SIAM WELLNESS บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน) (สำนักงานใหญ่) เลขประจำตัวผู้เสียภาษีอากร 0107557000144

565,567 อาคาร ปี.ยู.เพลส ชั้น 22 ซอยสุทธิพร ถนนประชาสงเคราะห์ แขวงดินแดง เขตดินแดง กรุงเทพมหานคร 10400

SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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SWG 121/2564

August 9, 2021

Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the 3 months period

ended 30 June 2021 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

("2Q21") ended 30 June 2021 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 23.45 million baht, a decrease of 8.62 million baht from the

same period last year (or a decrease of 26.87%). The net loss is 86.85 million baht, a increase of 6.23 million baht from the same

period last year. Net loss is accounted as 390.99% of sales and services' revenue. Details as below:

Summary of Quarter 2, 2021

Revenue

The Company and subsidiaries had total revenue in the 2Q21 of 23.45 million baht, a decrease of 8.62 million baht

from same period last year (or a decrease of 26.87%). The big proportion of revenue still come from the spa business, which

accounted to 63% of the total revenue. The decrease in revenue is a result from the global COVID-19 pandemic which cause

a slowdown in the Economy and has direct effect to major industries including Tourism industry. Closure of International Airport

resulted in Tourists, whom are our major source of customers, cannot travel to Thailand. At the end of 2020, there were 2nd wave

of COVID-19 spread which continues to 3rd and 4th wave to present, as a result there were temporary closure of spas and massages

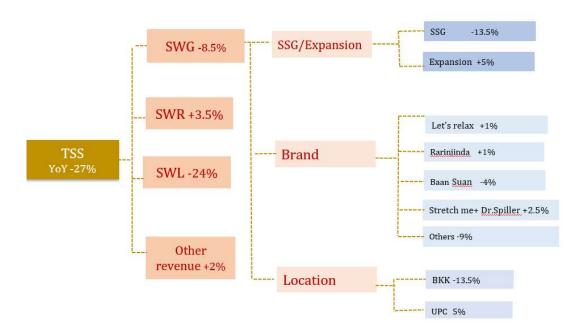
by Governors in January 2021 and from end of April 2021 to present. Only few branches remained open for service.

As of 30 June 2021, Company has 70 branches (65 domestic branches and 5 overseas branches). No new branch

opening in 2021 yet. As of 30 June 2020, Company had 64 branches (59 domestic branches and 5 overseas branches)

						(Thous	sands Baht)			
Operating Results										
	Q2'21		Q2'20		Q2'19	Chg (%)	Chg (%)			
						21 vs 20	20 vs 19			
Revenue from sales and service	22,214		31,484		337,455	(29.4%)	(90.7%)			
Other income	1,237		585		5,287	111.5%	(88.9%)			
Total revenues	23,451		32,069		342,742	(26.9%)	(90.6%)			
Cost of sales and service	74,735	336%	81,628	259%	239,691	(8.4%)	(65.9%)			
Gross profit	(52,521)	(236%)	(50,144)	(159%)	97,764	4.7%	(151.3%)			
Selling and administrative expenses	27,254	123%	26,527	84%	45,527	2.7%	(41.7%)			
Profit before income tax and finance cost	(79,775)	(359%)	(76,086)	(242%)	57,524	4.8%	(232.3%)			
Finance cost	11,366	51%	5,596	18%	2,803	103.1%	99.6%			
Income tax expense (revenue)	(3,049)	(14%)	(1,060)	(3%)	7,375	187.6%	(114.4%)			
Net profit (loss) for the year	(86,855)	(391%)	(80,622)	(256%)	47,346	7.7%	(270.3%)			
NCI		0%	-	0%	135		(100.0%)			
Net profit for the year attributable to the Company	(86,855)	(391%)	(80,622)	(256%)	47,211	7.7%	(270.8%)			

The overall Quarter 2 Revenue dropped 27% as specified:



- Siam Wellness Group Public Co.,Ltd ("SWG"), the operator of Spa Business, Revenue dropped 8.5%
- Siam Wellness Resort Co.,Ltd ("SWR"), the operator of RarinJinda Wellness Spa Resort and Deck One in Chiang Mai, Revenue increased 3.5%. Deck one was temporarily closed in middle of last year for renovation and was reopened in 4Q20. Deck one also did several promotions to attract traffic after COVID-19 situation improved in Chiang Mai.
- Siam Wellness Lab Co.,Ltd ("SWL") and subsidiary companies, the operator of Spa Products Sale, Revenue dropped 24 % as Sales in Specialty Stores dropped.
- Other Revenue increased 2%

The SSG Stores Revenue dropped 13.5% compared to previous year whereas Expansion Stores Revenue increased 5%

In terms of Revenue by Brands, Let's Relax's Revenue was similar to last year, RarinJinda Wellness Spa's Revenue increased 1% and Baan Suan Massage's Revenue dropped 4%

In terms of Revenue by Locations, Bangkok branches' Revenue dropped 13.5% and Upcountry branches' Revenue dropped 5%.

Hotel & Restaurant Revenue increased 3.5%. The Proportion of Hotel & Restaurant Revenue to the Company's Revenue increased to 4%. Deck One reopened in 4Q20 and has created promotions to attract traffic. However, the hotel business still had impact from COVID-19. Occupancy Rate and Average Room Rate dropped forcefully.

The Proportion of Spa Product Revenue to the Company's Revenue dropped from 55% to 28% as a result of a drop in Specialty Stores Channel of the subsidiary companies of SWL.

Cost of Sales and Services

In the 2Q21, the Company and subsidiaries had the cost of sales and services of 74.73 million baht, accounting for to 336.43% of sales and services' revenue. This is a decrease of 6.89 million baht from the same quarter of the previous year (or a decrease of 8.44%). The declining Sales resulted in lower variable costs such as therapist cost, raw material cost and utilities cost. However, with the COVID-19 pandemic, the Company has added efficiency in managing cost of Sales and Services such as discount in rental or switch from fixed rental to GP rental. However, Company still bear some unavoidable fixed cost such as depreciation, full-time staff cost resulting in the Gross Loss reported in 2Q21.

Selling and Administrative Expenses

In the 2Q21, the Company and subsidiaries had the selling and administrative expenses of 38.62 million baht, accounted to 173.85% of the revenue from sales and services. This is an increase of 6.50 million baht from the same period last year (or an increase of 20.23%). This is mainly from the stringent staff cost management and Management Pay-cut. However, the decrease rate of the Cost is less than the decrease rate of Revenue, therefore the proportion of the selling and administrative expenses to Revenue has increased. Interest payment also increase from 5.60 million baht to 11.37 million baht (an increase of 103.11%) from the increased loan balance during the year and relief clause for the case where the lessor agrees to reduce the rental fee of the Federation of Accounting Professions

Net Loss

In the 2Q21, the Company and subsidiaries had the net loss of 86.85 million baht or accounted 390.99% of the revenue from sales and services. The net loss of the Company and subsidiaries increased 6.23 million baht (or an increase of 7.73%) compared to the same period last year. This is a result of the COVID-19 epidemic situation, with tourists who are the main customers cannot travel to use the service while the company still have to bear the cost that cannot be avoided, such as the partial rent that has to be paid, Staff expenses and depreciation causing the net loss significantly.

Balance Sheet Summary

									(T	housand Baht)
Consolidated Financial Statements										
							change	%Change	change	%Change
	Q2'21	C/S	2020	C/S	2019	C/S	Q2'21 vs 20	Q1'21 vs 20	20 vs 19	20 vs 19
Assets										
Current assets										
Cash and cash equivalents	114,371	5%	114,526	4%	52,561	3%		(0.14%)	61,965	117.89%
Current investments	4	0%	4	0%	73,098	5%	(0)	(0.12%)	(73,094)	(99.99%)
Trade and other receivables	7,659	0%	21,775	1%	37,213	2%	(14,116)	(64.83%)	(15,438)	(41.49%)
Share return receivables-current portion	9,332	0%	9,462	0%	39,200	3%	(130)	(1.38%)	(29,738)	(75.86%)
Inventories	33,303	1%	40,299	2%	39,901	3%	(6,996)	(17.36%)	398	1.00%
Other current assets	11,208	0%	13,024	0%	14,824	1%	(1,816)	(13.94%)	(1,800)	(12.14%)
Non-current assets classified as held for sales	32,295	1%	32,295	1%	32,294	2%	0	0.00%	1	0.00%
Total current assets	208,172	9%	231,385	9%	289,091	19%	(23,213)	(10.03%)	(57,706)	(19.96%)
Non current assets							-			
Restricted deposits of financial institution	-	0%	5,159	0%	5,105	0%	(5,159)	(100.00%)	54	1.05%
Share return receivables-net of current portion	32,111	1%	32,587	1%	15,000	1%	(476)	(1.46%)	17,587	117.25%
Leasehold rights	-	0%	-	0%	9,264	1%	-	#DIV/0!	(9,264)	(100.00%)
Property plant and equipment	1,016,340	42%	1,074,588	41%	1,082,797	71%	(58,248)	(5.42%)	(8,209)	(0.76%)
Right-of-use assets	1,073,987	44%	1,169,556	44%			(95,569)	(8.17%)	1,169,556	
Goodwill	24,536	1%	24,536	1%	24,536	2%	0	0.00%	(0)	(0.00%)
Intangible assets	8,240	0%	9,086	0%	9,139	1%	(846)	(9.31%)	(53)	(0.58%)
Deferred tax assets	1,207	0%	820	0%	723	0%	387	47.20%	97	13.42%
Deposits	73,739	3%	78,549	3%	79,466	5%	(4,810)	(6.12%)	(917)	(1.15%)
Advance payment for purchase of assets	4,605	0%	461	0%			4,144	898.92%		
Other non-current assets	5,992	0%	5,383	0%	1,024	0%	609	11.31%	4,359	425.68%
Total non-current assets	2,240,757	91%	2,400,724	91%	1,227,054	81%	(159,967)	(6.66%)	1,173,670	95.65%
			-		-					
Total assets	2,448,929	100%	2,632,109	100%	1,516,145	100%	(183,180)	(6.96%)	1,115,964	73.61%

As of 30 June 2021, The Company and Subsidiaries had a total asset of 2,448.93 million baht, a decrease of 183.18 million baht from 2020 (a decrease of 6.96%) with details as followed:

- Cash and Cash Equivalent slightly decreased from 114.53 million baht to 114.37 million baht (a decrease of 0.14%) from additional withdrawal of Soft Loan of 90 million baht in 1Q21 as Company implemented cash on hand policy to support COVID-19 situation such as cash burn from Operations approximately 60 million and Loan and Interest repayment 17 million baht
- Trade and Other Receivables decreased from 21.78 million baht to 7.66 million baht (a decrease of 64.83%) resulting from normal operating activities such as Credit Terms to Agent and Franchisee. In the Appendix, there were Trade Receivables due over 3 months total 9.73 million baht. The Company set up Allowance for Doubtful accounts of 7.80 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 9.33 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 42% 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 slightly dropped from depreciation
- Right of Use Assets is 1,073.99 million baht or approximately 44% 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.

									(T	housand Baht)
Consolidated Financial Statements										
							change	%Change	change	%Change
	Q2'21	C/S	2020	C/S	2019	C/S	Q2'21 vs 20	Q1'21 vs 20	20 vs 19	20 vs 19
Liabilities and shareholders' equity										
Current liabilities										
Bank overdrafts from financial institution	-	0%	-	0%	32	0%	-	#DIV/0!	(32)	(100.00%)
Short-term loans from and interest payable to related parties		0%	-	0%	4,616	0%	-	#DIV/0!	(4,616)	(100.00%)
Trade and other payables	37,003	2%	44,662	2%	96,718	6%	(7,659)	(17.15%)	(52,056)	(53.82%)
Current portion of long-term loans	48,838	2%	103,354	4%	80,200	5%	(54,516)	(52.75%)	23,154	28.87%
Current portion of lease liabilities	178,272	7%	169,179	6%			9,093.33	5.37%		#DIV/0!
Current portion of liabilities under finance lease agreements	-	0%			120	0%	-	#DIV/0!	169,059	140,882.22%
Income tax payable	42	0%	3,213	0%	24,829	2%	(3,171)	(98.69%)	(21,616)	(87.06%)
Advance received-current portion	41,430	2%	38,978	1%	28,922	2%	2,452	6.29%	10,056	34.77%
Other current liabilities	555	0%	1,770	0%	9,631	1%	(1,215)	(68.64%)	(7,861)	(81.62%)
Total current liabilities	306,140	13%	361,156	14%	245,068	16%	(55,016)	(15.23%)	116,088	47.37%
Non-current liabilities										
Long-term loans-net of current portion	421,649	17%	287,813	11%	80,167	5%	133,836	46.50%	207,646	259.02%
Lease liabilities-net of current portion	937,880	38%	1,028,672	39%			(90,792)	(8.83%)	1,028,672	
		0%					-	#DIV/0!	-	
Liabilities under finance lease agreements-net of current portion	-	0%	-	0%	260	0%	-	#DIV/0!	(260)	(100.00%)
Advance received-net of current portion	7,889	0%	9,759	0%	12,161	1%	(1,870)	(19.16%)	(2,402)	(19.75%)
Provision for long term employee benefits	9,252	0%	10,124	0%	8,556	1%	(872)	(8.62%)	1,568	18.33%
Deferred tax liabilities	6,656	0%	11,744	0%	17,995	1%	(5,088)	(43.32%)	(6,251)	(34.74%)
Other non- current liabilities	17,110	1%	17,629	1%	19,999	1%	(519)	(2.94%)	(2,370)	(11.85%)
Total non-current liabilities	1,400,436	57%	1,365,741	52%	139,138	9%	34,695	2.54%	1,226,603	881.57%
Total liabilities	1,706,576	70%	1,726,897	66%	384,206	25%	(20,321)	(1.18%)	1,342,691	349.47%

As of 30 June 2021 The Company and Subsidiaries had a total liabilities of 1,706.58 million baht, a decrease of 20.32 million baht (a decrease of 1.18%) with details as followed:

- Trade and Other Payables are 37.00 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 470.49 million baht. It 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 1,116.15 million baht from the adoption of TFRS16 Rental Contracts in Financial Statements Reporting since 2020.

(Thousand Baht)										
Consolidated Financial Statements										
							change	%Change	change	%Change
	Q2'21	C/S	2020	C/S	2019	C/S	Q2'21 vs 20	Q1'21 vs 20	20 vs 19	20 vs 19
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	9%	213,750	8%	142,500	9%	-	0.00%	71,250	50.00%
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	9%	213,750	8%	142,500	9%	-	0.00%	71,250	50.00%
Share premium	278,906	11%	278,906	11%	278,906	18%	-	0.00%	-	0.00%
Discount on business combination under common control	(46,226)	-2%	(46,226)	-2%	(46,226)	-3%	0	(0.00%)	(0)	0.00%
Retained earnings										
Appropriated- statutory reserve	17,399	1%	17,399	1%	16,381	1%	0	0.00%	1,018	6.21%
Unappropriated	187,954	8%	350,812	13%	649,804	43%	(162,858)	(46.42%)	(298,992)	(46.01%)
Other components of shareholders' equity	90,567	4%	90,567	3%	90,567	6%	(0)	(0.00%)	0	0.00%
Equity attributable to shareholders' of the company	742,350	30%	905,208	34%	1,131,932	75%	(162,858)	(17.99%)	(226,724)	(20.03%)
Non-controlling interests of the subsidiaries	3	0%	4	0%	7	0%	(1)	(25.00%)	(3)	(42.86%)
Total shareholders' equity	742,353	30%	905,212	34%_	1,131,939	75%	(162,859)	(17.99%)	(226,727)	(20.03%)
		0%								
Total liabilities and shareholders' equity	2,448,929	100%	2,632,109	100%	1,516,145	100%	(183,180)	(6.96%)	1,115,964	73.61%

As of 30 June 2021, The Company and Subsidiaries had a total equity of 724.35 million baht, a decrease of 162.86 million baht (a decrease of 17.99%) from the reported net loss.

Cash Flows Summary

As of 30 June 2021, The Company and Subsidiaries had a total cash and cash equivalents of 114.37 million baht, a decrease of 0.15 million baht (a decrease of 0.14%) with major transactions as followed:

- Granting of Soft Loan from Financial Institutions 90 million baht and loan and interest repayment of 17 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	Q2'21	2020	2019
Liquidity Ratio			
Current Ratio	0.68	0.64	1.18
Receivable turnover	2	15	46
Collection period (Days)	60	25	8
Inventory turnover	0	1	4
Holding period (Days)	657	417	97

- 2Q21 Current Ratio is 0.68, similar to 2020's. Liabilities under lease agreement due within 1 year is 178.27 million baht after adoption of TFRS16 Rental Contracts since 2020. If exclude this, the current ration is 1.63.
- Receivable Turnover and Collection Period increased slightly from 2020 as the delay in Collection is impact from COVID-19 and late payment.
- Inventory Turnover and Holding Period in 2Q21 is slightly higher due to the temporary shutdown of branches and significant drop in sales from COVID-19. Some branches remained closed (mainly in tourist location or spa operating in hotel branches). Company has added online channel such as Shopee, Lazada, Line and created promotions to increase sales and offload stock.

Ratio	Q2'21	2020	2019
Profitability Ratio			
Gross Profit Margin	-236%	-19%	32%
Net profit Margin	-391%	-49%	17%
Return on Asset	-12%	-10%	17%
Return on Equity	-33%	-21%	23%

 Profitability Ratio has significantly dropped as a result of no incoming tourists' arrivals, the main source of customer, since March 2020 due to COVID-19 Global Pandemic. The Company still has to bear unavoidable costs resulting in reported Net Loss in 2Q21

Ratio	Q2'21	2020	2019
Debt Management Ratio			
Debt to Equity Ratio	2.3	1.9	0.3
Interest coverage Ratio	(8)	(11)	26

2Q21 Debt to Equity Ratio is 2.3 increased from 1.9 from previous year. The big increase is a result of lease liability

within 1 year of expiry total 1,116.15 million baht after the adoption of TFRS16 Rental Contracts since 2020. If

exclude this, the Debt to Equity Ratio is 0.80 which is lower than the Company's ceiling of 1.0. This allows

Company to borrow more. The Company is confident that the Company has sufficient cash on hand if there are no

significant event that impact the business operations.

- 2Q21 Interest Coverage Ratio is -8 as a result of reported Net Loss in 2Q21.

Significant Events in 2Q21

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, whom are our major source of

customers, cannot travel to Thailand. At the end of 2020, there were 2nd wave of COVID-19 spread which continues

to 3rd and 4th wave to present, as a result there were temporary closure of spas and massages by Governors in January

2021 and from end of April 2021 to present. Only few branches remained open for service.

- As of 30 June 2021, Siam Wellness Group Public Company Limited had a total of 70 branches (65 domestic

branches and 5 overseas branches). There were no new branch opening in 2Q21. As of 30 June 2020, the Company

had a total of 64 branches (59 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 a

discount on the rental contract which meets the terms of the above relief clause. By choosing to recognize the portion

of profit or loss in the whole amount

In the second quarter of 2021, Company has expanded its marketing on Thai customers by issuing new

promotions and launch new loyalty program to attract and maintain this target segment.

Please be informed accordingly,

Yours sincerely,

(Mr.Wiboon Utsahajit)

Siam Wellness Group Public Company Limited