Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the 3 months period ended 31 March 2020 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 ("1Q20") ended 31 March 2020 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 243.57 million baht, a decrease of 101.51 million baht from the same period last year (or a decrease of 29.42%). The net profit is 4.35 million baht, a decrease of 54.72 million baht from the same period last year (or a decrease 92.64%). Net profit is accounted as 1.83% of sales and services' revenue. There are several important events that affect the operating result such as

- The COVID-19 pandemic that has spread globally causing direct effect to tourism industry. Starting from Cancellation of Visa on Arrival on targeted tourists, Local spread causing lack of confidence to use close-contact services like spa and temporary closure of Airports and later, Notification to close spas and massages nationwide as required by resolution of the Cabinet and by order of Provincial Governor since mid-March 2020. Then, announcement to close the Hotel business in Chiang Mai.
- The Cancellation of Joint Investment in Chaba Elegance Co.,Ltd (Chaba Nails & Spa) since 1st
 October 2019 (Joint Investment occurs between 1st January 2019 30th September 2019)
- The implementation of new Thai Financial Reporting Standards (TFRS) such as TFRS9 Financial Instruments and TFRS16 Leases

(Company has attached a comparison table at the end of this MD&A to compare Operating results with and without effect of changes in TFRS for YoY Comparison purpose)

Revenue

The Company and subsidiaries had total revenue in the 1Q20 243.57 million baht, a decrease of 101.51 million baht from same period last year (or a decrease of 29.42%). The big proportion of revenue comes from the spa business, which accounted to 88% of the total revenue. There are 2 new branch openings which are Baan Suan Massage Ramintra 62 and Let's Relax Bangkok Carlton Hotel and the company closed Baan Suan Massage Ramkhamheng. Thereby, as of 31 March 2020, the company had total of 64 branches (59 domestic branches and 5 overseas branches). The main cause of the drop in Sales is the

COVID-19 pandemic which stops travelers, especially Chinese Tourists (our main targeted customer) from travelling, the Notification to close spas and massages nationwide and the Cancellation of Joint Investment in Chaba Elegance Co.Ltd (Chaba Nails & Spa) which cause the drop of 4% in revenue. The implementation of the two new Thai Financial Reporting Standards in this quarter reporting such as TFRS9 Financial Instruments and TFRS16 Leases results in additional interest income of 0.6 million baht (no effect to Main Revenue - See enclosed table for more details.)

Cost of Sales and Services

In the 1Q20, the Company and subsidiaries had the cost of sales and services of 200.7 million baht, accounting for to 84.39% of sales and services' revenue. This is a decrease of 29.86 million baht from the same quarter of the previous year (or a decrease of 12.95%). The declining in Sales result in lower variable costs such as therapist cost. However, with the COVID-19 pandemic, the Company has added efficiency in managing cost of Sales and Services such as discount in rental, stringent staff cost management and other related costs related to the temporary branch closure notification. Moreover, the Company has implemented additional preventive measures such as procurement of temperature check equipment, cloth face mask and alcohol gel.

The implementation of the two new Thai Financial Reporting Standards in this quarter reporting results in a decline in Cost of Sales and Services of 1.2 million baht as TFRS16 Leases calculates the Depreciation of the Right of user lower than the previous TFRS standards in the amount of 1.7 million baht and TFRS 9 Financial Instruments results in lower cost of Rental Deposit of 0.5 million baht. See enclosed table for more details.

Selling and Administrative Expenses

In the 1Q20, the Company and subsidiaries had the selling and administrative expenses of 30.30 million baht, accounted to 12.74% of the revenue from sales and services. This is a decrease of 11.68 million baht from the same period last year (or a decrease of 27.82%). This is mainly from the stringent staff cost management and refrain of accepting salary by Senior Management during the crisis.

The implementation of the two new Thai Financial Reporting Standards in this quarter reporting results in a decrease in Selling and Administrative Expenses of 0.2 million baht and an increase in Interest Payment of 6.9 million baht. See enclosed table for more details.

Net Profit

In the 1Q20, the Company and subsidiaries had the net profit of 4.35 million baht or accounted 1.83% of the revenue from sales and services. The net profit of the Company and subsidiaries decreased 54.72 million baht (or a decrease of 92.64%) compared to the same period last year. The COVID-19 pandemic results in declining in Revenue since the outbreak in Thailand until the loss in Revenue from the Government's order to close Massage and Spa centers nationwide to control the spread of COVID-19

however the Company still has to bear some unavoidable expenses such as Rental (obligated one during opening period), Staff Costs and Depreciation. This results in a decline in both Revenue and Net Profit.

However, if Net Profit is adjusted by removing the effect in TFRS9 and TFRS16, the Net Profit will increase from 4.35 million baht to 9.27 million baht as per enclosed table.

Enclosed Table (Unit: Thousands baht)

Q1'2020	Q1'20 (Financial statement)	Adjust TFRS16	Adjust TFRS9	Q1'20 (After TFRS adjustment)
Total Revenue	243,568	-	(575)	242,993
Sales & Service Revenue	237,825	•	-	237,825
Other revenue	5,743	•	(575)	5,168
Cost of goods sold	200,700	1,698	(494)	201,904
Gross Profit	37,125	(1,698)	494	35,921
Selling and Administrative ex	30,295	231	(4)	30,522
Finance cost	8,580	(6,923)	-	1,657
Total expense	38,875	(6,693)	(4)	32,179
Net profit before tax	3,993	4,995	(77)	8,911
Tax	(357)	•	•	(357)
Net profit before tax	4,350	4,995	(77)	9,268
NCI	-			-
Net profit after NCI	4,350	4,994.64	(77)	9,268

Please be informed accordingly,

Yours sincerely,

(Mr.Wiboon Utsahajit)
Siam Wellness Group Public Company Limited