

No. IR010/2026

13 May 2026

Subject: Management Discussion and Analysis for the operating results for the first quarter of 2026

To: President

The Stock Exchange of Thailand

Onsen Retreat and Spa Group Public Company Limited (the “Company”) would like to clarify its operating results for the first quarter of 2026 (the three-month period ended 31 March 2026) as follows:

Analysis of Operating Results for the Three-Month Period Ended 31 March 2026

Statement of Comprehensive Income	Jan.–Mar. 2026		Jan.–Mar. 2025		YoY Change: Increase (Decrease)		Oct.–Dec. 2025		YoY Change: Increase (Decrease)	
	Million Baht	Percentage (%)	Million Baht	Percentage (%)	Million Baht	Percentage (%)	Million Baht	Percentage (%)	Million Baht	Percentage (%)
Revenue										
Revenue from onsen and spa services	62.01	83.03%	61.94	85.60%	0.07	0.11%	62.32	85.16%	(0.31)	(0.50%)
Revenue from sales	9.48	12.69%	8.97	12.40%	0.51	5.69%	9.14	12.49%	0.34	3.72%
Other income and interest income	3.19	4.27%	1.45	2.00%	1.74	120.00%	1.72	2.35%	1.47	85.47%
Total revenue	74.68	100.00%	72.36	100.00%	2.32	3.21%	73.18	100.00%	1.50	2.05%
Costs and expenses										
Cost of services	34.92	46.76%	36.23	50.07%	(1.31)	(3.62%)	33.97	46.42%	0.95	2.80%
Cost of sales	5.39	7.22%	5.62	7.77%	(0.23)	(4.09%)	5.43	7.42%	(0.04)	(0.74%)
★Gross Profit	31.18	43.61%	29.07	40.99%	2.11	7.26%	32.07	44.87%	(0.89)	(2.77%)
Selling and distribution expenses	4.54	6.08%	3.36	4.64%	1.18	35.12%	5.04	6.89%	(0.50)	(9.92%)
Administrative expenses	15.17	20.31%	15.12	20.90%	0.05	0.33%	19.59	26.77%	(4.42)	(22.56%)
Total expenses	60.02	80.37%	60.32	83.36%	(0.30)	(0.50%)	64.03	87.50%	(4.01)	(6.26%)
Earnings before finance costs and tax (EBIT)	14.66	19.63%	12.04	16.64%	2.62	21.76%	9.16	12.52%	5.50	60.04%
Share of profit (loss) from investment in joint venture	(0.66)	(0.88%)	(0.22)	(0.30%)	(0.44)	(200.00%)	0.59	0.81%	(1.25)	(211.86%)
Finance costs	4.53	6.07%	5.17	7.14%	(0.64)	(12.38%)	4.78	6.53%	(0.25)	(5.23%)
Profit (loss) before income tax	9.47	12.68%	6.65	9.19%	2.82	42.41%	4.97	6.79%	4.50	90.54%

Income tax income (expense)	(2.36)	(3.16%)	(1.38)	(1.91%)	0.98	71.01%	(0.96)	(1.31%)	1.40	145.83%
Net profit (loss)	7.10	9.51%	5.27	7.28%	1.83	34.73%	4.01	5.48%	3.09	77.06%
Key financial ratios										
Gross profit margin from services		43.69%		41.51%		2.18%pp		45.50%		(1.81%)pp
Gross profit margin from sales		43.14%		37.35%		5.79%pp		40.60%		2.54%pp
Overall gross profit margin		43.61%		40.99%		2.62%pp		44.87%		(1.26%)pp
EBITDA Margin		35.25%		31.87%		3.38%pp		29.50%		5.75%pp
Net profit margin		9.51%		7.28%		2.23%pp		5.48%		4.03%pp

* EBITDA Margin for Q4/2025 is an estimated figure.

Revenue

In the first quarter of 2026, the Company recorded total revenue of THB 74.68 million, an increase of THB 2.32 million or 3.21% from the same period of the previous year, and an increase of THB 1.50 million or 2.05% from the fourth quarter of 2025, with details as follows:

1. The Company recorded revenue from onsen and spa services of THB 62.01 million, which was close to the same period of the previous year, representing an increase of 0.11%. Onsen revenue increased by 6.06%, driven by a 10.1% increase in onsen customers (67,864 to 74,703 persons), while spa revenue decreased by 7.35% due to a decline in the conversion rate from 39.8% to 33.6%.
2. The Company recorded revenue from sales (food and beverages) of THB 9.48 million, an increase of 5.69%, driven by a 23.9% increase in F&B customers (19,681 to 24,394 persons).
3. The Company recorded other income and interest income of THB 3.19 million, an increase of 120.0%, mainly from management service income from the joint venture, gain from reversal of impairment loss on assets, and a refund received in connection with the write-off of the CRM system following the cancellation of the system development.

Costs and Gross Profit Margin

In the first quarter of 2026, the Company recorded total cost of sales and services of THB 40.31 million, representing an overall gross profit margin of 43.61% (calculated from operating revenue, excluding other income), an increase from 40.99% in the same period of the previous year, with details as follows:

1. Cost of services amounted to THB 34.92 million, a decrease of 3.62% YoY, resulting in an improvement in the gross profit margin from services from 41.51% to 43.69%, mainly due to improved control of repair and maintenance expenses.

2. Cost of sales amounted to THB 5.39 million, a decrease of 4.09% YoY, resulting in an improvement in the gross profit margin from sales from 37.35% to 43.14%.

Selling and Distribution Expenses

The Company recorded selling and distribution expenses of THB 4.54 million, an increase of THB 1.18 million or 35.12% from the same period of the previous year, mainly due to a 137.7% increase in advertising and promotional expenses. Such expenses included booth expenses for Thai Teaw Thai Fair and Japan Expo, two new billboard advertisements (KLAI and SKV26), and professional graphic design fees. However, compared with the fourth quarter of 2025, selling and distribution expenses decreased by THB 0.50 million or 9.92%.

Administrative Expenses

The Company recorded administrative expenses of THB 15.17 million, which were close to the same period of the previous year, representing a slight increase of 0.33%. The increase was mainly due to a loss on write-off of CRM system assets of THB 0.72 million (while a corresponding refund amount was recorded as other income) and higher IT system maintenance expenses. Meanwhile, professional fees decreased by 22.7% after the IPO. Compared with the fourth quarter of 2025, administrative expenses decreased significantly by THB 4.42 million or 22.56%, as the fourth quarter had higher-than-normal provisions and income tax expenses.

Share of Profit (Loss) from Investment in Joint Venture

The Company recognized a share of loss from investment in joint venture of THB 0.66 million, compared with a loss of THB 0.22 million in the same period of the previous year. The increase was mainly attributable to higher operating costs of ONSEN SINGAPORE. However, other comprehensive income from exchange differences was positive at THB 1.36 million, resulting in an increase in the total carrying value of investment in joint venture to THB 36.3 million.

Finance Costs

The Company recorded finance costs of THB 4.53 million, a decrease of THB 0.64 million or 12.38% from the same period of the previous year, reflecting repayments of bank loans of THB 3.33 million and sale and leaseback (SLB) obligations of THB 1.82 million. As a result, interest-bearing debt (bank loans + SLB) decreased to THB 43.5 million.

Net Profit

The Company recorded net profit (after deducting share of loss from joint venture) of THB 7.10 million, an increase of THB 1.83 million or 34.73% from the same period of the previous year, and an increase of THB 3.09 million or 77.06% from the fourth quarter of 2025, which recorded net profit of THB 4.01 million. The increase was mainly due to (1) revenue growth of 3.2% YoY, (2) an improvement in overall gross profit margin from 40.99% to 43.61%, (3) a 12.38%

decrease in finance costs, and (4) stable administrative expenses, resulting in an increase in the net profit margin from 7.28% to 9.51%.

Analysis of Financial Position

Statement of Financial Position	31 Mar. 2026		31 Dec. 2025		YoY Change: Increase (Decrease)	
	Million Baht	Percentage (%)	Million Baht	Percentage (%)	Million Baht	Percentage (%)
Assets						
Cash and cash equivalents	177.00	17.70%	173.70	17.45%	3.30	1.90%
Other current assets ¹	9.30	0.93%	6.19	0.62%	3.11	50.24%
Investment in joint venture	36.30	3.63%	35.60	3.58%	0.70	1.97%
Property, plant and equipment (including right-of-use assets)	752.50	75.27%	754.80	75.82%	(2.30)	(0.30%)
Other non-current assets	24.80	2.48%	25.20	2.53%	(0.40)	(1.59%)
Total assets	999.80	100.00%	995.50	100.00%	4.30	0.43%
Liabilities						
Trade payables and operating liabilities ²	43.80	4.38%	41.50	4.17%	2.30	5.54%
Borrowings from financial institutions (all maturities) ³	43.51	4.35%	48.38	4.86%	(4.87)	(10.07%)
Lease liabilities under TFRS 16 (all maturities) ⁴	486.19	48.63%	488.02	49.02%	(1.83)	(0.37%)
Provisions and other items	15.00	1.50%	14.70	1.48%	0.30	2.04%
Total liabilities	588.50	58.86%	592.60	59.53%	(4.10)	(0.69%)
Equity						
Paid-up capital and share premium	377.10	37.72%	377.10	37.88%	–	–
Retained earnings and other components	34.40	3.44%	25.90	2.60%	8.50	32.82%
Total shareholders' equity	411.50	41.16%	403.00	40.48%	8.50	2.11%
Total liabilities and shareholders' equity	999.80	100.00%	995.50	100.00%	4.30	0.43%

¹ Includes trade receivables, inventories, and other current assets

² Includes trade payables, contract liabilities, advances received, accrued taxes, and other current liabilities

³ Includes bank borrowings and sale and leaseback (SLB) obligations, both current and non-current portions

⁴ Includes lease liabilities under TFRS 16, both the portion due within one year and the non-current portion

Assets

As of 31 March 2026, the Company had total assets of THB 999.8 million, an increase of THB 4.3 million or 0.43% from the end of 2025. Key changes were as follows:

1. Cash and cash equivalents amounted to THB 177.0 million, an increase of THB 3.3 million, mainly from cash flows from operating activities of THB 19.0 million, offset by investment in assets of THB 10.9 million and loan repayments of THB 4.9 million.
2. Property, plant and equipment (including right-of-use assets under TFRS 16) amounted to THB 752.5 million, a decrease of THB 2.3 million, mainly from net depreciation after investment in new assets of THB 7.5 million.
3. Investment in joint venture amounted to THB 36.3 million, an increase of THB 0.7 million, mainly from positive exchange differences of THB 1.36 million from ONSEN SINGAPORE.

Liabilities

As of 31 March 2026, the Company had total liabilities of THB 588.5 million, a decrease of THB 4.1 million or 0.69% from the end of 2025. Key changes were as follows:

1. Borrowings from financial institutions (bank loans + SLB, all maturities) decreased from THB 48.4 million to THB 43.5 million, due to repayment of bank loan principal of THB 3.33 million and SLB obligations of THB 1.82 million during the quarter.
2. Lease liabilities under TFRS 16 (all maturities) amounted to THB 486.2 million, a slight decrease from THB 488.0 million, due to repayments according to lease schedules.

Shareholders' Equity

As of 31 March 2026, the Company had total shareholders' equity of THB 411.5 million, an increase of THB 8.5 million or 2.11%, mainly from profit for the period (consolidated financial statements) of THB 7.1 million and other comprehensive income from exchange differences of THB 1.4 million. In this regard, the 2026 Annual General Meeting of Shareholders held on 23 April 2026 approved the dividend payment for 2025 at the rate of THB 0.019 per share, totaling THB 5.70 million, which will be recorded in the second quarter of 2026.

Yours sincerely,

Onsen Retreat and Spa Group Public Company Limited

- Smith Makaroonkamol -

(Mr. Smith Makaroonkamol)

Chief Executive Officer