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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the third quarter and 9 months period ended 30 September 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 third quarter ("3Q20") and 9 months period ("9M20") ended 30 September 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 76.76 million baht, a decrease of 311.56 million baht from the same period last year (or a decrease of 80.23%). The net loss is 54.95 million baht, an increase of 124.98 million baht from the same period last year (or an increase of 178.47%). Net loss is accounted as 72.08% of sales and services' revenue. Major causes that affects the Operating Results are as followed:

- The COVID-19 Global Pandemic caused the slowdown in the Economy and has direct effect to major industries including Tourism industry. Closure of International Airport resulted in Tourists who are our major customers cannot travel to Thailand. All branches of Spa were temporary closed after The Notification to close spas and massages throughout Thailand by resolution of the Cabinet between 18 March – 31 May 2020 (over 2 months). The Hotel Chiang Mai also temporary closed between April to July 2020.

- 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 Tools and TFRS16 Rental Contracts (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)

However, in 3Q20, the COVID-19 situations in Thailand was in control resulting in increasing domestic tourism. Government also launched new travel initiatives such as Travel Together resulting increase in revenue QoQ.

Revenue

The Company and subsidiaries had total revenue in the 3Q20 of 76.76 million baht, a decrease of 311.56 million baht from the same period last year (or a decrease of 80.23%). The COVID-19 Global Pandemic results in Closure of International Airport (No Incoming Tourists) and The Notification to close spas and massages throughout Thailand by resolution of the Cabinet between 18 March – 31 May 2020 (over 2 months). The Hotel Chiang Mai also temporary closed between April to July 2020. Spa and Hotel Business resumed its business operation in June and July respectively. As of 30th September 2020, the Company reopened 42 branches out of the total of 59 branches in Thailand and reopened its Chinese and Cambodian branches. The major customer in 3Q20 is local Thai residents in which Company has initiated Marketing Campaign to attract. Business Units with higher proportion of Thai Customer has returned to normal.

In 3Q20, Revenue from Sales has increased considerably after the positive feedback of its new product under Let's Relax Lifestyle (LRL) and Dr. Spiller brand through Online channels (LINE Official Account, Lazada)

The Cancellation of Joint Investment in Chaba Elegance Co.,Ltd (Chaba Nails & Spa) has caused a drop in Revenue of 4% compared to the Same period last year.

The implementation of the two new Thai Financial Reporting Standards in this quarter reporting such as TFRS9 Financial Tools and TFRS16 Rental Contracts resulted in additional interest income of 0.068 million baht (no effect to Main Revenue - See enclosed table for more details)

Cost of Sales and Services

In the 3Q20, the Company and subsidiaries had the cost of sales and services of 97.81 million baht, accounting for to 128.30% of sales and services' revenue. This is a decrease of 158.46 million baht from the same quarter of the previous year (or a decrease of 61.83%). The decrease is caused by the declining Revenue, thus variable costs such as Labor, Raw materials drop. During the temporary closure, Company has implemented Cost Reduction Management Measures quite efficiently such as Negotiation of Fixed Rental and Renegotiation of Fixed Rental to Revenue Sharing, Employee Payroll and Other Expenses.

The implementation of the two new Thai Financial Reporting Standards in this quarter reporting resulted in additional Cost of Sales and Services of 6.79 million baht as TFRS16 Rental Contracts - The Depreciation of the Right of Use of Assets, The adjustment of the discount from the Rental Contracts will reduce the Right of Use of Assets and Interests paid resulting in additional cost and TFRS 9 Financial Tools cause additional cost of 0.5 million baht from Rental Deposits (See enclosed table for more details)

Selling and Administrative Expenses

In the 3Q20, the Company and subsidiaries had the selling and administrative expenses of 30.37 million baht, accounted to 39.83% of the revenue from sales and services. This is a decrease of 14.66 million baht from the same period last year (or a decrease of 32.56%). This is a result from Employee Payroll Management and Reduction in Directors' Compensation.

The implementation of the two new Thai Financial Reporting Standards in this quarter reporting resulted in lower Selling and Administrative Expenses of 0.61 million baht and increase in Interest Expenses of 0.46million baht (See enclosed table for more details)

Net Profit

In the 3Q20, the Company and subsidiaries had the net loss of 54.95 million baht or accounted 72.08% of the revenue from sales and services. The net loss of the Company and subsidiaries increased 124.98 million baht (or an increase of 178.47%) compared to the same period last year as a result of COVID-19 Global Pandemic which results in no Incoming Tourists. Company still need bear the unavoidable Costs such as Administrative Costs, Staff Costs and Depreciation resulting in Net Loss.

However, if Net Loss is adjusted by removing the effect in TFRS9 and TFRS16, the Net Loss will decrease from 54.95 million baht to 48.37 million baht as per enclosed table.

Enclosed Table (Unit: Thousands baht)

2020	Q3'20 (3M-Actual)	TFRS 16 (3M-Q2'20)	TFRS 9 (3M-Q2'20)	Q3'20 (3M-After Adj.)
Total Revenue	76,763	427	(495)	76,695
Sales & Service Revenue	76,235	-	-	76,235
Other revenue	528	427	(495)	460
Cost of goods sold	97,806	(6,290)	(498)	91,018
Gross Profit	(21,571)	6,290	498	(14,783)
Selling and Administrative expense	30,366	611	(4)	30,973
Finance cost	2,728	(463)	-	2,265
Total expense	33,094	149	(4)	33,239
Net profit before tax	(54,137)	6,568	7	(47,562)
Tax	813	-	-	813
Net profit before tax	(54,950)	6,568	7	(48,375)
NCI	-	-	-	-
Net profit after NCI	(54,950)	6,568	7	(48,375)

Please be informed accordingly,

Yours sincerely,

(Mr.Wiboon Utsahajit / Mr.Prasert Jiravanstit)

Siam Wellness Group Public Company Limited