

SWG 027/2567

May 10, 2024

Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the 3 months period ended 31 March 2024 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 (“1Q24”) ended 31 March 2024 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 398.95 million baht, an increase of 73.04 million baht from the same period last year (or an increase of 22.41%). The net profit is 73.97 million baht, an increase of 23.51 million baht from the same period last year. Net profit is accounted as 18.78% of sales and services’ revenue.

#### Summary of Quarter 1, 2024

##### Revenue

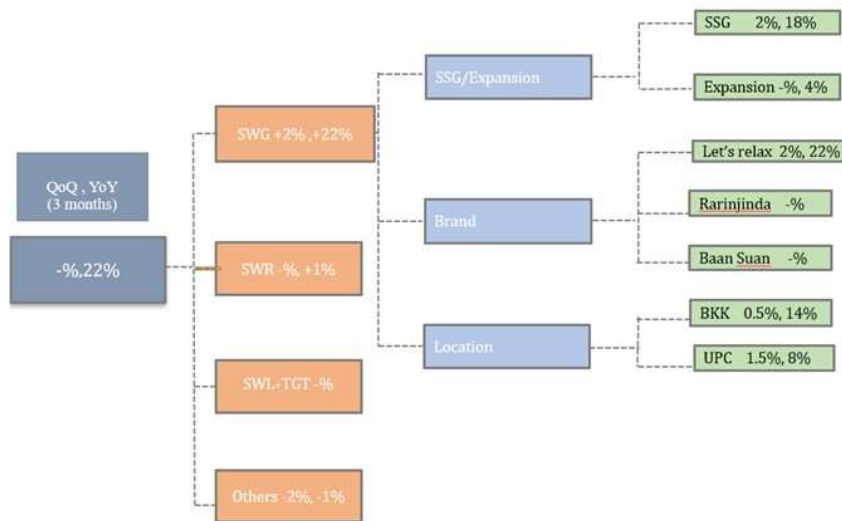
The Company and subsidiaries had total revenue in the 1Q24 of 398.95 million baht, an increase of 73.04 million baht from same period last year (or an increase of 22.41%). The big proportion of revenue comes from the spa business, which accounted to 90% of the total revenue as detailed below:

As of 31 March 2024, Company had 72 branches (70 domestic branches and 2 overseas branches). There were 5 new branches opening and 3 branches closure. As of 31 March 2023, Company had 70 branches (68 domestic branches and 2 overseas branches).

## The Overview of Quarter 1 Revenue

(Thousands Baht)							
Operating Results							
	Q1'24		Q1'23		Q1'22	Chg (%) 24 vs 23	Chg (%) 23 vs 22
Revenue from sales and service	393,871		320,232		110,021	23.0%	191.1%
Other income	5,077		5,675		4,108	(10.5%)	38.1%
Total revenues	398,948		325,907		114,129	22.4%	185.6%
Cost of sales and service	262,144	67%	231,775	72%	129,153	117%	79.5%
Gross profit	131,727	33%	88,457	28%	(19,132)	(17%)	562.4%
Selling and administrative expenses	36,090	9%	27,001	8%	28,855	26%	(6.4%)
Profit before income tax and finance cost	100,714	26%	67,131	21%	(47,987)	(44%)	239.9%
Share of loss from investment in joint venture	446	0%	375	0%	-	0%	18.9%
Finance cost	8,229	2%	14,844	5%	10,409	9%	(44.6%)
Income tax expense (revenue)	18,070	5%	1,451	0%	3,148	3%	1,145.3%
Net profit (loss) for the year	73,969	19%	50,461	16%	(57,436)	(52%)	187.9%
NCI	1	0%	1	0%	-	0%	0.0%
Net profit for the year attributable to the Company	73,968	19%	50,460	16%	(57,436)	(52%)	187.9%

## The Analysis of Quarter 1 Revenue



The overall Quarter 1 Revenue increased 22% compared to the same period last year with details as specified:

- Siam Wellness Group Public Co.,Ltd (“SWG”), the operator of Spa Business, Revenue increased 22%
- Siam Wellness Resort Co.,Ltd (“SWR”), the operator of RarinJinda Wellness Spa Resort, Deck One and ORB Cafe in Chiang Mai and Pattaya, Revenue increased 1%
- Siam Wellness Lab Co.,Ltd (“SWL”), the operator of Spa Products Sale, Revenue is similar compared to the same period last year
- Other Revenue decreased 1%

The SSG Stores Revenue increased 18% compared to previous year, whereas Expansion Stores Revenue increased 4%

In terms of Revenue by Brands, Let’s Relax’s Revenue increased 22%, RarinJinda Wellness Spa’s and Baan Suan Massage Revenue are similar compared to the same period last year

In terms of Revenue by Locations, Bangkok branches' Revenue increased 14% and Upcountry branches' Revenue increased 8%.

Hotel & Restaurant Revenue increased 1%. The Proportion of Hotel & Restaurant Revenue to the Company's Revenue is similar between 1Q24 and 1Q23. The Occupancy Rate is also similar, but the ADR increased 14%.

The Proportion of Spa Product Revenue to the Company's is approximately 5% of Total Revenue.

#### Cost of Sales and Services

In the 1Q24, the Company and subsidiaries had the cost of sales and services of 262.14 million baht, accounting for to 66.56% of sales and services' revenue. This is an increase of 30.37 million baht from the same quarter of the previous year (or an increase of 13.10%). The increase was mainly due to other variable costs related to increase in Sales, such as therapist salary, rental, raw material costs, laundry, snacks as well as increasing fixed costs such as other staff expenses and lower rental discounts.

#### Selling and Administrative Expenses

In the 1Q24, the Company and subsidiaries had the selling and administrative expenses of 44.32 million baht, accounted to 11.25% of the revenue from sales and services. This is an increase of 2.47 million baht from the same period last year (or an increase of 5.91%). This is mainly from higher staff cost and back to normal rental terms.

#### Net Profit

In the 1Q24, the Company and subsidiaries had the Net Profit of 73.97 million baht or accounted 18.78% of the revenue from sales and services. The Net Profit of the Company and subsidiaries increased 23.51 million baht (or an increase of 46.59%) compared to the same period last year. The higher profit was mainly due to higher sales due to the easing of the COVID-19, the recovery of Tourism sector and Thai customers are more confident in returning to use the service, the increase in the number of tourists and the new segment of tourists such as Middle East and India. The company also managed costs and other expenses quite efficiently resulting in significant increase in Net Profit.

## Balance Sheet Summary

Consolidated Financial Statements								(Thousand)	
	2024	C/S	2023	C/S	2022	C/S	change		
							24 vs 23	%Change	
								24 vs 23	
<b>Assets</b>									
<b>Current assets</b>									
Cash and cash equivalents	256,582	13%	252,305	13%	184,903	8%	4,277	1.70%	
Trade and other receivables	32,569	2%	29,580	1%	30,153	1%	2,989	10.10%	
Lease receivable-current portion	55	0%	55	0%	-	-	-	0.00%	
Share return receivables-current portion	20,000	1%	26,295	1%	8,945	0%	(6,295)	(23.94%)	
Inventories	46,752	2%	43,076	2%	37,794	2%	3,676	8.53%	
Other current assets	13,554	1%	12,084	1%	9,932	0%	1,470	12.16%	
<b>Total current assets</b>	<b>369,512</b>	<b>19%</b>	<b>363,395</b>	<b>18%</b>	<b>271,731</b>	<b>11%</b>	<b>6,117</b>	<b>1.68%</b>	
<b>Non current assets</b>									
Lease receivable-net of current portion	165	0%	178	0%	-	0%	(13)	(7.30%)	
Share return receivables-net of current portion	9,342	0%	8,526	0%	31,089	1%	816	9.57%	
Investment in joint venture	3,750	0%	4,196	0%	424	0%	(446)	(10.63%)	
Property plant and equipment	934,548	49%	953,806	48%	1,030,820	43%	(19,258)	(2.02%)	
Right-of-use assets	434,153	23%	470,937	24%	970,788	40%	(36,784)	(7.81%)	
Goodwill	24,536	1%	24,536	1%	24,536	1%	-	0.00%	
Intangible assets	5,282	0%	5,627	0%	7,244	0%	(345)	(6.13%)	
Deferred tax assets	28,529	1%	46,523	2%	905	0%	(17,994)	(38.68%)	
Deposits	82,704	4%	80,916	4%	75,984	3%	1,788	2.21%	
Advance payment for purchase of assets	13,626	1%	10,998	1%	2,988	0%	2,628	23.90%	
Other non-current assets	3,281	0%	3,380	0%	2,593	0%	(99)	(2.93%)	
<b>Total non-current assets</b>	<b>1,539,916</b>	<b>81%</b>	<b>1,609,623</b>	<b>82%</b>	<b>2,147,371</b>	<b>89%</b>	<b>(69,707)</b>	<b>(4.33%)</b>	
<b>Total assets</b>	<b>1,909,428</b>	<b>100%</b>	<b>1,973,018</b>	<b>100%</b>	<b>2,419,102</b>	<b>100%</b>	<b>(63,590)</b>	<b>(3.22%)</b>	

As of 31 March 2024, The Company and Subsidiaries had a total asset of 1,909.43 million baht, a decrease of 63.59 million baht (a decrease of 3.22%) with details as followed:

- Cash and Cash Equivalent increased from 252.31 million baht to 256.58 million baht (an increase of 1.7%) from improved Company Performance and positive Cash Flow from Operations. The Company has repaid the Long-term loan of 111.06 million baht and invested in new branches opening in 2024.
- Trade and Other Receivables increased from 29.58 million baht to 32.57 million baht (an increase of 10.10%) resulting from normal operating activities such as Credit Terms to Agent and Franchisee as well as some customers. In the Appendix, there were Trade Receivables due over 12 months total 8 million baht. The Company set up Allowance for Doubtful accounts according to Accounting Policy and Management Decision.
- Share return receivables from the Sell of Chaba Elegance Co.,Ltd to the existing shareholders is 20 million baht
- Land, Buildings and Equipment are approximately 49% 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 decreased from 2023's value due to depreciation
- Right of Use Assets is 434.15 million baht or approximately 23% of Total Assets from TFRS16 Adoption in Financial Statements Reporting since 2020

Major events that have a significant effect on the company's financial position or future operations include:

1. The inability of foreign tourists to use the service, which constitutes the main customer group of the company. Consequently, the company has devised a strategy to expand its Thai customer base, as well as attract new foreign customers, in order to mitigate risks.

2. The company places importance on cash flow management in its business operations. It ensures that there is sufficient cash to support ongoing operations and to repay loans when funds are available, thereby reducing the burden of interest."

Consolidated Financial Statements							(Thousand)	
	2024	C/S	2023	C/S	2022	C/S	change 24 vs 23	%Change 24 vs 23
<b>Liabilities and shareholders' equity</b>								
<b>Current liabilities</b>								
Trade and other payables	126,888	7%	123,699	6%	94,140	4%	3,189	2.58%
Current portion of long-term loans	41,994	2%	42,744	2%	169,918	7%	(750)	(1.75%)
Current portion of lease liabilities	133,703	7%	142,926	7%	179,702	7%	(9,223)	(6.45%)
Income tax payable	534	0%	458	0%	1,765	0%	76	16.59%
Advance received-current portion	57,765	3%	55,902	3%	57,194	2%	1,863	3.33%
Other current liabilities	10,165	1%	9,822	0%	7,409	0%	343	3.49%
<b>Total current liabilities</b>	<b>371,049</b>	<b>19%</b>	<b>375,551</b>	<b>19%</b>	<b>510,128</b>	<b>21%</b>	<b>(4,502)</b>	<b>(1.20%)</b>
<b>Non-current liabilities</b>								
Long-term loans-net of current portion	60,641	3%	70,952	4%	441,717	18%	(10,311)	(14.53%)
Long-term loans from related parties	100,000	5%	200,000	10%	0	0%	(100,000)	(50.00%)
Lease liabilities-net of current portion	376,891	20%	400,793	10%	863,745	36%	(23,902)	(5.96%)
Advance received-net of current portion	-	0%	-	0%	971	0%	-	-
Provision for long term employee benefits	4,745	0%	5,010	0%	5,513	0%	(265)	(5.29%)
Deferred tax liabilities	0	0%	-	0%	10,870	0%	-	-
Other non-current liabilities	20,993	1%	19,573	1%	17,157	1%	1,420	7.25%
<b>Total non-current liabilities</b>	<b>563,270</b>	<b>29%</b>	<b>696,328</b>	<b>35%</b>	<b>1,339,973</b>	<b>55%</b>	<b>(133,058)</b>	<b>(19.11%)</b>
<b>Total liabilities</b>	<b>934,319</b>	<b>49%</b>	<b>1,071,879</b>	<b>54%</b>	<b>1,850,101</b>	<b>76%</b>	<b>(137,560)</b>	<b>(12.83%)</b>

As of 31 March 2024, The Company and Subsidiaries had total liabilities of 934.32 million baht, a decrease of 137.56 million baht (a decrease of 12.83%) with details as followed:

- Trade and Other Payables are 126.89 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 102.64 million baht, a decrease of 11.06 million baht (a decrease of 9.73%). The Company has repaid the Loan and refinanced the Long-term loan with the loan from related Company total 100 million baht to reduce interest cost. Management still foresee that the Company has ability to loan from financial institution if needed.
- Liabilities under the lease agreement, both due within a year and more than 1 year, is 510.59 million baht from the adoption of TFRS16 Rental Contracts in Financial Statements Reporting since 2020

Consolidated Financial Statements							(Thousand)	
	2024	C/S	2023	C/S	2022	C/S	change 24 vs 23	%Change 24 vs 23
<b>Share capital</b>								
<b>Registered</b>								
855,000,000 ordinary shares of Baht 0.25 each (31 December 2019: 570,000,000 ordinary shares of Baht 0.25 each)	213,750.00	11%	213,750	11%	213,750	9%	-	0.00%
<b>Issued and paid-up</b>								
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	11%	213,750	11%	213,750	9%	-	0.00%
Share premium	278,906	15%	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%
<b>Retained earnings</b>								
Appropriated- statutory reserve	21,375	1%	21,375	1%	14,250	1%	-	0.00%
Unappropriated	381,918	20%	307,949	16%	(17,060)	-1%	73,969	24.02%
Other components of shareholders' equity	125,378	7%	125,378	6%	125,378	5%	-	0.00%
Equity attributable to shareholders' of the company	975,101	51%	901,132	46%	568,998	24%	73,969	8.21%
Non-controlling interests of the subsidiaries	8	0%	7	0%	3	0%	1	14.29%
<b>Total shareholders' equity</b>	<b>975,109</b>	<b>51%</b>	<b>901,139</b>	<b>46%</b>	<b>569,001</b>	<b>24%</b>	<b>73,970</b>	<b>8.21%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,909,428</b>	<b>100%</b>	<b>1,973,018</b>	<b>100%</b>	<b>2,419,102</b>	<b>100%</b>	<b>(63,590)</b>	<b>(3.22%)</b>

As of 31 March 2024, The Company and Subsidiaries had a total equity of 975.11 million baht, an increase of 73.97 million baht (an increase of 8.21%) from the reported Net Profit.

## Cash Flows Summary

As of 31 March 2024, The Company and Subsidiaries had a total cash and cash equivalents of 256.58 million baht, an increase of 4.28 million baht (an increase of 1.70%) with details as followed:

- Cash Flow from Operations from significant improvement in Company Performance
- Repayment of Loan and Related Company Loan of 111 million baht
- Payment for normal operating activities

## Key Financial Ratio

Ratio	Q1'24	2023	2022
<b>Liquidity Ratio</b>			
Current Ratio	1.00	0.97	0.53
Receivable turnover	12.68	48.42	31.33
Collection period (Days)	7	7	11
Inventory turnover	0.36	1.64	1.74
Holding period (Days)	254	220	207

- 1Q24 Current Ratio is 1.00, similar to 2023's. This is mainly from the increase of Cash and Cash Equivalents of 4 million baht, the decrease in Account Receivables and Share Receivables of 3 million baht, increase in Inventory of 4 million baht and the decrease of short-term lease liabilities due within a year of 9 million baht. If exclude Lease Liabilities due within a year total 133.70 million baht according to the adoption of TFRS16 Rental Contracts, the current ratio is 1.56
- Receivable Turnover and Collection Period is similar to 2023's which is approximately 7 days from Company's Urgent Collection Policy. Most of Company's Customers are B2C thereby has no credit terms.
- Inventory Turnover and Holding Period in 1Q24 increased slightly due to order of big lots inventory. Some Inventory are service inventory which has longer turnover compared to retail inventory.

Ratio	Q1'24	2023	2022
<b>Profitability Ratio</b>			
Gross Profit Margin	33.44%	30.15%	11.31%
Net profit Margin	18.78%	22.97%	-12.38%
Return on Asset	17.83%	15.12%	-3.76%
Return on Equity	44.61%	45.18%	-14.83%

- Profitability Ratio has improved positively from reported Net Profit and Q1 being high season period

Ratio	Q1'24	2023	2022
<b>Debt Management Ratio</b>			
Debt to Equity Ratio	0.96	1.41	3.25
Interest coverage Ratio	10.18	7.40	(2.77)

- 1Q24 Debt to Equity Ratio is 0.96, a decrease from 1.41 from previous year. This a result of a lower debt of 138 million baht from the repayment of loan and lower lease liabilities according to TFRS16 of 33 million baht and the increase in Shareholder's Equity of 74 million baht. If exclude the effect from the adoption of TFRS16 Rental Contracts total 423.73 million baht, the Debt to Equity ratio is 0.43
- 1Q24 Interest Coverage Ratio is 10.18. Interest Coverage Ratio from reported Net Profit, lower Long-term Loan and the ability to repay loan.

Overall Summary

- The improved Company Performance from the Growth of Tourism, especially Chinese Tourists and new segments along with the efficient cost management
- The improved liquidity and surplus cash flows result in new branches expansion in 2024 and the repayment of Long term loan to reduce finance cost
- As of 31 March 2024, Siam Wellness Group Public Company Limited had a total of 72 branches (70 domestic branches and 2 overseas branches). There were 5 new branches opening and 3 branches closure in 1Q24. As of 31 March 2023, the Company had a total of 70 branches (68 domestic branches and 2 overseas branches)

Please be informed accordingly,

Yours sincerely,

(Mr.Wiboon Utsahajit)

Siam Wellness Group Public Company Limited