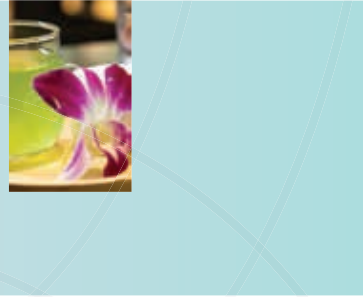
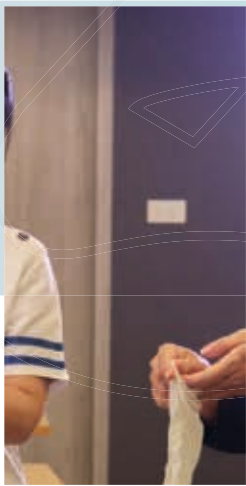
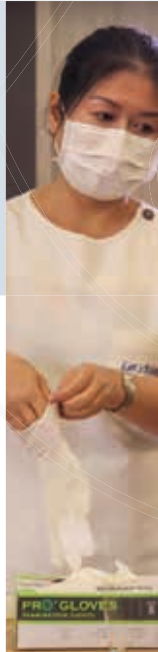
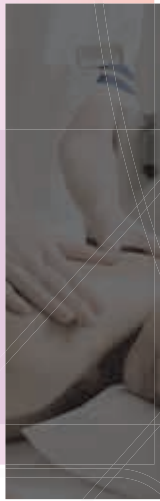
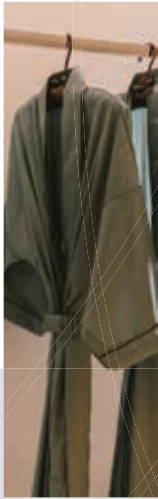


The background features a light blue color with several thin, dark blue lines. Some lines are straight, while others are curved or form loops. There are also several horizontal arrows pointing to the left, positioned at different vertical levels. A large, faint number '2' is visible in the background, partially obscured by the other elements.

2

RISK
MANAGEMENT

A horizontal bar with a color gradient from light pink on the left to light teal on the right, positioned below the text.



2

Risk Management

RISK MANAGEMENT POLICY AND IMPLEMENTATION PLAN

Siam Wellness Group Public Company Limited places great importance on corporate governance, especially effective risk management at the strategic level of performance and decision-making for new business investments. The company aims to create awareness of risk management among all employees to generate added value for the organization, shareholders, society, community, and various stakeholders, supporting sustainable growth.

The company's risk management policies and manuals establish risk policies covering the entire organization, starting from the process of risk identification, risk assessment, monitoring, and control, as well as establishing risk standards for effective and consistent risk management. Additionally, new risks are identified to cover all potential changes in the massage and spa industry, ensuring the company can manage risks promptly, especially in the changing lifestyle (New Normal) due to the spread of the Covid-19 virus, affecting the tourism industry and the global economy.

The Risk Management Committee (Committee) and the Risk Management Working Group collectively assess risks in various aspects of the company, including Strategic Risk, Compliance Risk, Financial Risk, Operational Risk, and Property Risks. The team considers the likelihood and impact of risks, utilizing the World Economic Forum's Global Risks Report 2018 as a guideline for analysis. The Committee monitors risks arising from changes in government policies that may affect the organization's operations.

The Board has adopted the Enterprise Risk Management Framework (ERM Framework) and the Enterprise Risk Management Policy developed by the Stock Exchange of Thailand as the basis for assessing the company's risks in terms of impact and likelihood, covering Strategic Risk, Business Risk, and Process Risk.

The Board of Directors and the Risk Management Working Group collaboratively develop measures to mitigate risks, offering both preventive measures (before the risk) and risk mitigation strategies (after the risk has occurred). The Committee is actively monitoring and reporting on risks caused by the spread of the Covid-19 virus, recognized as a global pandemic significantly affecting the company's operating results in 2021. Additionally, preparations are made for the enforcement of the Personal Data Protection Act (PDPA) 2019 in 2022.

Risk Factor :

In the course of running the company's business, various risks and uncertainties are encountered that may impact its earnings, profit, assets, liquidity, and the par value of the company's shares. In addition to the risks of material importance mentioned, there may be other uncertainties unknown to the company or cannot be specified at this moment. Therefore, stakeholders should also consider other risk factors that may affect the company beyond those mentioned in this document.

Risk from the Coronavirus Outbreak :

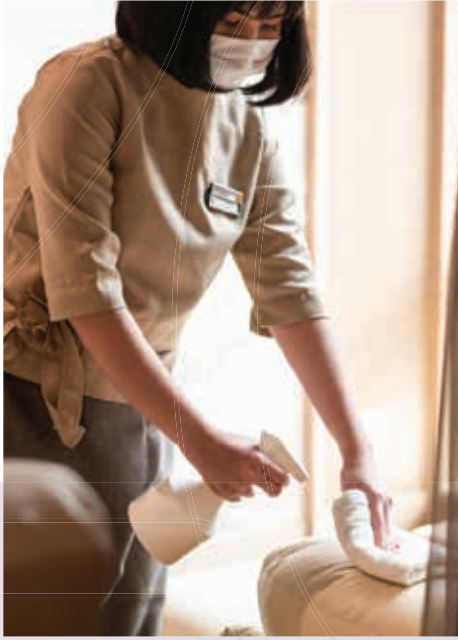
To prevent the spread of the COVID-19 virus, businesses have been affected, including a reduction in spending, a slowdown in the tourism sector, economic slowdown, and declining purchasing power of consumers. The severity of the impact on spa businesses, which involve close contact between service providers and recipients, poses critical challenges until a vaccine is available.

Risks from Changing Consumer Behavior :

The world is undergoing a series of changes that becoming faster and hotter. By the outbreak of COVID 19. It is one of the factors that we consider about Digital Disruption, such as online shopping on E-Commerce platforms or E-Marketplace digital payments, Cashless Society, growth of the Online Delivery market, etc. These things encourage brands to go online to increase marketing opportunities, and going online isn't just about sales. But we also get consumer databases so that brands can know more about consumers and use them in marketing. Increasing sales through repeat purchases Expanding the customer base and using Big Data to manage various aspects more efficiently, Paying attention to hygiene has become an important daily routine for consumers.

Risk from the Fluctuation of the Tourism Industry :

For the operation of the spa and hotel business of the Company and of the subsidiary companies, there are major groups of foreign tourists in whom there are some factors impacting the confidence in travel for tourism with the company cannot control such as terrorism, epidemic of the disease, natural disaster, civil commotions within the country and global economic recession, etc. The said impact has had comprehensive effect not only in Thailand



alone, but is spread to tourism industry in other countries. The Company has a policy of managing the said risk by way of spreading the business along principal tourist attractions of the country to reduce risk in the event of any particular tourist attraction is facing the problem and has introduced a business plan as to increase the proportion of domestic customers in order to reduce risk of relying on any particular group of the customer

Risk from Competition with Competitors in the Principal Business :

Siam Wellness Group operates in the health spa business, facing competition in both spa and hotel segments. The company focuses on differentiation through innovation in premises, service, raw materials, products, and technology to create a unique customer experience.

Competition in Spa Business :

The spa business faces high competition with a focus on price. Siam Wellness Group positions its services to compete in the upscale market, providing value compared to competitors, including 5-star hotels and new players like Home Massage or Office Massage. The company strategically locates its services, offers online booking, and implements an efficient payment system.

Competition in Hotel Business :

The subsidiary, Siam Wellness Resort Co., Ltd., operates hotel and restaurant businesses facing increased competition in Chiangmai. The company differentiates itself by offering specific spa and wellness services, avoiding price competition, and implementing efficient cost management.

Risk Due to Renewal of Lease Agreement :

Lease with Outsiders :

The company primarily uses leasing for its spa business operations, providing flexibility for expansion or reduction of service premises. Lease agreements are structured for renewals of 9 to 12 years, reducing investment risk and maintaining good relationships with lessors.

Lease Agreement with Affiliated Person :

Lease agreements with affiliated persons follow similar terms for renewal, providing long-term stability and reducing uncertainty. The company assesses the feasibility of renewal based on maximum returns for stakeholders.

Risk from Lawsuits by Customers :

As a health spa business, the company carries Professional Liability Insurance to cover expenses related to lawsuits from customers. The company emphasizes exercising utmost care in providing services to prevent such incidents.

Risk due to Shortage of Therapist Staff :

The company addresses the shortage of therapist staff by implementing a proper management system, providing staff welfare benefits, and opening a massage training school. These measures ensure a sufficient workforce and lower turnover rates compared to industry standards.

Risk of Trademark Plagiarism :

The company faces a risk of trademark plagiarism, particularly with the Let's Relax brand. Legal actions have been taken against entrepreneurs in China using the brand. The company prioritizes managing this risk to protect its brand reputation.

Company Priority in Managing Corporate Risk :

The company places a high priority on managing corporate risk and supports its business operations under the ERM Framework and SET's Enterprise Risk Management Policy.

The Risk Committee composed of 3 members including

1. Mrs. Kobboon Srichai
Chairwoman of the Risk Committee
2. Mr. Phumiphan Bunjapamai
Member of the Risk Committee
3. Mr. Narun Wiwattanakrai
Member of the Risk Committee and Head of Risk Working Group

In 2023, there were 4 meetings of the Risk Committee. In each meeting, the members of the Risk Committee and the members of the Risk Working Group jointly assessed various risks to the company, including Strategic Risk, Legal Compliance Risk, Financial Risk, Operational Risk, and Asset Risk, by reviewing the likelihood and impact of each risk. Moreover, the Committee reviewed the Charter to ensure compliance with the CG Code 2017.

**1. Risk Committee Meeting No. 1
on 27 February 2023**

The Risk Committee assessed the overall risks of the year 2022, evaluated the likelihood and impact of these risks for Quarter 1 of 2023, and proposed an action plan. The Committee also conducted a review of the Budgeted Operating Results and the Actual Operating Results. Additionally, the Committee acknowledged the return of Chinese Tourists, previously our main customer segment before COVID-19, and the Travel Together Campaign Phase 5.

**2. Risk Committee Meeting No. 2
on 12 May 2023**

The Risk Committee assessed the overall risks of Quarter 1 of 2023, evaluated the likelihood and impact of the risks for Quarters 2 and 3 of 2023, and proposed an Action Plan. The Committee also reviewed the Company's Risk Management Plan following the return of Chinese Tourists and acknowledged the Key Performance Indicators (KPIs) of sustainable tourism business in economic, social, environmental, and institutional factors.

**3. Risk Committee Meeting No. 3
on 10 August 2023**

The Risk Committee assessed the overall risks of Quarter 2 of 2023 and evaluated the likelihood and impact of the risks for Quarters 3 and 4 of 2023, proposing an Action Plan. The Committee acknowledged the tourist numbers and nationalities, reviewed the unmet market, and assessed the Tourism Authority of Thailand's 2024 Action Plan.

**4 Risk Committee Meeting No. 4
on 10 November 2023**

The Risk Committee assessed the overall risks of Quarter 3 of 2023 and evaluated the likelihood and impact of the risks for Quarter 4, 2023, proposing an Action Plan. The Committee acknowledged the Government's Free Visa initiative for China, Taiwan, India, Russia, and Kazakhstan, the Interest Rate policy, and the impact from the war in Israel and the post-Paragon shooting on customer safety confidence.

In summary, the company continually reviews and enhances its risk management on an annual basis to align with internal and external changes affecting the company, taking into account current and potential events. Risk preventive measures and efficient risk management policies are implemented to mitigate risks to an acceptable level, ensuring the smooth operations of the business and the sustainable achievement of both short-term and long-term Vision and Mission.