SIAM WELLNESS GROUP **บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)** ทะเบียนเลขที่ 0107557000144

าลเอยแลยที่ 0107557000144 อาคาร มี.ยู.เพลส ชั้น 22 เลขที่ 565,567 ซอยสุทธิพร ถนนประชาสงเคราะห์ แขวงดินแดง เขตดินแดง กรุงเทพ 10400 SIAM WELLNESS GROUP PCL.

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SWG 099/2565

August 10, 2022

Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the 3 months period ended 30 June 2022 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 ("2Q22") ended 30 June 2022 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 134.17

million baht, an increase of 110.72 million baht from the same period last year (or an increase of 472.14%). The

net loss is 29.26 million baht, a decrease of 57.59 million baht from the same period last year. Net loss is accounted

as 22.10% of sales and services' revenue. Details as below:

Summary of Quarter 2, 2022

Revenue

The Company and subsidiaries had total revenue in the 2Q22 of 134.17 million baht, an increase of

110.72 million baht from same period last year (or an increase of 472.14%). The big proportion of revenue still

come from the spa business, which accounted to 84% of the total revenue. The revenue increased from the

government's easing measures to control the Covid-19 epidemic situation from the 4th quarter of 2021 to the

present. In addition, Thailand has begun accepting tourists with less restrictions. As a result, the Company has

attracted new tourist customers such as India, Middle East, Europe and the United States of America to use the

service. Moreover, Thai customers have more confidence in using the spa services since they have been fully

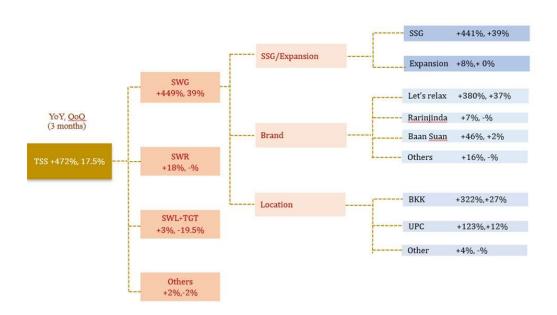
vaccinated and the company's standards for Hygiene measures. However, as the situation began to ease, ATK

sales that the Company imported compared to the first quarter of 2022 dropped considerably.

As of 30 June 2022, Company had 67 branches (62 domestic branches and 5 overseas branches). There were 2 new branches opening in 4Q21 and 5 branches closing in 4Q21 and 1Q22. As of 30 June 2021, Company had 70 branches (65 domestic branches and 5 overseas branches)

							(Thous	ands Baht)
				Operati	ng Results			
	Q2'22	20	Q2'21		Q2'20		Chg (%)	Chg (%)
							22 vs 21	21 vs 20
Revenue from sales and service	132,412		22,214		31,484		496.1%	(29.4%)
Other income	1,761		1,237		585		42.4%	111.5%
Total revenues	134,173	0%	23,451	0%	32,069	0%	472.1%	(26.9%)
Cost of sales and service	121,196	92%	74,735	336%	81,628	259%	62.2%	(8.4%)
Gross profit	11,216	8%	(52,521)	(236%)	(50,144)	(159%)	(121.4%)	4.7%
Selling and administrative expenses	31,534	24%	27,254	123%	26,527	84%	15.7%	2.7%
Profit before income tax and finance cost	(20,318)	(15%)	(79,775)	(359%)	(76,086)	(242%)	(74.5%)	4.8%
Finance cost	10,829	8%	11,366	51%	5,596	18%	(4.7%)	103.1%
Income tax expense (revenue)	(121)	(0%)	(3,049)	(14%)	(1,060)	(3%)	(96.0%)	187.6%
Net profit (loss) for the year	(29,265)	(22%)	(86,855)	(391%)	(80,622)	(256%)	(66.3%)	7.7%
NCI	1591	0%	-	0%		0%	0.0%	0.0%
Net profit for the year attributable to the Company	(29,265)	(22%)	(86,855)	(391%)	(80,622)	(256%)	(66.3%)	7.7%

The overall Quarter 2 Revenue increased 472% as specified:



- Siam Wellness Group Public Co.,Ltd ("SWG"), the operator of Spa Business, Revenue increased 441%
- 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 Orb Café (Management Contract), Revenue increased 18%. after COVID-19 situation improved in Chiang Mai, resulting in higher local traffic.

- Siam Wellness Lab Co.,Ltd ("SWL") and subsidiary companies, the operator of Spa Products Sale,
 Revenue dropped 3 % as Online Sales dropped and Sales through physical stores increased instead.
- Other Revenue increased 2%

The SSG Stores Revenue increased 441% compared to previous year, whereas Expansion Stores Revenue increased 8%

In terms of Revenue by Brands, Let's Relax's Revenue increased 380%, RarinJinda Wellness Spa's Revenue increased 7% and Baan Suan Massage's Revenue increased 46%. Other Brand's Revenue increased 16%

In terms of Revenue by Locations, Bangkok branches' Revenue increased 322% and Upcountry branches' Revenue increased 123%.

Hotel & Restaurant Revenue increased 18%. The Proportion of Hotel & Restaurant Revenue to the Company's Revenue is 4%. The reopening of the Hotel and Restaurants results in an increase in Occupancy Rate and Average Room Rate

The Proportion of Spa Product Revenue to the Company's Revenue is 11% as retail returns

Cost of Sales and Services

In the 2Q22, the Company and subsidiaries had the cost of sales and services of 121.20 million baht, accounting for to 91.53% of sales and services' revenue. This is an increase of 46.46 million baht from the same quarter of the previous year (or an increase of 62.17%). The increase was mainly due to the increase in revenue from the relief of the COVID-19 situation, causing higher variable costs such as therapist labor cost, raw Materials cost, utility cost. In addition, some fixed expenses also increased, such as salary expenses (during the lock down period, the government supported some staff expenses). However, the company continues to implement a cost reduction policy for maximum efficient such as rent negotiations in the form of asking for a fixed rent reduction or changing from a fixed rental fee to a proportional income. As a result, the company had a gross profit for the first quarter since the outbreak of the Covid-19 virus.

Selling and Administrative Expenses

In the 2Q22, the Company and subsidiaries had the selling and administrative expenses of 42.36 million baht, accounted to 31.99% of the revenue from sales and services. This is an increase of 3.74 million baht from the same period last year (or an increase of 9.69%). Because most of the expenses are fixed expenses, The main increase in expenses is from salary expenses. During the same period last year, the government subsidized some of these costs during the lock down period.

Net Loss

In the 2Q22, the Company and subsidiaries had the net loss of 29.26 million baht or accounted 22.10% of the revenue from sales and services. The net loss of the Company and subsidiaries decreased 57.59 million baht (or a decrease of 66.31%) compared to the same period last year. This is a result of from an increase in Revenue, as there are both domestic and foreign customers returning to use the service. In addition, the company is able to manage costs and expenses effectively, thereby decrease net loss.

Balance Sheet Summary

									(The	ousand Baht
	Co	nsolidat	ed Financial S	tatemen	ts	5a 29				
							change	%Change	change	%Change
	Q2'22	C/S	2021	C/S	2020	C/S	22 vs 21	22 vs 21	21 vs 20	21 vs 20
Assets	4									
Current assets										
Cash and cash equivalents	110.265	5%	109.854	5%	114.526	4%	411	0.37%	(4,672)	(4%)
Current investments	4	0%	4	0%	4	0%		0%	-	0%
Trade and other receivables	14,678	1%	15,260	1%	21,775	1%	(582)	(3.81%)	(6,515)	(30%)
Share return receivables-current portion	9,070	0%	9,197	0%	9,462	0%	(127)	(1%)	(265)	(3%)
Inventories	28,343	1%	27,812	1%	40,298	2%	531	2%	(12,486)	(31%)
Other current assets	11,546	1%	8,371	0%	13,024	0%	3,175	38%	(4,653)	(36%)
Non-current assets classified as held for sales	32,295	2%	32,295	1%	32,295	1%	-	0%	-	0%
Total current assets	206,201	10%	202,793	9%	231,384	9%	3,408	2%	(28,591)	(12%)
Non current assets										
Restricted deposits of financial institution		0%	-	0%	5,159	0%		#DIV/0!	(5,159)	(100%)
Share return receivables-net of current portion	31,526	1%	32,192	1%	32,587	1%	(666)	(2%)	(395)	(1%)
Property plant and equipment	971,091	46%	946,642	42%	1,074,588	41%	24,449	3%	(127,946)	(12%)
Right-of-use assets	810,324	38%	945,575	42%	1,169,556	44%	(135,251)	(14%)	(223,981)	(19%)
Goodwill	24,536	1%	24,536	1%	24,536	1%	-	0%	170	0%
Intangible assets	6,979	0%	8,005	0%	9,086	0%	(1,026)	(13%)	(1,081)	(12%)
Deferred tax assets	1,132	0%	1,187	0%	820	0%	(55)	(5%)	367	45%
Deposits	72,318	3%	73,050	3%	78,549	3%	(732)	(1%)	(5,499)	(7%)
Advance payment for purchase of assets	3,576	0%	16,980	1%	461	0%	(13,404)	(79%)	16,519	3,583%
Other non-current assets	3,488	0%	6,876	0%	5,383	0%	(3,388)	(49%)	1,493	28%
Total non-current assets	1,924,970	90%	2,055,043	91%	2,400,725	91%	(130,073)	(6%)	(345,682)	(14%)
Total assets	2,131,171	100%	2,257,836	100%	2,632,109	100%	(126,665)	(5.61%)	(374,273)	(14%)

As of 30 June 2022, The Company and Subsidiaries had a total asset of 2,131.17 million baht, a decrease of 126.67 million baht from 2021 (a decrease of 5.61%) with details as followed:

- Cash and Cash Equivalent is 110.27 million baht, similar to 2021's. In 2Q22, Cash flow from Operations returns to positive for the first quarter since the outbreak of the Covid-19 virus (since April til present). In 2022, Company withdrew Loan total 75 million baht for new branch expansion
- Trade and Other Receivables decreased from 15.26 million baht to 14.67 million baht (a decrease of 3.81%) resulting from normal operating activities such as Credit Terms to Agent and Franchisee as Company implemented urgent debt collection policy. In the Appendix, there were Trade Receivables due over 3 months total 11.31 million baht. The Company set up Allowance for Doubtful accounts of 8.91 million baht according to Accounting Policy and Management Decision. Debts of Trade Receivables over 3 months due is under urgent collection process

- Receivable from shares waiting to be repaid in the amount of 9.07 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.
- Non-Current Asset held for Sale is 32.29 million baht from Company's Property on sale
- Land, Buildings and Equipment are approximately 46% 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 New branches expansion in 2022
- Right of Use Assets is 810.32million baht or approximately 38% of Total Assets from TFRS16
 Adoption in Financial Statements Reporting since 2020

The major event that will have impact on the Operating Result is the probability of incoming arrivals of foreign tourists, company's main source of customers, in the coming months. The Company has mitigated this risk by expand into new related business to attract Thai customers and add online channels for the spa products. The Company also give importance in maintaining its cash flow during this crisis, sufficient for debt repayment and operating activities around 1 year and has adjusted Company Scenarios to correlate with the ongoing epidemic.

									(The	ousand Baht
	Cor	ısolidat	ed Financial S	tatemen	ts	. 50				
							change	%Change	change	%Change
	Q2'22	C/S	2021	C/S	2020	C/S	22 vs 21	22 vs 21	21 vs 20	21 vs 20
Liabilities and shareholders' equity	4		k						i.	
Current liabilities										
Trade and other payables	51,029	2%	37,039	2%	44,662	2%	13,990	38%	(7,623)	(17%)
Current portion of long-term loans	72,964	3%	114,469	5%	103,354	4%	(41,505)	(36%)	11,115	11%
Current portion of lease liabilities	165,062	8%	175,496	8%	169,179	6%	(10,434)	(6%)	6,317	4%
Income tax payable	2,383	0%	316	0%	3,213	0%	2,067	654%	(2,897)	(90%)
Advance received-current portion	45,312	2%	45,140	2%	38,978	1%	172	0%	6,162	16%
Other current liabilities	4,005	0%	1,780	0%	1,770	0%	2,225	125%	10	1%
Total current liabilities	340,755	16%	374,240	17%	361,156	14%	(33,485)	(9%)	13,084	4%
Non-current liabilities										
Long-term loans-net of current portion	523,671	25%	407,166	18%	287,813	11%	116,505	29%	119,353	41%
Lease liabilities-net of current portion	702,587	33%	822,644	36%	1,028,672	39%	(120,057)	(15%)	(206,028)	(20%)
Advance received-net of current portion	4,408	0%	5,989	0%	9,759	0%	(1,581)	(26%)	(3,770)	(39%)
Provision for long term employee benefits	10,649	0%	9,951	0%	10,124	0%	698	7%	(173)	(2%)
Deferred tax liabilities	3,603	0%	3,025	0%	11,744	0%	578	19%	(8,719)	(74%)
Other non- current liabilities	13,707	1%	16,329	1%	17,629	1%	(2,622)	(16%)	(1,300)	(7%)
Total non-current liabilities	1,258,625	59%	1,265,104	56%	1,365,741	52%	(6,479)	(1%)	(100,637)	(7%)
		0%								
Total liabilities	1,599,380	75%	1,639,344	73%	1,726,897	66%	(39,964)	(2.44%)	(87,553)	(5%)

As of 30 June 2022 The Company and Subsidiaries had a total liabilities of 1,599.38 million baht, a decrease of 39.96 million baht (a decrease of 2.44%) with details as followed:

- Trade and Other Payables are 51.03 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 596.64 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 867.65 million baht from the adoption of TFRS16 Rental Contracts in Financial Statements Reporting since 2020

									(The	ousand Baht
	Con	solidat	ed Financial S	tatemen	ts	20				
							change	%Change	change	%Change
	Q2'22	C/S	2021	C/S	2020	C/S	22 vs 21	22 vs 21	21 vs 20	21 vs 20
Share capital										
Registered										
855,000,000 ordinary shares of Baht 0.25 each										
(31 December 2019: 570,000,000 ordinary shares of Baht 0.25 each)	213,750	10%	213,750	9%	213,750	8%	-	0%		09
Issued and paid-up										
854,999,928 ordinary shares of Baht 0.25 each										
(31 December 2019: 570,000,000 ordinary shares of Baht 0.25 each)	213,750	10%	213,750	9%	213,750	8%	12	0%	626	09
Share premium	278,906	13%	278,906	12%	278,906	11%		0%	070	09
Discount on business combination under common control	(46,226)	-2%	(46,226)	-2%	(46,226)	-2%	-	0%	150	09
Retained earnings										
Appropriated- statutory reserve	17,399	1%	17,399	1%	17,399	1%	14	0%	626	09
Unappropriated	(22,608)	-1%	64,093	3%	350,812	13%	(86,701)	(135%)	(286,719)	(82%
Other components of shareholders' equity	90,567	4%	90,567	4%	90,567	3%		0%	150	09
Equity attributable to shareholders' of the company	531,788	25%	618,489	27%	905,208	34%	(86,701)	(14%)	(286,719)	(32%
Non-controlling interests of the subsidiaries	3	0%	3	0%	4	0%	8-11-11	0%	(1)	(25%
Total shareholders' equity	531,791	25%	618,492	27%	905,212	34%	(86,701)	(14.02%)	(286,720)	(32%
Total liabilities and shareholders' equity	2,131,171	100%	2,257,836	100%	2,632,109	100%	(126,665)	(6%)	(374,273)	(14%

As of 30 June 2022, The Company and Subsidiaries had a total equity of 531.79 million baht, a decrease of 86.7 million baht (a decrease of 14.02%) from the reported net loss.

Cash Flows Summary

As of 30 June 2022, The Company and Subsidiaries had a total cash and cash equivalents of 110.26 million baht, similar to 2021's with major transactions as followed:

- Withdrawal of Loan for a new project opening in 2022 total 75 million baht and interest repayment total 8 million baht
- Payment for a new project opening in 2022 total 75 million baht
- Payment for Normal Operating Activities

The Company is confident that the Company has sufficient cash on hand for debt repayment and operating activities within a year without any major event.

Key Financial Ratio

Ratio	Q2'22	2021	2020
Liquidity Ratio			
Current Ratio	0.61	0.54	0.64
Receivable turnover	8.85	9.05	14.47
Collection period (Days)	10	40	25
Inventory turnover	0.41	0.78	0.86
Holding period (Days)	225	460	417

- 2Q22 Current Ratio is 0.61, similar to 4Q21. Liabilities under lease agreement due within 1 year is 165.06 million baht after adoption of TFRS16 Rental Contracts since 2020. If exclude this, the current ration is 1.17

- Receivable Turnover and Collection Period decreased slightly from 2021 as there were a relief from the epidemic and the company implemented urgent collection policy
- Inventory Turnover and Holding Period in 2Q22 is lower due to the sale and promotion of spa products through retail and online channels

Ratio	Q2'22	2021	2020
Profitability Ratio			
Gross Profit Margin	8.47%	-90.03%	-18.68%
Net profit Margin	-22.10%	-171.06%	-48.98%
Return on Asset	-9.19%	-11.73%	-10.08%
Return on Equity	-33.05%	-37.63%	-21.00%

- Profitability Ratio improved compared to previous year as a result of lower Net Loss
- Gross Profit Margin returned to positive for the first quarter since the outbreak of the Covid-19 virus

Ratio	Q2'22	2021	2020
Debt Management Ratio			
Debt to Equity Ratio	3.01	2.65	1.91
Interest coverage Ratio	(3.69)	(7.29)	(10.63)

- 2Q22 Debt to Equity Ratio is 3.01 increased from 2.65 from previous year. The significant increase is a result of lease liability within 1 year of expiry total 867.65 million baht after the adoption of TFRS16 Rental Contracts since 2020.. If exclude this, the Debt to Equity Ratio is 1.38 which is within range that the Company maintains of 1.0 which still allow Company to borrow. The Company is confident that the Company has sufficient cash on hand if there are no significant event that impact the business operations.
- 2Q22 Interest Coverage Ratio is -3.69, an improvement compared to previous year

Significant Events in 2Q22

- The relief of COVID-19 epidemic in the country and the reopening of Thailand for foreigners to travel to Thailand with measures that are easily accessible allows the spa business to be fully open again, resulting in continuous improvement in operating results.
- As of 30 June 2022, Company had 67 branches (62 domestic branches and 5 overseas branches). There were 2 new branches opening in 4Q21 and 5 branches closing in 4Q21 and 1Q22. As of 30 June 2021, Company had 70 branches (65 domestic branches and 5 overseas branches)
- The Federation of Accounting Professions issued guidelines on relief clauses in the event that the lessor agrees to reduce rent without the need to follow the method of making changes to the lease. If the conditions as specified (Adjustment of accounting standards in the matter was announced in the Royal Gazette on May 13, 2021). Receive of a discount on the rental contract, which meets the terms of the

above relief clause, Company can choose to recognize the portion of profit or loss in the whole amount.
The Relief Clauses applied until June 30, 2022.
Please be informed accordingly,

Yours sincerely,

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