

SWG 034/2568

May 15, 2025

Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the 3 months period ended 31 March 2025

Summary of Quarter 1, 2025

Revenue

The Company and subsidiaries had total revenue in the 1Q25 of 388.69 million baht, a decrease of 10.26 million baht from same period last year (or a decrease of 2.57%) from the decline in number of Chinese tourists — the company’s main customer group. The big proportion of revenue comes from the spa business, which accounted to 89% of the total revenue as detailed below:

As of 31 March 2025, Company had 80 branches (78 domestic branches and 2 overseas branches). There were 10 new branches opening and 2 branches closure. As of 31 March 2024, Company had 72 branches (70 domestic branches and 2 overseas branches).

The Overview of Quarter 1 Revenue

(Thousands Baht)								
Operating Results								
	Q1'25		Q1'24		Q1'23		Chg (%)	Chg (%)
							25 vs 24	24 vs 23
Revenue from sales and service	380,703		393,871		320,232		(3.3%)	23.0%
Other income	7,989		5,077		5,675		57.4%	(10.5%)
Total revenues	388,692		398,948		325,907		(2.6%)	22.4%
Cost of sales and service	270,806	71%	262,144	67%	231,775	72%	3.3%	13.1%
Gross profit	109,897	29%	131,727	33%	88,457	28%	(16.6%)	(48.9%)
Selling and administrative expenses	47,298	12%	36,090	9%	27,001	8%	31.1%	33.7%
Profit before income tax and finance cost	70,588	19%	100,714	26%	67,131	21%	(29.9%)	(50.0%)
Share of loss from investment in joint venture	-	0%	446	0%	375	0%	(100.0%)	18.9%
Finance cost	7,347	2%	8,229	2%	14,844	5%	(10.7%)	(44.6%)
Income tax expense (revenue)	12,112	3%	18,070	5%	1,451	0%	(33.0%)	1,145.3%
Net profit (loss) for the year	51,129	13%	73,969	19%	50,461	16%	(30.9%)	(46.6%)
NCI	1	0%	1	0%	1	0%	0.0%	0.0%
Net profit for the year attributable to the Company	51,128	13%	73,968	19%	50,460	16%	(30.9%)	(46.6%)

The Analysis of Quarter 1 Revenue

The overall Quarter 1 Revenue decreased 3% compared to the same period last year with details as specified:

- Siam Wellness Group Public Co.,Ltd (“SWG”), the operator of Spa Business, Revenue decreased 4%.
- Siam Wellness Resort Co.,Ltd (“SWR”), the operator of RarinJinda Wellness Spa Resort, Deck One and ORB Cafe in Chiang Mai, Pattaya and Bangkok, Revenue is similar compared to the same period last year.

- Siam Wellness Lab Co.,Ltd (“SWL”), the operator of Spa Products Sale, Revenue is similar compared to the same period last year.
- Other Revenue increased 1%.

The SSG Stores Revenue decreased 13% compared to previous year, whereas Expansion Stores Revenue increased 9%.

In terms of Revenue by Brands, Let’s Relax’s Revenue decreased 2%, RarinJinda Wellness Spa’s and Baan Suan Massage Revenue decreased 1%.

In terms of Revenue by Locations, Bangkok branches’ Revenue decreased 1% and Upcountry branches’ Revenue decreased 3%.

- Hotel & Restaurant Revenue and The Proportion of Hotel & Restaurant Revenue to the Company’s Revenue are similar compared to the same period last year. The Occupancy Rate is slightly decreased, while the ADR increased.

The Proportion of Spa Product Revenue to the Company’s is approximately 4% of Total Revenue, similar compared to the same period last year.

Cost of Sales and Services

In the 1Q25, the Company and subsidiaries had the cost of sales and services of 270.81million baht, accounting for to 71.13% of sales and services’ revenue. This is an increase of 8.66 million baht from the same quarter of the previous year (or an increase of 3.30%) even if total revenue has declined. Key variable expenses have decreased due to a drop in revenue — such as therapist salary, rent, and cost of raw materials. However, the company still bears the burden of rising fixed costs, primarily from increased employee expenses, higher depreciation from branch expansion, maintenance costs of service facilities and health insurance expenses.

Selling and Administrative Expenses

In the 1Q25, the Company and subsidiaries had the selling and administrative expenses of 54.65 million baht, accounted to 14.35% of the revenue from sales and services. This is an increase of 10.33 million baht from the same period last year (or an increase of 23.30%). This is mainly from staff-related expenses and depreciation. In addition, in Q1 of the previous year, there was an adjustment according to Thai Financial Reporting Standard No. 9 on Financial Instruments, which reduced expenses by 4.5 million baht. However, no such adjustment was made this year, resulting in an increase in selling and administrative expenses compared to the previous year. As for interest expenses, they decreased by approximately 1 million baht due to lower interest on financial institution loans and lease liabilities in accordance with Thai Accounting Standard No. 16 on Leases.

Net Profit

In the 1Q25, the Company and subsidiaries had the Net Profit of 51.13 million baht or accounted 13.43% of the revenue from sales and services. The Net Profit of the Company and subsidiaries decreased 22.84 million baht (or a decrease of 30.88%) compared to the same period last year. The decline in profit was mainly due to a drop in sales, stemming from a decrease in Chinese tourists — the company's core customer group. At the same time, the company continued to bear rising fixed costs, including expenses related to branch expansion, resulting in an overall decrease in net profit. Nevertheless, the company has carried out marketing efforts to attract new customer segments, such as those from the Middle East, Europe, America, and India.

Balance Sheet Summary

Consolidated Financial Statements							
	(Thousand)						
	2025	C/S	2024	C/S	2023	C/S	change 25 vs 24
							%Change 25 vs 24
Assets							
Current assets							
Cash and cash equivalents	182,519	8%	157,520	7%	252,305	13%	24,999
Current investments	0	0%	0	0%	-	0%	0
Trade and other receivables	25,575	1%	33,329	2%	29,580	1%	(7,754)
Lease receivable-current portion	0	0%	0	0%	55	0%	0
Share return receivables-current portion	20,000	1%	20,000	1%	26,295	1%	0
Inventories	49,240	2%	49,296	2%	43,076	2%	(56)
Other current assets	20,055	1%	21,878	1%	12,084	1%	(1,823)
Total current assets	297,389	14%	282,023	13%	363,395	18%	15,366
Non current assets							
Lease receivable-net of current portion	0	0%	0	0%	178	0%	0
Share return receivables-net of current portion	9,342	0%	9,342	0%	8,526	0%	0
Investment in joint venture	0	0%	0	0%	4,196	0%	0
Property plant and equipment	1,201,623	56%	1,175,240	55%	953,806	48%	26,383
Right-of-use assets	511,713	24%	535,437	25%	470,937	24%	(23,724)
Goodwill	24,536	1%	24,536	1%	24,536	1%	0
Intangible assets	5,106	0%	5,526	0%	5,627	0%	(420)
Deferred tax assets	1,574	0%	1,269	0%	46,523	2%	305
Deposits	84,884	4%	81,875	4%	80,916	4%	3,009
Advance payment for purchase of assets	22,181	1%	17,598	1%	10,998	1%	4,583
Other non-current assets	3,751	0%	3,522	0%	3,380	0%	229
Total non-current assets	1,864,710	86%	1,854,345	87%	1,609,623	82%	10,365
Total assets	2,162,099	100%	2,136,368	100%	1,973,018	100%	25,731

As of 31 March 2025, The Company and Subsidiaries had a total asset of 2,162.10 million baht, an increase of 25.73 million baht (an increase of 1.20%) with details as followed:

- Cash and Cash Equivalent increased from 157.20 million baht to 182.52 million baht (an increase of 15.87%) from an increase in Cash Flow from Operations and preparation for the new branch opening in 2025.
- Trade and Other Receivables decreased from 33.33 million baht to 25.58 million baht (a decrease of 23.27%) resulting from normal operating activities such as Credit Terms to Agent and Franchisee as well as some customers. In the Notes to Financial Statements, there were Trade Receivables due over 12 months total 8 million baht. The Company set up Allowance for Doubtful accounts according to Accounting Policy and Management Decision.
- Share return receivables from the Sell of Chaba Elegance Co.,Ltd to the existing shareholders is 20 million baht.

- Land, Buildings and Equipment are approximately 56% 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 2024's value from Expansion deducted Depreciation.
- Right of Use Assets is 511.71 million baht or approximately 24% of Total Assets from TFRS16 Adoption in Financial Statements Reporting since 2020.

Major events that have a significant effect on the company's financial position or future operations include

1. The inability of foreign tourists to use the service, which constitutes the main customer group of the company. Consequently, the company has devised a strategy to expand its Thai customer base, as well as attract new foreign customers, in order to mitigate risks.
2. The company places importance on cash flow management in its business operations. It ensures that there is sufficient cash to support ongoing operations and to repay loans when funds are available, thereby reducing the burden of interest.

Consolidated Financial Statements							(Thousand)	
	2025	C/S	2024	C/S	2023	C/S	change 25 vs 24	%Change 25 vs 24
Liabilities and shareholders' equity								
Current liabilities								
Trade and other payables	125,587	6%	134,488	6%	123,699	6%	(8,901)	(7%)
Current portion of long-term loans	0	0%	0	0%	42,744	2%	0	
Current portion of lease liabilities	150,140	7%	154,091	7%	142,926	7%	(3,951)	(3%)
Income tax payable	11,351	1%	634	0%	459	0%	10,717	1690%
Advance received-current portion	47,013	2%	44,444	2%	55,902	3%	2,569	6%
Other current liabilities	6,971	0%	11,202	1%	9,822	0%	(4,231)	(38%)
Total current liabilities	341,062	16%	344,859	16%	375,552	19%	(3,797)	(1%)
Non-current liabilities								
Long-term loans-net of current portion	0	0%	0	0%	70,952	4%	0	
Long-term loans from related parties	100,000	5%	100,000	5%	200,000	10%	0	0%
Lease liabilities-net of current portion	430,573	20%	453,393	21%	400,793	10%	(22,820)	(5%)
Advance received-net of current portion	-	0%	-	0%	-	0%	0	
Provision for long term employee benefits	4,279	0%	4,235	0%	5,009	0%	44	1%
Deferred tax liabilities	11,919	1%	11,253	1%	-	0%	666	6%
Other non-current liabilities	24,736	1%	24,227	1%	19,573	1%	509	2%
Total non-current liabilities	571,507	26%	593,108	28%	696,327	35%	(21,601)	(4%)
Total liabilities	912,569	42%	937,967	44%	1,071,879	54%	(25,398)	(3%)

As of 31 March 2025 The Company and Subsidiaries had total liabilities of 912.57 million baht, a decrease of 25.40 million baht (a decrease of 2.71%) with details as followed:

- Trade and Other Payables are 125.59 million baht which is from normal operating activities such as building and decoration expenses, product and raw materials cost, rentals etc.
- A loan from a related party totaling 100 million baht (unchanged from the previous year). The company has fully repaid its loans from financial institutions to reduce interest burden. Management believes that funding from financial institutions still carries relatively low costs, and the company retains borrowing capacity should additional funding be required.

- Liabilities under the lease agreement, both due within a year and more than 1 year, is 580.71 million baht from the adoption of TFRS16 Leases in Financial Statements Reporting since 2020.

Consolidated Financial Statements								
	(Thousand)							
	2025	C/S	2024	C/S	2023	C/S	change 25 vs 24	%Change 25 vs 24
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%	213,750	11%	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%	213,750	11%	0	0%
Share premium	278,906	13%	278,906	13%	278,906	14%	0	0%
Discount on business combination under common control	(46,226)	-2%	(46,226)	-2%	(46,226)	-2%	0	0%
Retained earnings								
Appropriated- statutory reserve	32,062	1%	32,062	2%	21,375	1%	0	0%
Unappropriated	538,776	25%	487,648	23%	307,949	16%	51,128	10%
Other components of shareholders' equity	125,378	6%	125,378	6%	125,378	6%	0	0%
Equity attributable to shareholders' of the company	1,249,521	58%	1,198,393	56%	901,132	46%	51,128	4%
Non-controlling interests of the subsidiaries	9	0%	8	0%	7	0%	1	13%
Total shareholders' equity	1,249,530	58%	1,198,401	56%	901,139	46%	51,129	4%
Total liabilities and shareholders' equity	2,162,099	100%	2,136,368	100%	1,973,018	100%	25,731	1%

As of 31 March 2025, The Company and Subsidiaries had a total equity of 1,249.53 million baht, an increase of 51.13 million baht (an increase of 4.27%) from the reported Net Profit.

Cash Flows Summary

As of 31 March 2025, The Company and Subsidiaries had a total cash and cash equivalents of 182.52 million baht, an increase of 25 million baht (an increase of 15.87%) mainly from Cash Flow from Operations deducted Cash Flow for Expansion.

Key Financial Ratio

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

- 1Q25 Current Ratio is 0.87, similar to 2024's. This is mainly from the increase of Cash and Cash Equivalents of 25 million baht and the decrease in Account Receivables of 8 million baht. If exclude Lease Liabilities due within a year total 150.14 million baht according to the adoption of TFRS16 Rental Contracts, the current ratio is 1.56.
- Receivable Turnover and Collection Period is similar to 2023's which is approximately 7 days from Company's Urgent Collection Policy. Most of Company's Customers are B2C thereby has no credit terms.
- Inventory Turnover and Holding Period in 1Q25 increased slightly due to a decrease of total sales. Also, the company ordered of big lots inventory. Some Inventory are service inventory which has longer turnover compared to retail inventory.

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

- Profitability Ratio has slightly decreased from lower reported Net Profit.

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

- 1Q25 Debt to Equity Ratio is 0.73, a decrease from 0.78 from previous year. This is a result from a decrease in total liabilities by 25.40 million baht, mainly due to a 9 million baht drop in account payables and a 27 million baht reduction in lease liabilities under TFRS 16. Meanwhile, income tax payable increased by 11 million baht, and shareholders' equity rose due to interim profit of 51 million baht. If exclude the effect from the adoption of TFRS16 Leases total 580.71 million baht, the Debt to Equity Ratio is 0.27.
- 1Q25 Interest Coverage Ratio is 9.61. Interest Coverage Ratio from lower reported Net Profit, lowering the ability to repay loan.

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

- Economic and Regulatory dimension

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

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

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

Please be informed accordingly,

Yours sincerely,

(Mr.Wiboon Utsahajit)

Siam Wellness Group Public Company Limited