

Management Discussion and Analysis of Siam Wellness Group Public Company Limited for 2024 ended 31 December 2024

SWG 009/2568

21 February 2025

2024 Financial Highlights

Revenue

The Company and subsidiaries had total revenue in 2024 of 1,673.13 million baht, an increase of 199.84 million baht from the same period last year (or an increase of 13.56%). The big proportion of revenue came from the spa business, which accounted to 89% of the total revenue.

As of 31 December 2024, Siam Wellness Group Public Company Limited had a total of 78 branches (76 domestic branches and 2 overseas branches). There were 7 Newly opened Branches and 1 Branch closure. [As of 31 December 2023, the Company had a total of 72 branches (70 domestic branches and 2 overseas branches)].

2024 Revenue Overview

(Thousands Baht)								
	Operating Results						Chg (%) 24 vs 23	Chg (%) 23 vs 22
	2024		2023		2022			
Revenue from sales and service	1,629,277		1,446,129		711,282		13%	103%
Other income	43,849		27,161		10,084		61%	169%
Total revenues	1,673,126		1,473,290		721,366		14%	104%
Cost of sales and service	1,101,157	68%	1,010,058	70%	630,832	89%	9%	60%
Gross profit	528,120	32%	436,071	30%	80,450	11%	21%	442%
Selling and administrative expenses	170,938	10%	138,691	10%	127,159	18%	23%	9%
Profit before income tax and finance cost	357,182	22%	297,380	21%	(46,709)	(7%)	20%	(737%)
Share of loss from investment in JV	648	0%	1,327	0%	86	0%		
Finance cost	31,621	2%	46,116	3%	50,351	7%	(31%)	(8%)
Income tax expense (revenue)	59,620	4%	(55,041)	(4%)	966	0%	(208%)	(5,798%)
Net profit (loss) for the year	309,142	19%	332,139	23%	(88,028)	(12%)	(7%)	(477%)
NCI	6	0%	4	0%	(1.00)	(0%)	50%	
Net profit for the year attributable to the Company	309,136	19%	332,135	23%	(88,029)	(12%)	(7%)	(477%)

Revenue Analysis by Business Segment

- Siam Wellness Group Public Co., Ltd. (“SWG”), the operator of Spa Business, reported revenue growth of 13% of total revenue.
- Siam Wellness Resort Co., Ltd. (“SWR”), the operator of RarinJinda Wellness Spa Resort and Deck One Restaurant in Chiang Mai, recorded revenue similar to the previous year.
- Siam Wellness Lab Co., Ltd. (“SWL”), the operator of spa product sales, reported revenue similar to the previous year.

Revenue from existing and new branches increased by 12% and 1%, respectively, compared to total revenue.

- Revenue by Brands: Let's Relax's revenue increased by 13%.
- Revenue by Locations: Bangkok branches' revenue increased by 8%, while upcountry branches' revenue increased by 5%.
- Hotel & Restaurant Revenue accounted for 4% of total revenue in 2024.
- The proportion of Spa Product Sales Revenue decreased from 5% to 4% of total revenue in 2024.

Cost of Sales and Services

In 2024, the Company and subsidiaries recorded a cost of sales and services of 1,101.16 million baht, accounting for 67.59% of sales and services revenue. This represents an increase of 91.10 million baht from the previous year, equivalent to a 9.02% increase.

The increase was primarily due to revenue growth, which led to higher variable costs, including therapist wages, rental and service fees linked to revenue, raw materials, utilities, and branch-related operating expenses such as laundry and maintenance. Additionally, some fixed expenses increased, including employee salaries and reduced rental discounts.

Overall, the increase in cost of sales and services was significantly lower than the increase in revenue, resulting in an improved gross profit margin.

Selling, Administrative Expenses, and Interest Payments

In 2024, the Company and subsidiaries recorded selling, administrative, and interest expenses of 202.56 million baht, accounting for 12.43% of total revenue from sales and services. This represents an increase of 17.75 million baht or 9.61% from the previous year.

The increase was mainly due to higher sales-related expenses in line with revenue growth, as well as staff expenses. Interest expenses decreased due to loan repayments during the period.

Net Profit

In 2024, the Company and subsidiaries reported a net profit of 309.14 million baht, accounting for 18.97% of total revenue from sales and services. Net profit decreased by 23 million baht or 6.92% compared to the previous year, primarily because in Q4 of the previous year, the Company recognized an income tax benefit of 55 million baht from deferred tax from loss carry forward that could be utilized.

However, comparing pre-tax profit, the Company recorded a pre-tax profit of 368.76 million baht, an increase of 91.66 million baht or 33.08% growth compared to the previous year.

Financial Position

Consolidated Financial Statements								(Thousand)	
	2024	C/S	2023	C/S	2022	C/S	change 24 vs 23	%Change 24 vs 23	
Assets									
Current assets									
Cash and cash equivalents	157,520	7%	252,305	13%	184,903	8%	(94,785)	(37.57%)	
Current investments	0	0%	-	0%	4	0%	-	0.00%	
Trade and other receivables	33,329	2%	29,580	1%	30,153	1%	3,749	12.67%	
Lease receivable-current portion	0	0%	55	0%	-	-	(55)	(100.00%)	
Share return receivables-current portion	20,000	1%	26,295	1%	8,945	0%	(6,295)	(23.94%)	
Inventories	49,296	2%	43,076	2%	37,794	2%	6,220	14.44%	
Other current assets	21,878	1%	12,084	1%	9,932	0%	9,794	81.05%	
Total current assets	282,023	13%	363,395	18%	271,731	11%	(81,372)	(22.39%)	
Non current assets									
Lease receivable-net of current portion	0	0%	178	0%	-	0%	(178)	(100.00%)	
Share return receivables-net of current portion	9,342	0%	8,526	0%	31,089	1%	816	9.57%	
Investment in joint venture	0	0%	4,196	0%	424	0%	(4,196)	(100.00%)	
Property plant and equipment	1,175,240	55%	953,806	48%	1,030,820	43%	221,434	23.22%	
Right-of-use assets	535,437	25%	470,937	24%	970,788	40%	64,500	13.70%	
Goodwill	24,536	1%	24,536	1%	24,536	1%	-	0.00%	
Intangible assets	5,526	0%	5,627	0%	7,244	0%	(101)	(1.79%)	
Deferred tax assets	1,269	0%	46,523	2%	905	0%	(45,254)	(97.27%)	
Deposits	81,875	4%	80,916	4%	75,984	3%	959	1.19%	
Advance payment for purchase of assets	17,598	1%	10,998	1%	2,988	0%	6,600	60.01%	
Other non-current assets	3,522	0%	3,380	0%	2,593	0%	142	4.20%	
Total non-current assets	1,854,345	87%	1,609,623	82%	2,147,371	89%	244,722	15.20%	
Total assets	2,136,368	100%	1,973,018	100%	2,419,102	100%	163,350	8.28%	

As of December 31, 2024, the Company and subsidiaries had total assets of 2,136.37 million baht, an increase of 163.35 million baht or 8.28% from the previous year. Significant changes include:

- Cash and Cash Equivalents decreased from 252.31 million baht to 157.52 million baht (a decrease of 37.57%), mainly due to increased operating cash flow, loan repayments, and branch expansion investments.
- Trade and Other Receivables increased from 29.58 million baht to 33.33 million baht (a 12.67% increase), resulting from standard business practices such as granting credit to agents, participating in promotional programs with credit card providers, and franchisee transactions. Most receivables are within three months, with overdue receivables exceeding 12 months totaling 7.92 million baht, for which the Company has set aside an allowance for doubtful accounts.
- Share receivables for amounted to 20.00 million baht from the sale of shares in Chaba Elegance Co., Ltd. back to original shareholders. The Company is currently in legal proceedings to recover the payment.
- Land, Buildings, and Equipment accounted for 55% of total assets, reflecting continued branch expansion. The net value increased due to new branch openings, offset by depreciation.
- Right-of-Use Assets totaled 535.44 million baht, or 25% of total assets, in accordance with TFRS 16 lease accounting standards, which were adopted in 2020.

Liabilities

Consolidated Financial Statements								(Thousand)	
	2024	C/S	2023	C/S	2022	C/S	change 24 vs 23	%Change 24 vs 23	
Liabilities and shareholders' equity									
Current liabilities									
Trade and other payables	134,488	6%	123,699	6%	94,140	4%	10,789	8.72%	
Current portion of long-term loans	0	0%	42,744	2%	169,918	7%	(42,744)	(100.00%)	
Current portion of lease liabilities	154,091	7%	142,926	7%	179,702	7%	11,165	7.81%	
Income tax payable	634	0%	459	0%	1,765	0%	175	38.13%	
Advance received-current portion	44,444	2%	55,902	3%	57,194	2%	(11,458)	(20.50%)	
Other current liabilities	11,202	1%	9,822	0%	7,409	0%	1,380	14.05%	
Total current liabilities	344,859	16%	375,552	19%	510,128	21%	(30,693)	(8.17%)	
Non-current liabilities									
Long-term loans-net of current portion	0	0%	70,952	4%	441,717	18%	(70,952)	(100.00%)	
Long-term loans from related parties	100,000	5%	200,000	10%		0%	(100,000)	(50.00%)	
Lease liabilities-net of current portion	453,393	21%	400,793	10%	863,745	36%	52,600	13.12%	
Advance received-net of current portion	-	0%	-	0%	971	0%	-		
Provision for long term employee benefits	4,235	0%	5,009	0%	5,513	0%	(774)	(15.45%)	
Deferred tax liabilities	11,253	1%	-	0%	10,870	0%	11,253		
Other non-current liabilities	24,227	1%	19,573	1%	17,157	1%	4,654	23.78%	
Total non-current liabilities	593,108	28%	696,327	35%	1,339,973	55%	(103,219)	(14.82%)	
Total liabilities	937,967	44%	1,071,879	54%	1,850,101	76%	(133,912)	(12.49%)	

As of December 31, 2024, the Company and subsidiaries had total liabilities of 937.97 million baht, a decrease of 133.91 million baht or 12.49% from the previous year. Key components include:

- Trade and Other Payables of 134.49 million baht, primarily consisting of standard business obligations such as construction, renovations, raw materials, and rental expenses.
- Loan Repayments: As of year-end 2024, the Company fully repaid its loans, reducing outstanding borrowings by 113.70 million baht. This repayment strategy aimed to reduce interest expenses. Loans from financial institutions have been the Company's primary source of funding for business expansion or liquidity shortages, as the financing cost is relatively low compared to other funding sources. The Company considers this approach appropriate given the current situation.
- Lease Liabilities (due within one year and beyond) amounted to 607.48 million baht, an increase of 63.77 million baht or 11.73%, due to new lease agreements and modifications to existing contracts.

Shareholders' Equity

Consolidated Financial Statements								(Thousand)	
	2024	C/S	2023	C/S	2022	C/S	change 24 vs 23	%Change 24 vs 23	
Share capital									
Registered									
1,282,499,928 ordinary shares of Baht 0.25 each									
(2023: 855,000,000 ordinary shares of Baht 0.25 each)	320,625	15%	213,750	11%	213,750	9%	106,875	50.00%	
Issued and paid-up									
1,282,499,124 ordinary shares of Baht 0.25 each									
(2023: 854,999,928 ordinary shares of Baht 0.25 each)	320,625	15%	213,750	11%	213,750	9%	106,875	50.00%	
Share premium	278,906	13%	278,906	14%	278,906	12%	-	0.00%	
Discount on business combination under common control	(46,226)	-2%	(46,226)	-2%	(46,226)	-2%	-	0.00%	
Retained earnings									
Appropriated- statutory reserve	32,062	2%	21,375	1%	14,250	1%	10,687	50.00%	
Unappropriated	487,648	23%	307,949	16%	(17,060)	-1%	179,699	58.35%	
Other components of shareholders' equity	125,378	6%	125,378	6%	125,378	5%	-	0.00%	
Equity attributable to shareholders' of the company	1,198,393	56%	901,132	46%	568,998	24%	297,261	32.99%	
Non-controlling interests of the subsidiaries	8	0%	7	0%	3	0%	1	14.29%	
Total shareholders' equity	1,198,401	56%	901,139	46%	569,001	24%	297,262	32.99%	
Total liabilities and shareholders' equity	2,136,368	100%	1,973,018	100%	2,419,102	100%	163,350	8.28%	

As of December 31, 2024, the Company and subsidiaries had total shareholders' equity of 1,198.40 million baht, an increase of 297.26 million baht or 32.99% from the previous year. The increase was driven by capital increases for stock dividends, net profit accumulation, and dividend payouts.

Cash Flow Overview

As of December 31, 2024, cash and cash equivalents totaled 157.52 million baht, representing a decrease of 94.79 million baht or 37.57% from the previous year. The key movements included improved operating cash flow, loan repayments, and expansion investments.

Key Financial Ratios

Ratio	2024	2023	2022
Liquidity Ratio			
Current Ratio	0.82	0.97	0.53
Receivable turnover	51.80	48.42	31.33
Collection period (Days)	7	7	11
Inventory turnover	1.53	1.64	1.74
Holding period (Days)	235	220	207

- Current Ratio: 0.82, slightly lower than the previous year. If lease liabilities due within one year (190.77 million baht) under TFRS 16 are excluded, the current ratio would be 1.48.

- Receivable Turnover & Collection Period: Similar to 2023, reflecting effective receivables management.

- Inventory Turnover & Holding Period: Increased in 2024 due to bulk purchases of long-shelf-life products to reduce costs.

Ratio	2024	2023	2022
Profitability Ratio			
Gross Profit Margin	32.41%	30.15%	11.31%
Net profit Margin	18.97%	22.97%	-12.38%
Return on Asset	15.04%	15.12%	-3.76%
Return on Equity	29.45%	45.18%	-14.83%

- Profitability Ratios: Showed significant improvement, though the net profit margin declined slightly due to the previous year's tax benefit. However, the net profit margin decreased from the previous year because, in 2023, the Company recognized income tax benefits of 55 million baht from deferred tax from loss carry forward that were expected to be utilized.

Ratio	2024	2023	2022
Debt Management Ratio			
Debt to Equity Ratio	0.78	1.41	3.25
Interest coverage Ratio	12.66	7.01	(2.77)

- Debt-to-Equity Ratio: 0.78, a significant improvement from 1.41 in the previous year due to loan repayments and increased equity. If lease liabilities (607.48 million baht) under TFRS 16 are excluded, the ratio would be 0.28.

- Interest Coverage Ratio: 12.66, a significant improvement due to enhanced financial performance.

Sustainability Policy and Goals

SPA has established a Sustainability Policy and Goals to serve as a guideline for implementing business strategies aimed at achieving stable and sustainable growth across all dimensions—economy, society, and the environment. This involves integrating the concept of sustainable development into every core function by elevating the importance of sustainability throughout the entire Value Chain. There is a focus on adding value to activities within the process of providing services and selling products (In-process Activities). Additionally, emphasis is placed on prioritizing stakeholders. The Working Group, operating under the supervision of the Corporate Governance Committee, serves as the creator of the Implementation Guidelines. This group lays out the framework and goals to drive sustainability in three key areas:

Economic Development/Regulatory	Social Development	Environmental Development
(1) Health and safety of customers (2) Enterprise Risk Management (3) Cyber Security and protection of personal information (4) Structural Policy and Corporate Governance	(5) Customer Responsibility (6) Providing access to treatment and good health (7) Local employment, including people with disabilities and underprivileged individuals. (8) Providing access to information	(9) Product Responsibility (10) Use of eco-friendly packaging (11) Waste management (12) Water management policy

Economic/Regulatory Dimension	Policy
Customer health and safety	Focus on creating an establishment that is hygienic and safe for customers by enhancing customer hygiene and safety measures to be in line with the current situation under the measure “A Place you can trust”
Enterprise Risk Management	Focus on building the organization for sustainable growth, regularly assess organizational risks with information, analyze and track the situation closely

Cyber Security and Personal Data Protection	Focus on creating an organization with cyber security and protection of personal information. PDPA Working group monitors and updates cybersecurity and personal information protection in accordance with the law and policy of practice.
Structural Policy and Corporate Governance	Focus on building an organization to be able to operate under a stable organizational structure. Focus on all stakeholders by adhering to the good corporate governance policy

Social dimension	Policy
Customer responsibility	Focus on creating an establishment that is responsible to customers throughout the process by focusing on providing a standard service, friendly service, clean, hygienic place, reasonable price. Gives importance to safety and customer privacy.
Providing access to treatment and good health	Focus on building an organization that cares about the health of employees and staff. Coverage of health benefits as staff benefits and building a great workplace for employees.
Local Employment, including people with disabilities and underprivileged individuals.	Focus on hiring local personnel to increase skills, knowledge, expertise which can be extended to community development
Providing access to information	Focus on creating an organization that provides equal access to information. for complete work and judgment

Environmental Dimension	Policy
Product Responsibility	Present accurate information about the products and services, deliver a variety of products in order to provide services to customers that meet their needs

Use of eco-friendly packaging	Focus on creating a corporate culture that cares about the environment. Create quality products and services using packaging that is good for the environment under 3R (Reduce, Reuse, Recycle)
Waste management	Focus on creating an organizational culture that cares about the environment. Supervise and manage the use of natural resources to achieve maximum benefit. Improve business processes to reduce environmental impact
Water management policy	Focus on creating an organizational culture that cares about the environment. Supervise and manage the use of natural resources to achieve maximum benefit. Improve business processes to reduce environmental impact

Please be informed accordingly,

Yours sincerely,

(Mr.Wiboon Utsahajit)

Siam Wellness Group Public Company Limited