IR014/2569

11 August 2026

Subject: Management Discussion and Analysis for the Operating Results of the Second Quarter of 2026

To: President

The Stock Exchange of Thailand

Onsen Retreat and Spa Group Public Company Limited (the "Company") would like to report its operating results for the second quarter of 2026 and the first half of 2026, with details as follows:

Operating Results Analysis for the Three-Month Period Ended 30 June 2026

Statement of Comprehensive Income	Apr–Jun 2026		Apr–Jun 2025		YoY Change Increase (Decrease)		Jan–Mar 2026		QoQ 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	56.29	83.56	54.47	85.04	1.82	3.34	62.01	83.03	(5.72)	(9.22)
Revenue from sales	9.59	14.23	8.66	13.53	0.93	10.69	9.48	12.70	0.11	1.15
Other income and finance income	1.49	2.21	0.92	1.44	0.57	61.56	3.19	4.27	(1.70)	(53.35)
Total revenue	**67.37**	**100.00**	**64.06**	**100.00**	**3.31**	**5.17**	**74.68**	**100.00**	**(7.31)**	**(9.79)**
Cost and Expenses										
Cost of services	33.20	49.28	33.16	51.77	0.04	0.12	34.92	46.75	(1.71)	(4.91)
Cost of sales	6.18	9.17	5.94	9.27	0.24	3.96	5.39	7.22	0.78	14.50
Selling and distribution expenses	5.13	7.62	4.25	6.64	0.88	20.62	4.54	6.08	0.59	13.02
Administrative expenses	15.51	23.02	13.44	20.98	2.07	15.38	15.17	20.31	0.34	2.21
Total expenses	**60.02**	**89.08**	**56.80**	**88.66**	**3.22**	**5.67**	**60.02**	**80.37**	**(0.01)**	**(0.01)**
Profit before finance costs and income tax	7.36	10.92	7.26	11.34	0.09	1.29	14.66	19.63	(7.30)	(49.82)
Share of profit (loss) from investments in joint ventures	(0.92)	(1.36)	(0.82)	(1.28)	(0.10)	11.68	(0.66)	(0.89)	(0.26)	38.67
Finance costs	4.47	6.63	5.06	7.90	(0.59)	(11.68)	4.53	6.07	(0.07)	(1.48)
Profit (loss) before income tax	**1.97**	**2.93**	**1.38**	**2.16**	**0.59**	**42.59**	**9.46**	**12.67**	**(7.49)**	**(79.16)**

Statement of Comprehensive Income	Apr–Jun 2026		Apr–Jun 2025		YoY Change Increase (Decrease)		Jan–Mar 2026		QoQ Change Increase (Decrease)	
	Million Baht	Percentage (%)	Million Baht	Percentage (%)	Million Baht	Percentage (%)	Million Baht	Percentage (%)	Million Baht	Percentage (%)
Income tax (expense) revenue	(0.60)	(0.89)	(0.46)	(0.72)	(0.13)	28.88	(2.36)	(3.17)	1.77	(74.70)
Net profit (loss)	**1.37**	**2.04**	**0.92**	**1.43**	**0.46**	**49.51**	**7.10**	**9.51**	**(5.73)**	**(80.65)**
Key Financial Ratios										
Gross margin – service	41.02%		39.12%		1.90%		43.69%		(2.67%)	
Gross margin – sales	35.60%		31.43%		4.17%		43.11%		(7.51%)	
Total gross margin	40.23%		38.07%		2.16%		43.62%		(3.38%)	
EBITDA Margin*	27.14%		28.32%		(1.18%)		35.24%		(8.09%)	
Net profit margin	2.04%		1.43%		0.60%		9.51%		(7.47%)	

** EBITDA Margin = (Profit before finance costs and income tax, plus depreciation and amortization) divided by revenue from operations (onsen and spa service revenue and sales revenue).*

Note: Figures in the table are rounded to 2 decimal places; totals may therefore differ slightly from the sum of the underlying line items.

Revenue

In the second quarter of 2026, the Company recorded total revenue of THB 67.37 million, an increase of THB 3.31 million, or 5.17%, from the same period of the prior year, with details as follows:

- The Company recorded onsen and spa service revenue of THB 56.29 million, an increase of THB 1.82 million, or 3.34%, from the same period of the prior year. This was driven by average monthly customers of 25,689, up from 23,363 in the same period of the prior year, or an increase of 9.96%, resulting from customer base expansion and marketing activities, while average revenue per customer was THB 730.44, down from THB 777.21 in the same period of the prior year, or a decrease of 6.02%, due to the proportion of higher-priced spa customers declining from 33.0% to 29.3% of total customers.
- The Company recorded sales revenue of THB 9.59 million, an increase of THB 0.93 million, or 10.69%, from the same period of the prior year, in line with the increase in the number of customers, together with the refinement of the premium food and beverage menu.
- The Company recorded other income and finance income of THB 1.49 million, an increase of THB 0.57 million, or 61.56%, from the same period of the prior year, from gains on disposal of equipment, gains on lease termination, and higher interest income in line with the increase in deposit balances.

Cost of Sales and Services, and Gross Margin

In the second quarter of 2026, the Company recorded cost of sales and services of THB 39.38 million, representing a gross margin of 40.23%, an increase from 38.07% in the same period of the prior year. This was mainly attributable to cost of services remaining stable compared to the prior year (an increase of only 0.12%), while the number of customers increased by 9.96%, resulting in cost of services (excluding depreciation) per customer decreasing from THB 331 to THB 303, driven by lower spa staff compensation in line with lower revenue and more efficient management of utility costs per unit.

Selling and Distribution Expenses

The Company recorded selling and distribution expenses of THB 5.13 million, an increase of THB 0.88 million, or 20.62%, from the same period of the prior year, due to increased advertising and online media expenses, including outdoor advertising for the KLAI Yaowarat and Pattaya branches as well as the Sukhumvit and Sathorn branches, the use of influencers and chatbots, and participation in trade fairs to promote brand awareness.

Administrative Expenses

The Company recorded administrative expenses of THB 15.51 million, an increase of THB 2.07 million, or 15.38%, from the same period of the prior year. This partly comprised one-time items, namely the loss on write-off of computer software under installation and executive recruitment expenses, and partly a higher recurring expense base following the Company's listing on the Stock Exchange of Thailand, such as cloud software service fees, advisory fees, and expenses associated with the duties of a listed company.

Share of Profit (Loss) from Investments in Joint Ventures

The Company recognized a share of loss from joint ventures of THB 0.92 million, an increase from a share of loss of THB 0.82 million in the same period of the prior year, comprising a share of loss from ONSEN-SG of THB 0.86 million and a share of loss from Greenstone Development Company Limited, a joint venture currently under project development, of THB 0.06 million.

Finance Costs

The Company recorded finance costs of THB 4.47 million, a decrease of THB 0.59 million, or 11.68%, from the same period of the prior year, due to the gradual repayment of long-term borrowings from financial institutions, lease liabilities, and sale-and-leaseback liabilities, resulting in a lower balance of interest-bearing liabilities compared to the prior year.

Net Profit

The Company recorded net profit of THB 1.37 million, an increase of THB 0.46 million, or 49.51%, from the same period of the prior year, mainly attributable to an improved gross margin and lower finance costs, while operating profit remained close to the prior year's level as the THB 3.31 million increase in revenue was offset by a broadly similar increase in selling and administrative expenses.

However, net profit for the second quarter of 2026 of THB 1.37 million, representing a net profit margin of 2.04%, decreased from net profit of THB 7.10 million, representing a net profit margin of 9.51%, in the first quarter of 2026, with the key items as follows:

- Revenue in the second quarter of 2026 decreased by THB 7.31 million, or 9.79%, from the first quarter of 2026, as the second quarter falls within Thailand's low tourism season, resulting in average monthly onsen and spa customers decreasing from 27,954 in the first quarter of 2026 to 25,689 in the second quarter of 2026, or a decrease of 8.10%.
- The gross margin decreased from 43.62% in the first quarter of 2026 to 40.23% in the second quarter of 2026, a consequence of lower revenue while the majority of the Company's costs are fixed in nature.
- Selling and administrative expenses in the second quarter of 2026 amounted to THB 20.64 million, a slight increase from THB 19.71 million in the first quarter of 2026, due to higher marketing and sales promotion expenses incurred during the quarter.

Operating Results Analysis for the Six-Month Period Ended 30 June 2026

Statement of Comprehensive Income	Jan–Jun 2026		Jan–Jun 2025		Change Increase (Decrease)	
	Million Baht	Percentage (%)	Million Baht	Percentage (%)	Million Baht	Percentage (%)
Revenue						
Onsen and spa service revenue	118.30	83.28	116.41	85.33	1.89	1.63
Sales revenue	19.07	13.43	17.64	12.93	1.43	8.13
Other income and finance income	4.68	3.29	2.37	1.74	2.31	97.30
Total revenue	**142.05**	**100.00**	**136.42**	**100.00**	**5.64**	**4.13**
Cost and Expenses						
Cost of services	68.12	47.95	69.39	50.86	(1.27)	(1.83)
Cost of sales	11.57	8.14	11.56	8.47	0.01	0.10
Selling and distribution expenses	9.67	6.81	7.61	5.58	2.06	27.08
Administrative expenses	30.68	21.60	28.56	20.94	2.12	7.41
Total expenses	**120.04**	**84.50**	**117.12**	**85.85**	**2.92**	**2.49**
Profit before finance costs and income tax	22.02	15.50	19.30	14.15	2.72	14.07
Share of profit (loss) from investments in joint ventures	(1.58)	(1.11)	(1.05)	(0.77)	(0.54)	51.20
Finance costs	9.00	6.34	10.22	7.49	(1.22)	(11.95)
Profit (loss) before income tax	**11.44**	**8.05**	**8.03**	**5.89**	**3.40**	**42.36**
Income tax (expense) revenue	(2.96)	(2.09)	(1.84)	(1.35)	(1.12)	60.63
Net profit (loss)	**8.47**	**5.97**	**6.19**	**4.54**	**2.29**	**36.92**

Statement of Comprehensive Income	Jan–Jun 2026		Jan–Jun 2025		Change Increase (Decrease)	
	Million Baht	Percentage (%)	Million Baht	Percentage (%)	Million Baht	Percentage (%)
Key Financial Ratios						
Gross margin – service	42.42%		40.39%		2.03%	
Gross margin – sales	39.33%		34.47%		4.86%	
Total gross margin	41.99%		39.61%		2.38%	
EBITDA Margin*	31.35%		30.22%		1.13%	
Net profit margin	5.97%		4.54%		1.43%	

** EBITDA Margin = (Profit before finance costs and income tax, plus depreciation and amortization) divided by revenue from operations (onsen and spa service revenue and sales revenue).*

Note: Figures in the table are rounded to 2 decimal places; totals may therefore differ slightly from the sum of the underlying line items.

Revenue

In the first six months of 2026, the Company recorded total revenue of THB 142.05 million, an increase of THB 5.64 million, or 4.13%, from the same period of the prior year, with details as follows:

- The Company recorded onsen and spa service revenue of THB 118.30 million, an increase of THB 1.89 million, or 1.63%, from the same period of the prior year, driven by average monthly customers of 26,822, up from 24,541 in the same period of the prior year, or an increase of 9.29%, while average revenue per customer was THB 735.13, down from THB 790.57 in the same period of the prior year, or a decrease of 7.01%, due to the proportion of spa and massage customers declining from 34.0% to 29.4% of total customers; the Company is implementing measures to restore revenue per customer.
- The Company recorded sales revenue of THB 19.07 million, an increase of THB 1.43 million, or 8.13%, from the same period of the prior year, in line with the increase in the number of customers.
- The Company recorded other income and finance income of THB 4.68 million, an increase of THB 2.31 million, or 97.30%, from the same period of the prior year, from a gain on disposal of equipment of THB 0.73 million, a gain on lease termination of THB 0.32 million, revenue from voucher amortization, and higher interest income.

Cost of Sales and Services, and Gross Margin

In the first six months of 2026, the Company recorded cost of sales and services of THB 79.69 million, representing a gross margin of 41.99%, an increase from a gross margin of 39.61% in the same period of the prior year. This was mainly attributable to a 1.83% decrease in cost of services while the number of customers increased by 9.29%, resulting in cost of services (excluding depreciation) per customer decreasing from THB 336 to THB 301.

Selling and Distribution Expenses

The Company recorded selling and distribution expenses of THB 9.67 million, an increase of THB 2.06 million, or 27.08%, from the same period of the prior year, due to increased marketing investment to build brand awareness, comprising advertising and online media, outdoor advertising, the use of influencers, and participation in trade fairs, consistent with the 9.29% increase in the number of customers.

Administrative Expenses

The Company recorded administrative expenses of THB 30.68 million, an increase of THB 2.12 million, or 7.41%, from the same period of the prior year, comprising approximately THB 1.2 million of one-time items and approximately THB 1.4 million of a new recurring expense base for the six-month period following the Company's listing, partly offset by financial advisory fees whose contract ended in 2025.

Share of Profit (Loss) from Investments in Joint Ventures

The Company recognized a share of loss from joint ventures of THB 1.58 million, an increase from a share of loss of THB 1.05 million in the same period of the prior year, comprising a share of loss from ONSEN-SG of THB 1.50 million and a share of loss from Greenstone Development Company Limited of THB 0.08 million. During the period, the Company also recognized other comprehensive income of THB 1.58 million arising from exchange differences on translation of the joint ventures' financial statements.

Finance Costs

The Company recorded finance costs of THB 9.00 million, a decrease of THB 1.22 million, or 11.95%, from the same period of the prior year, due to the scheduled repayment of borrowings and lease liabilities, resulting in an improvement in the interest coverage ratio from 3.94 times to 4.75 times.

Net Profit

The Company recorded net profit of THB 8.47 million, an increase of THB 2.29 million, or 36.92%, from the same period of the prior year, representing a net profit margin of 5.97%, up from 4.54% in the same period of the prior year. Profit growth was driven mainly by cost and expense management rather than revenue expansion. The KLAI Yaowarat branch, which commenced operations in late 2024, continued to record an operating loss; its revenue for the first six months of 2026 grew by 70.1% from the same period of the prior year, and the Company continues to regularly monitor its performance and review the branch's asset values.

Financial Position Analysis

Statement of Financial Position	30 June 2026		31 December 2025		Change Increase (Decrease)	
	Million Baht	Percentage (%)	Million Baht	Percentage (%)	Million Baht	Percentage (%)
Assets						
Cash and cash equivalents	150.34	15.28	173.69	17.45	(23.36)	(13.45)
Other current assets[1]	10.79	1.10	6.22	0.62	4.57	73.43
Investments in joint ventures	45.12	4.59	35.56	3.57	9.57	26.90
Land, buildings and equipment (incl. right-of-use assets)	752.06	76.42	754.84	75.82	(2.78)	(0.37)
Other non-current assets	25.81	2.62	25.22	2.53	0.59	2.36
Total assets	**984.11**	**100.00**	**995.53**	**100.00**	**(11.41)**	**(1.15)**
Liabilities						
Trade and other operating payables[2]	37.04	3.76	41.46	4.16	(4.42)	(10.66)
Borrowings from financial institutions (all maturities)[3]	38.56	3.92	48.39	4.86	(9.83)	(20.31)
Lease liabilities under TFRS 16 (all maturities)[4]	485.60	49.34	488.00	49.02	(2.39)	(0.49)
Provisions and other liabilities	15.54	1.58	14.67	1.47	0.87	5.92
Total liabilities	**576.74**	**58.61**	**592.52**	**59.52**	**(15.77)**	**(2.66)**
Equity						
Issued and paid-up capital and share premium	377.10	38.32	377.10	37.88	-	-
Retained earnings and other components of equity	30.27	3.08	25.91	2.60	4.36	16.84
Total equity	**407.37**	**41.39**	**403.01**	**40.48**	**4.36**	**1.08**
Total liabilities and equity	**984.11**	**100.00**	**995.53**	**100.00**	**(11.41)**	**(1.15)**

[1] *Includes trade receivables, inventories, and other current assets.*

[2] *Includes trade payables, contract liabilities, accrued expenses, and other current liabilities.*

[3] *Includes bank borrowings and sale-and-leaseback (SLB) liabilities, current and non-current portions.*

[4] *Includes TFRS 16 lease liabilities, current and non-current portions.*

Note: Figures in the table are rounded to 2 decimal places; totals may therefore differ slightly from the sum of the underlying line items.

Assets

As of 30 June 2026, the Company had total assets of THB 984.11 million, a decrease of THB 11.41 million, or 1.15%, from year-end 2025, with the key changes as follows:

1. The Company had cash and cash equivalents of THB 150.34 million, a decrease of THB 23.36 million, or 13.45%, from year-end 2025, resulting from net cash flows from operating activities of THB 35.91 million, investment in equipment and computer software of THB 18.04 million, additional investment in joint ventures of THB 9.56 million, repayment of

borrowings, lease liabilities and sale-and-leaseback liabilities including interest paid of THB 24.20 million, and dividend payments of THB 5.70 million during the period.

2. The Company had land, buildings and equipment (including right-of-use assets) of THB 752.06 million, a decrease of THB 2.78 million, or 0.37%, from year-end 2025. This change resulted from additional asset investment of THB 14.01 million, interest expense capitalized as cost of assets of THB 6.80 million, and depreciation capitalized into assets of THB 3.81 million, net of depreciation for the period of THB 24.56 million, disposals and write-offs of assets of THB 0.27 million, and a decrease in right-of-use assets from lease terminations of THB 2.57 million.

3. The Company had investments in joint ventures of THB 45.12 million, an increase of THB 9.57 million, or 26.90%, from year-end 2025, from an additional share payment in Greenstone Development Company Limited of THB 9.56 million and exchange differences on financial statement translation of THB 1.58 million, net of the share of loss for the period of THB 1.58 million, while other current assets increased by THB 4.57 million and other non-current assets increased by THB 0.59 million.

<u>Liabilities</u>

As of 30 June 2026, the Company had total liabilities of THB 576.74 million, a decrease of THB 15.77 million, or 2.66%, from year-end 2025, with the key changes as follows:

1. Trade and other operating payables decreased by THB 4.42 million, or 10.66%, mainly from a THB 4.59 million decrease in trade and other payables from payments to equipment suppliers and construction contractors during the period, and a THB 3.37 million decrease in contract liabilities from voucher redemptions and expirations, net of a THB 3.17 million increase in corporate income tax payable and a THB 0.37 million increase in other current liabilities.

2. Borrowings from financial institutions (bank borrowings and sale-and-leaseback liabilities, all maturities) decreased from THB 48.39 million to THB 38.56 million, a decrease of THB 9.83 million, or 20.31%, from repayment of bank loan principal of THB 6.70 million and sale-and-leaseback liabilities of THB 3.22 million during the period. In April 2026, the Company obtained an additional long-term credit facility of THB 144 million for project investment, which remained undrawn as of 30 June 2026.

3. Lease liabilities under TFRS 16 (all maturities) decreased by THB 2.39 million, or 0.49%, resulting from lease interest recognized during the period of THB 14.53 million, net of lease payments of THB 13.86 million and a decrease from lease terminations of THB 3.06 million.

4. Provisions and other liabilities increased by THB 0.87 million, or 5.92%, mainly from an increase of THB 1.03 million in non-current provisions for employee benefits. As of 30 June 2026, the Company had capital expenditure commitments of THB 118.3 million under construction and interior design contracts for a project, which had not yet been recorded as a liability in the statement of financial position.

Equity

As of 30 June 2026, the Company had total equity of THB 407.37 million, an increase of THB 4.36 million, or 1.08%, from year-end 2025. Issued and paid-up capital and share premium remained unchanged at THB 377.10 million, while retained earnings and other components of equity increased by THB 4.36 million, reflecting net profit of THB 8.47 million for the first six months of 2026 and other comprehensive income of THB 1.58 million. At the 2026 Annual General Meeting of Shareholders held on 23 April 2026, shareholders approved the payment of dividends from the 2025 operating results in the amount of THB 5.70 million, or THB 0.019 per share, funded from the Company's working capital.

Yours sincerely,

Onsen Retreat and Spa Group Public Company Limited

- Smith Makaroonkamol -

(Mr. Smith Makaroonkamol)

Chief Executive Officer