

SWG051/2568

August 7, 2025

Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the 3 months period ended 30 June 2025 and to explain the causes of performance that is changed more than 20% from the same period last year

To: President
The Stock Exchange of Thailand

SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED (“The Company”) would like to give details of the Management Discussion and Analysis of the financial statements of the Company and subsidiaries for the 3 months period (“2Q25”) ended 30 June 2025 and to explicate the causes of performance that has changed more than 20% from the same period last year. The Company and subsidiaries have the total revenue of 367.27 million baht, a decrease of 24.35 million baht from the same period last year (or a decrease of 6.22%). The net profit is 35.79 million baht, a decrease of 25.83 million baht from the same period last year. Net profit is accounted as 9.89% of sales and services’ revenue. Details as below:

Summary of Quarter 2, 2025

Revenue

The Company and subsidiaries had total revenue in the 2Q25 of 367.27 million baht, a decrease of 24.35 million baht from same period last year (or a decrease of 6.22%). The main proportion of the revenue is from the spa business, approximately 91% of the Total Revenue

As of 30 June 2025, Company had 82 branches (80 domestic branches and 2 overseas branches). There were 12 new branches opening and 2 branches closing in the period. As of 30 June 2024, Company had 72 branches (70 domestic branches and 2 overseas branches)

(Thousands Baht)								
Operating Results								
	Q2'25		Q2'24		Q2'23		Chg (%) 25 vs 24	Chg (%) 24 vs 23
Revenue from sales and service	362,051		382,251		356,293		(5.3%)	7.3%
Other income	5,222		9,368		2,184		(44%)	329%
Total revenues	367,273		391,619		358,477		(6%)	9%
Cost of sales and service	272,399	75%	267,821	70%	251,794	71%	2%	6%
Gross profit	89,652	25%	114,430	30%	104,499	29%	(22%)	(10%)
Selling and administrative expenses	42,953	12%	39,987	10%	34,807	10%	7%	15%
Profit before income tax and finance cost	46,699	13%	74,443	19%	69,692	20%	(37%)	(7%)
Share of loss from investment in joint venture	-	0%	219	0%	210	0%	(100%)	4%
Finance cost	7,700	2%	7,555	2%	12,378	3%	2%	(39%)
Income tax expense (revenue)	8,429	2%	14,412	4%	(828)	(0%)	(42%)	(1,841%)
Net profit (loss) for the year	35,792	10%	61,625	16%	60,116	17%	(42%)	(3%)
NCI	-	0%	-	0%	1	0%		(100%)
Net profit for the year attributable to the Company	35,792	10%	61,625	16%	60,115	17%	(42%)	(3%)

- Siam Wellness Group Public Co.,Ltd (“SWG”), the operator of Spa Business, Revenue decreased 5%
- Siam Wellness Resort Co.,Ltd (“SWR”), the operator of RarinJinda Wellness Spa Resort and Deck One in Chiang Mai as well as the operator of Rarin Villas and Ohb Café in Chiang Mai, Pattaya and Bangkok (Management Contract), Revenue is similar to previous year
- Siam Wellness Lab Co.,Ltd (“SWL”) and subsidiary companies, the operator of Spa Products Sale, Revenue is similar to previous year

The SSG and Expansion Stores Revenue decreased 17% and increased 12% respectively compared to previous year

- In terms of Revenue by Brands, Let’s Relax’s Revenue decreased 4% and Other brand’s Revenue is similar to previous year
- In terms of Revenue by Locations, Bangkok branches’ Revenue is similar to previous year and Upcountry branches’ Revenue decreased 5%

The Proportion of Hotel & Restaurant Revenue to the Company’s Revenue is 4%.

The Proportion of Spa Product Revenue to the Company’s Revenue is 4%

Cost of Sales and Services

In the 2Q25, the Company and subsidiaries had the cost of sales and services of 272.40 million baht, accounting for to 75.24% of sales and services’ revenue. This is an increase of 4.58 million baht from the same quarter of the previous year (or an increase of 1.71%). Some variable costs decreased due to lower revenue such as therapist labor cost. However, some fixed expenses increased from branch expansions such as rent, utilities, spa maintenance fees and depreciation.

Selling and Administrative Expenses

In the 2Q25, the Company and subsidiaries had the selling and administrative expenses of 50.65 million baht, accounted to 13.99% of the revenue from sales and services. This is an increase of 3.11 million baht from the same period last year (or an increase of 6.54%). This is mainly from the additional sales and promotion expenses and depreciation from the expansion of the Head Office and Warehouse.

Net Profit

In the 2Q25, the Company and subsidiaries had the net profit of 35.79 million baht or accounted 9.89% of the revenue from sales and services. The net profit of the Company and subsidiaries decreased 25.83 million baht (or a decrease of 41.97%) compared to the same period last year. The primary reason for the decrease in revenue was a decline in the number of Chinese tourists, who are the company's main foreign customer group. However, when comparing the company's revenue decline to the overall decrease in Chinese tourists within the tourism industry, it's

clear that the company was still able to manage its risk by shifting to other customer segments quite well.

Additionally, the company had to bear higher fixed costs from expanding its branches, which led to a decrease in net profit for the quarter.

Balance Sheet Summary

Consolidated Financial Statements						
					(Thousand)	
					change	%Change
	2025	C/S	2024	C/S	25 vs 24	25 vs 24
Assets						
Current assets						
Cash and cash equivalents	122,572	6%	157,520	7%	(34,948)	(22%)
Trade and other receivables	20,531	1%	33,329	2%	(12,798)	(38%)
Share return receivables-current portion	20,000	1%	20,000	1%	0	0%
Inventories	48,851	2%	49,296	2%	(445)	(1%)
Other current assets	21,156	1%	21,878	1%	(722)	(3%)
Total current assets	233,110	11%	282,023	13%	(48,913)	(17%)
Non current assets						
Share return receivables-net of current portion	9,342	0%	9,342	0%	0	0%
Property plant and equipment	1,223,141	57%	1,175,240	55%	47,901	4%
Right-of-use assets	478,562	22%	535,437	25%	(56,875)	(11%)
Goodwill	24,536	1%	24,536	1%	0	0%
Intangible assets	4,660	0%	5,526	0%	(866)	(16%)
Deferred tax assets	1,592	0%	1,269	0%	323	25%
Deposits	85,271	4%	81,875	4%	3,396	4%
Advance payment for purchase of assets	65,376	3%	17,598	1%	47,778	271%
Other non-current assets	6,170	0%	3,522	0%	2,648	75%
Total non-current assets	1,898,650	89%	1,854,345	87%	44,305	2%
Total assets	2,131,760	100%	2,136,368	100%	(4,608)	(0.22%)

As of 30 June 2025, The Company and Subsidiaries had a total asset of 2,131.76 million baht, a decrease of 4.61 million baht from 2024 (a decrease of 0.22%) with details as followed:

- Cash and Cash Equivalent is 122.57 million baht, a decrease of 34.95 million baht. This is from the company's performance, an additional loan withdrawal from Banks total 111 million baht, the payment of Dividend 128.15 million baht and investment in branch expansion.
- Trade and Other Receivables decreased from 33.33 million baht to 20.53 million baht (a decrease of 38.40%) resulting from declining sales. The debtors in question arose from the normal course of business, such as extending credit to agents who bring customers to use services or to international franchise purchasers. The notes to the financial statements indicate that there are 8 million baht in receivables that have been overdue for more than 12 months. The company is currently in the process of collecting these debts. A full allowance for doubtful accounts has been set aside for this amount, in accordance with the company's accounting policies and management's consideration.
- Receivable from shares waiting to be repaid in the amount of 29.34 million baht from the sale of shares of Chaba Elegance Company Limited back to the group of existing shareholders. At present, it is in the process of suing the group of existing shareholders to pay for the shares
- Land, Buildings and Equipment are approximately 57% of Total Assets. This is slightly high as Company has been expanding many branches over the past few years. Value of Land, Building and Equipment has increased from previous year due to branch expansions deducted by depreciation

- Right of Use Assets is 478.56 million baht or approximately 22% of Total Assets from TFRS16 Adoption in Financial Statements Reporting since 2020

Consolidated Financial Statements						
(Thousand)						
	2025	C/S	2024	C/S	change 25 vs 24	%Change 25 vs 24
Liabilities and shareholders' equity						
Current liabilities						
Trade and other payables	101,825	5%	134,488	6%	(32,663)	(24%)
Current portion of long-term loans	13,920	1%	0	0%	13,920	
Current portion of lease liabilities	142,563	7%	154,091	7%	(11,528)	(7%)
Income tax payable	19,210	1%	634	0%	18,576	2930%
Advance received-current portion	45,986	2%	44,444	2%	1,542	3%
Other current liabilities	9,860	0%	11,202	1%	(1,342)	(12%)
Total current liabilities	333,364	16%	344,859	16%	(11,495)	(3%)
Non-current liabilities						
Long-term loans-net of current portion	94,760	4%	0	0%	94,760	
Long-term loans from related parties	100,000	5%	100,000	5%	0	0%
Lease liabilities-net of current portion	403,861	19%	453,393	21%	(49,532)	(11%)
Advance received-net of current portion	-	0%	-	0%	0	
Provision for long term employee benefits	4,324	0%	4,235	0%	89	2%
Deferred tax liabilities	11,932	1%	11,253	1%	679	6%
Other non- current liabilities	26,450	1%	24,227	1%	2,223	9%
Total non-current liabilities	641,327	30%	593,108	28%	48,219	8%
Total liabilities	974,691	46%	937,967	44%	36,724	3.92%

As of 30 June 2025, The Company and Subsidiaries had total liabilities of 974.99 million baht, an increase of 36.72 million baht (an increase of 3.92%) with details as followed:

- Trade and Other Payables are 101.83 million baht which is from normal operating activities such as building and decoration expenses, product and raw materials cost, rentals etc.
- Loan from Financial Institutions, both due within 1 year and more than 1 year, is 108.68 million baht. This is the main source of Funds in the event of business expansion or cash imbalance as the interest rate is relatively low compared to other sources which Company deemed appropriate
- Liabilities under the lease agreement, both due within a year and more than 1 year, is 546.42 million baht from the adoption of TFRS16 Rental Contracts in Financial Statements Reporting since 2020

Share capital						
Registered						
1,282,499,928 ordinary shares of Baht 0.25 each (2023: 855,000,000 ordinary shares of Baht 0.25 each)	320,625	15%	320,625	15%	0	0%
Issued and paid-up						
1,282,499,124 ordinary shares of Baht 0.25 each (2023: 854,999,928 ordinary shares of Baht 0.25 each)	320,625	15%	320,625	15%	0	0%
Share premium	278,906	13%	278,906	13%	0	0%
Discount on business combination under common control	(46,226)	-2%	(46,226)	-2%	0	0%
Retained earnings						
Appropriated- statutory reserve	32,062	2%	32,062	2%	0	0%
Unappropriated	446,321	21%	487,648	23%	(41,327)	(8%)
Other components of shareholders' equity	125,378	6%	125,378	6%	0	0%
Equity attributable to shareholders' of the company	1,157,066	54%	1,198,393	56%	(41,327)	(3%)
Non-controlling interests of the subsidiaries	3	0%	8	0%	(5)	(63%)
Total shareholders' equity	1,157,069	54%	1,198,401	56%	(41,332)	(3.45%)
Total liabilities and shareholders' equity	2,131,760	100%	2,136,368	100%	(4,608)	(0%)

As of 30 June 2025, The Company and Subsidiaries had a total equity of 1,157.07 million baht, a decrease of 41.33 million baht (a decrease of 3.45%) from the reported net profit deducted by dividend.

Cash Flows Summary

As of 30 June 2025, The Company and Subsidiaries had a total cash and cash equivalents of 122.57 million baht, a decrease of 34.95 million baht. with major transactions including Improved Cash flow from Operations, Loan withdrawal deducted Dividend and branch expansion.

Key Financial Ratio

Ratio	Q2'25	Q1'25	2024	2023
Liquidity Ratio				
Current Ratio	0.70	0.87	0.82	0.97
Receivable turnover	14.37	12.93	51.80	48.42
Collection period (Days)	6	7	7	7
Inventory turnover	0.35	0.36	1.53	1.64
Holding period (Days)	259	250	235	220

- 2Q25 Current Ratio is 0.7 a slight decline from 2024. Liabilities under lease agreement due within 1 year is 142.56 million baht after adoption of TFRS16 Rental Contracts since 2020. If exclude this, the current ratio is 1.22
- Receivable Turnover and Collection Period is approximately 6 days, similar to previous period
- Inventory Turnover and Holding Period in 2Q25 is slightly higher from previous period due to Goods order for Service which is slightly higher than Goods order for Sale

Ratio	Q2'25	Q1'25	2024	2023
Profitability Ratio				
Gross Profit Margin	24.76%	28.87%	32.41%	30.15%
Net profit Margin	9.89%	13.43%	18.97%	22.97%
Return on Asset	12.85%	14.06%	15.04%	15.12%
Return on Equity	23.87%	25.74%	29.45%	45.18%

Profitability for the second quarter decreased because it was a low season and the number of Chinese tourists, who are the company's main foreign customers, declined. This resulted in a decrease in revenue, while the company had to bear the burden of fixed costs from both existing branches and those that expanded during the year.

Ratio	Q2'25	Q1'25	2024	2023
Debt Management Ratio				
Debt to Equity Ratio	0.84	0.73	0.78	1.41
Interest coverage Ratio	6.74	9.61	12.66	7.01

- 2Q25 Debt to Equity Ratio is 0.84, an increase from 0.78 from previous year. The increase is a result of withdrawal of a loan from bank amounting to 111 million baht, while shareholders' equity decreased from net profit after deducting dividend payments. However, if lease liabilities under Financial Reporting Standard No. 16 on Leases are excluded, the Debt to Equity ratio would be 0.37. The company believes it has sufficient liquidity to continue its operations, provided there are no events that significantly affect the business operations.
- 2Q25 Interest Coverage Ratio is 6.74, a slight decreased from Lower reported Net profit

Sustainability Policy and Goals

SPA has established a Sustainability Policy and Goals to serve as a guideline for implementing business strategies aimed at achieving stable and sustainable growth across all dimensions—economy, society, and the environment. This involves integrating the concept of sustainable development into every core function by elevating the importance of sustainability throughout the entire Value Chain. There is a focus on adding value to activities within the process of providing services and selling products (In-process Activities). Additionally, emphasis is placed on prioritizing stakeholders. The Working Group, operating under the supervision of the Corporate Governance Committee, serves as the creator of the Implementation Guidelines. This group lays out the framework and goals to drive sustainability in three key areas:

Economic Development/Regulatory	Social Development	Environmental Development
(1) Health and safety of customers (2) Enterprise Risk Management (3) Cyber Security and protection of personal information (4) Structural Policy and Corporate Governance	(5) Customer Responsibility (6) Providing access to treatment and good health (7) Local employment, including people with disabilities and underprivileged individuals. (8) Providing access to information	(9) Product Responsibility (10) Use of eco-friendly packaging (11) Waste management (12) Water management policy

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Economic/Regulatory Dimension	Policy
Customer health and safety	Focus on creating an establishment that is hygienic and safe for customers by enhancing customer hygiene and safety measures to be in line with the current situation under the measure “A Place you can trust”
Enterprise Risk Management	Focus on building the organization for sustainable growth, regularly assess organizational risks with information, analyze and track the situation closely

Cyber Security and Personal Data Protection	Focus on creating an organization with cyber security and protection of personal information. PDPA Working group monitors and updates cybersecurity and personal information protection in accordance with the law and policy of practice.
Structural Policy and Corporate Governance	Focus on building an organization to be able to operate under a stable organizational structure. Focus on all stakeholders by adhering to the good corporate governance policy

Social dimension	Policy
Customer responsibility	Focus on creating an establishment that is responsible to customers throughout the process by focusing on providing a standard service, friendly service, clean, hygienic place, reasonable price. Gives importance to safety and customer privacy.
Providing access to treatment and good health	Focus on building an organization that cares about the health of employees and staff. Coverage of health benefits as staff benefits and building a great workplace for employees.
Local Employment, including people with disabilities and underprivileged individuals.	Focus on hiring local personnel to increase skills, knowledge, expertise which can be extended to community development
Providing access to information	Focus on creating an organization that provides equal access to information. for complete work and judgment

Environmental Dimension	Policy
Product Responsibility	Present accurate information about the products and services, deliver a variety of products in order to provide services to customers that meet their needs

Use of eco-friendly packaging	Focus on creating a corporate culture that cares about the environment. Create quality products and services using packaging that is good for the environment under 3R (Reduce, Reuse, Recycle)
Waste management	Focus on creating an organizational culture that cares about the environment. Supervise and manage the use of natural resources to achieve maximum benefit. Improve business processes to reduce environmental impact
Water management policy	Focus on creating an organizational culture that cares about the environment. Supervise and manage the use of natural resources to achieve maximum benefit. Improve business processes to reduce environmental impact

Analysis of Factors Affecting the Company's Future Operations

1. Economic and Tourism Factors

- **Number of Tourists:** SPA's revenue is correlated with the number of tourists visiting Thailand, both domestic and international. Any increase or decrease in tourist numbers will impact the company's revenue.
- **Tourism Seasonality:** The spa business is affected by seasonal tourism fluctuations. During the high season, revenue tends to increase, while in the low season, performance may slow down.
- **Consumer Purchasing Power:** Overall economic conditions and consumers' purchasing power influence decisions to use spa and wellness services. An economic slowdown may negatively affect the company's sales.

2. Internal Organizational Factors

- **Branch Expansion:** Opening new branches domestically and internationally is a key growth strategy. The analysis should outline the number of newly opened branches, future expansion plans, and the anticipated impact on revenue and costs.
- **Cost Management:** Controlling costs such as rent, labor, and selling and administrative expenses (SG&A) affects the company's gross profit margin and net profit. The analysis should highlight changes in costs and their impact on operations.

- **Business Diversification:** Diversifying into new products and services, such as Stretch me Clinic or hotel and restaurant businesses, helps increase revenue sources and reduce risks from relying solely on the core business.
- **Personnel:** The availability of qualified service staff is critical for the spa business. Labor shortages may pose a risk factor to consider.

3. Competitive Factors

- **Market Competition:** The spa market is highly competitive, with both direct competitors and other businesses offering similar services. The analysis should outline the company's competitive strategies to maintain its market position.

4. Risk Factors

- **Risk of Lease Renewal:** Most of SPA's branches are located in leased spaces. Failure to renew leases or changes in rental costs could impact expenses and operational plans.
- **Policy Risks:** Government policies related to the tourism industry and regulations may affect the company's operations.

Please be informed accordingly,

Yours sincerely,

(Mr.Wiboon Utsahajit)

Siam Wellness Group Public Company Limited