the Future, Analytics and Development (our own version of R&D), and Engine 2 (designed to incubate new J-curves) increase the odds of propelling TIDLOR's growth far into the future.

Let me explain our thoughts using a scenario. Consider the financial statements of two versions of the same company. The first is an organization with well-equipped, well-trained, and engaged employees who collaborate on solving clients' problems and generating value for shareholders. These employees possess a high degree of ownership in the quality of their output and feel a sense of purpose when working with colleagues they would consider friends outside of the office. Now imagine the same group of people, but this time disengaged, merely trading their time for a paycheck. Politics and self-gain dominate employees' mindshare, and as long as their own KPIs are met, who cares if the company or customers are worse off? At certain times, the financial statements of these two versions may appear nearly identical. The first version of the company might incur some additional costs to equip and prepare its employees to build the organization, but largely the numbers may be the same. But consider which company is likely to weather economic downturns and crises better? In which company would you prefer to have an ownership stake? Which company's cost structure is preferable? And which company is more valuable?

Our aim at NTL is to invest in people and emulate the version with a positive and collaborative environment. Only by doing this can we ensure long-term success. For those shareowners who agree with my oversimplified recap of the first principles of our business (mentioned in the AI section), we should logically consider mentoring, training, and developing our people to have broad perspectives, leadership capabilities, and the technical skills to use new tools, keeping our company at the forefront of modernization and qualifying as an investment for the future. Financial accounting standards, however, classify investments in training and development as expenses. I find this to be at odds with how the world actually works. I know of no parents who view the cost of their children's tuition and extracurricular activities as an expense; instead, they view them as investments for the future. Understandably, they are not legally obligated to regularly prepare and submit P&L, balance sheet, and cashflows statements for review—but if they were, they might agree that the accounting rules governing the world today are bizarre and that relying too heavily on these forms can be misleading in terms of substance.

This is not an advocacy for changing what companies are or aren't allowed to capitalize—because there will never be a satisfactory approach. The more accounting conventions try to standardize financial reporting to represent past, current, and future values of assets and risks, the more convoluted reporting becomes, making the numbers more susceptible to manipulation. Instead, my aim is to remind you that financial statements and ratios such as "cost-to-income," "debt-to-equity," "return-on-equity," "EBITDA margin," etc., and the insights derived from them paint an incomplete or misleading picture of a company, its operations, and its prospects. They should be treated as byproducts and indicators to inspire questions, not as targets to be met at all costs.

Regarding human capital, stakeholders following our company closely might observe that over the past decade, we have made continuous modifications to our organization. These include structural adjustments involving combining and splitting functions to optimize how we organize and allocate resources. These reorganizations are usually the result of implementing new technologies and reallocating resources to optimize, often resulting in shedding headcount and discarding positions rendered irrelevant. Critically, these shifts have included transitions, merging, and splitting the scope for key roles, including COO, CHRO, CRO, Head of Branch Distribution, and CFO. These evolutions are a healthy necessity to ensure sustainability and help your company outlive the longest-tenured employee and the longest individual shareowner. They are a required cost to avoid ending up like many Thai banks and global financial services operators who are amid mass layoffs and early retirement programs.

I was personally fortunate to have been given the opportunity to run your company when I turned thirty-two, initially on a provisional basis. Now in my thirteenth year at the helm of this great company, I have sat in the top job longer than most professional CEOs. Excluding founders and family members, most Thai professionals reach the CEO role in their late forties and quit the role in less than a decade. Year after year, NTL has grown its loan portfolio, revenues, and net income. More than any particular decision or initiative, I am glad that our team has been successful in separating the signal from the noise. We frequently receive requests and suggestions to conform to market practices and meet benchmarks that didn't make sense to us as builders. We chose to filter out the noise related to delivering short-term abstract financial metrics, incorporate constructive criticism, and keep moulding our organization based on our values. Companies that chose the alternate route and tried to satisfy the infinitely ravenous market's dynamic targets ended up on the path toward self-destruction without even realizing it. For financial services companies such as ours, this manifests in the form of maturity mismatches, underinvesting in people and infrastructure, making bad risk decisions, and under-provisioning to meet quarterly or annual expectations. And while we are generally aware of what “market” expectations are, acknowledging the misalignment in time horizons helps us stay focused on first principles, risk management, financial inclusion, self-disruption, and creating a happy meritocratic workplace, with the byproduct of these combined elements being the creation of substantial shareholder wealth.

I feel more positive and optimistic about our company than I do about the broader Thai economy.

Looking back, none of the 2025 events I mentioned earlier was anticipated, and even our year-end push to meet our internal growth targets was ill-timed. Fortunately, we were right about the importance of being prepared for all types of weather. This readiness allowed us to capitalize on and consolidate market share in a year when most lenders and insurance brokers retrenched. Looking ahead, I have no reliable predictions about what might happen in 2026. There are no indications that geopolitical tensions, a weak domestic economy, elevated household debt levels, active regulatory intervention, or political situation will improve or be less volatile. And while we have developed plans to keep evolving your company next year, filled with hundreds of friction-reducing and growth-fueling initiatives, I reiterate that it is far more important that we are competitively positioned and that our team is prepared to adapt to the events that will undoubtedly materialize. Our broad aim for the next year is to improve our track record of uninterrupted portfolio and earnings growth while maintaining our fortress-like balance sheet.

I believe we are ready for 2026.