



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน) (สำนักงานใหญ่) เลขประจำตัวผู้เสียภาษีอากร 0107557000144
565,567 อาคาร บี.ยู.เพลส ชั้น 22 ซอยสุทธิพร ถนนประชาสงเคราะห์ แขวงดินแดง เขตดินแดง กรุงเทพมหานคร 10400
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28 February 2022

Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the 12 months period ended 31 December 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 12 months period (“12M21”) ended 31 December 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 174.94 million baht, a decrease of 258.35 million baht from the same period last year (or a decrease of 59.62%). The net loss is 286.72 million baht, an increase of 77.63 million baht from the same period last year. Net loss is accounted as 171.06 % of sales and services’ revenue. Details as followed:

2021 Financial Highlights

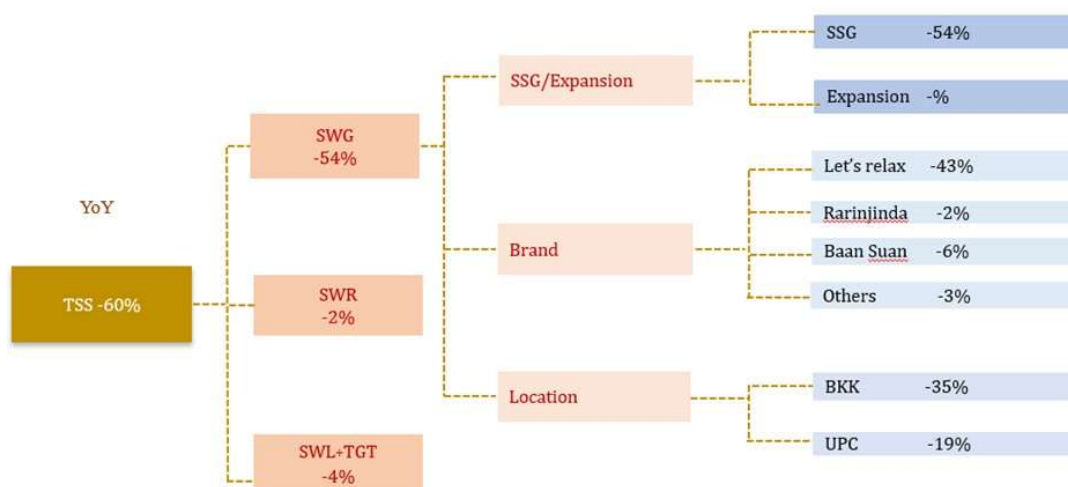
Revenue

The Company and subsidiaries had total revenue in 2021 of 174.94 million baht, a decrease of 258.35 million baht from the same period last year (or a decrease of 59.62%). The big proportion of revenue came from the spa business, which accounted to 74% 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 September 2021. On 1st July 2021, Phuket Sandbox Initiative was launched whereby our 5 branches (out of 8 branches) in Phuket opened. Full Spa Reopening started in October (Spas were closed for approximately 6 ½ months in 2021).

As of 31 December 2021, Siam Wellness Group Public Company Limited had a total of 70 branches (65 domestic branches and 5 overseas branches). 2 New Branches were opened and 2 existing branches were closed. [As of 31 December 2020, the Company had a total of 70 branches (65 domestic branches and 5 overseas branches)].

(Thousands Baht)							
Operating Results							
	Q4'21		Q4'20		Q4'19		
						Chg (%)	Chg (%)
						21 vs 20	20 vs 19
Revenue from sales and service	167,614		426,912		1,429,788	(60.7%)	(70.1%)
Other income	7,329		8,712		19,853	(15.9%)	(56.1%)
Total revenues	174,943		435,624		1,449,641	(59.8%)	(69.9%)
Cost of sales and service	318,517	190%	506,641	119%	976,299	32%	68%
Gross profit	(150,903)	(90%)	(79,729)	(19%)	453,489	89.3%	(117.6%)
Selling and administrative expenses	107,694	64%	118,658	28%	171,114	105.5%	30.7%
Profit before income tax and finance cost	(258,597)	(154%)	(198,387)	(46%)	302,228	37.1%	(165.6%)
Finance cost	44,172	26%	21,496	5%	10,485	318.4%	105.0%
Income tax expense (revenue)	(8,720)	(5%)	(2,084)	(0%)	45,766	37.1%	(104.6%)
Net profit (loss) for the year	(286,720)	(171%)	(209,085)	(49%)	245,977	37.1%	(185.0%)
NCI	2	0%	-	0%	508.00	0%	(100.0%)
Net profit for the year attributable to the Company	(286,718)	(171%)	(209,085)	(49%)	245,469	37.1%	(185.2%)

2021 Revenue Summary: The 60% drop in Revenue composed of:



- Siam Wellness Group Public Co.,Ltd (“SWG”), the operator of Spa Business, Revenue dropped 54%
- Siam Wellness Resort Co.,Ltd (“SWR”), the operator of RarinJinda Wellness Spa Resort and Deck1, Revenue dropped 2%
- Siam Wellness Lab Co.,Ltd (“SWL”), the operator of Spa Products Sale, Revenue decreased 4%. This is mainly from the decline in Retail Sales as a result of Spa closure and drop in Specialty Store Sales. However, the Company has increased its own online sales almost 200% compared to 2020.
- The SSG Stores Revenue dropped 54% compared to previous year.

In terms of Revenue by Brands, Let’s Relax’s Revenue dropped 43%, RarinJinda Wellness Spa’s Revenue dropped 2%, Baan Suan Massage Revenue dropped 6% and Other Brands’ Revenue dropped 3%.

In terms of Revenue by Locations, Bangkok branches’ Revenue dropped 35% and Upcountry branches’ Revenue dropped 19%.

Hotel & Restaurant Revenue dropped 2%. The Proportion of Hotel & Restaurant Revenue to the Company's 2021 Revenue is 6% as the Spa Business was highly impacted by COVID-19 Pandemic. However, The Occupancy Rate and Average Room Rate have dropped quite a lot.

The Proportion of Spa Product Revenue to the Company's Revenue grew from 14% to 17% even though the Sales in Spa Retail and Specialty Stores have dropped. Our Own Online Channels such as Line, Lazada, Shopee have significant growth.

Cost of Sales and Services

In 2021, the Company and subsidiaries had the cost of sales and services of 318.52 million baht, accounting for 190.03 % of sales and services' revenue. This is a decrease of 188.12 million baht from the same quarter of the previous year (or a decrease of 37.13%). The drop of Cost of Sales and Services was caused by the COVID-19 Global Pandemic resulting in lower variable costs such as Staff Cost, Raw Material Cost, Utilities. Company also managed its Cost of Sales and Services quite well such as negotiation on rental by lower the fixed rental rate or convert fixed rental rate to Revenue Proportion. However, Company also had to face other unavoidable costs such as Depreciation and Other Staff Costs resulting in Gross Loss in 2021.

Selling and Administrative Expenses and Interest Payment

In 2021, the Company and subsidiaries had the selling and administrative expenses of 151.87 million baht, accounted to 90.60% of the revenue from sales and services. This is an increase of 11.71 million baht from the same period last year (or an increase of 8.36%). This is mainly from the increase in Interest Payment from Loan in 2020-2021 and relief for the case where the lessor agrees to reduce the rent of the Federation of Accounting Professions. In addition, the Company has amortized assets and set up an allowance for impairment for 4 branches that are expected to close total 18 million baht. Company has conducted certain cost reducing measures including stringent staff and management cost and Management Pay-cut. Increasing overall expenses coupled with dramatic declines in revenues, causing the proportion of selling and administrative expenses to be higher when compared to the previous year.

Net Loss

In 2021, the Company and subsidiaries had the net loss of 286.72 million baht or accounted 171.06% of the revenue from sales and services. The net loss of the Company and subsidiaries increased 77.64 million baht from the same period last year (or an increase of 37.13%). compared to the same period last year. The is the result of COVID-19 Global Pandemic which cause no tourist arrivals to Thailand since March 2020, however the Company still has to bear unavoidable cost such as Rentals, Staff Costs, Depreciation. Thus, the Net Loss has increased. However, when looking at only the results in the 4th quarter, after the Reopening of business and during the high season, the net loss was significantly reduced compared to the previous quarter in 2021.

Statement of Financial Position

(Thousand Baht)										
Consolidated Financial Statements										
	2021	C/S	2020	C/S	2019	C/S	change 21 vs 20	%Change 21 vs 20	change 20 vs 19	%Change 20 vs 19
Assets										
Current assets										
Cash and cash equivalents	109,854	5%	114,526	4%	52,561	3%	(4,672)	(4%)	61,965	118%
Current investments	4	0%	4	0%	73,098	5%	-	0%	(73,094)	(100%)
Trade and other receivables	15,260	1%	21,775	1%	37,213	2%	(6,515)	(29.92%)	(15,438)	(41%)
Share return receivables-current portion	9,198	0%	9,462	0%	39,200	3%	(264)	(3%)	(29,738)	(76%)
Inventories	27,812	1%	40,298	2%	39,901	3%	(12,486)	(31%)	397	1%
Other current assets	8,371	0%	13,024	0%	14,824	1%	(4,653)	(36%)	(1,800)	(12%)
Non-current assets classified as held for sales	32,295	1%	32,295	1%	32,294	2%	-	0%	1	0%
Total current assets	202,794	9%	231,384	9%	289,091	19%	(28,590)	(12%)	(57,707)	(20%)
Non current assets										
Restricted deposits of financial institution	-	0%	5,159	0%	5,105	0%	(5,159)	(100%)	54	1%
Share return receivables-net of current portion	32,191	1%	32,587	1%	15,000	1%	(396)	(1%)	17,587	117%
Leasehold rights	-	0%	-	0%	9,264	1%	-	-	(9,264)	(100%)
Property plant and equipment	946,642	42%	1,074,588	41%	1,082,797	71%	(127,946)	(12%)	(8,209)	(1%)
Right-of-use assets	945,575	42%	1,169,556	44%	-	-	(223,981)	(19%)	1,169,556	-
Goodwill	24,536	1%	24,536	1%	24,536	2%	-	0%	-	0%
Intangible assets	8,005	0%	9,086	0%	9,139	1%	(1,081)	(12%)	(53)	(1%)
Deferred tax assets	1,187	0%	820	0%	723	0%	367	45%	97	13%
Deposits	73,050	3%	78,549	3%	79,466	5%	(5,499)	(7%)	(917)	(1%)
Advance payment for purchase of assets	16,981	1%	461	0%	-	-	16,520	3,584%	28%	4,359
Other non-current assets	6,876	0%	5,383	0%	1,024	0%	1,493	28%	4,359	426%
Total non-current assets	2,055,043	91%	2,400,725	91%	1,227,054	81%	(345,682)	(14%)	1,173,671	96%
Total assets	2,257,837	100%	2,632,109	100%	1,516,145	100%	(374,272)	(14%)	1,115,964	74%

As of 31 December 2021, The Company and Subsidiaries had a total asset of 2,257.84 million baht, a decrease of 374.27 million baht from 2020's Assets (a decrease of 14.22%) with details as followed:

- Cash and Cash Equivalent slightly decreased from 114.53 million baht to 109.85 million baht, a decrease of 4.08%) from receiving a new loan from a financial institution to support the situation of the Covid-19 epidemic amounting to 119.15 million baht and withdrawing a loan from the old line of 22 million baht during the cash burn expenses from the operation of about 90 million baht and the principal and interest on bank loans of 24 million baht.
- Trade and Other Receivables decreased from 21.78 million baht to 15.26 million baht (a decrease of 29.92%) resulting from normal operating activities such as Credit Terms to Agent and Overseas Franchisee as Company implemented cash on hand policy. In the Appendix, there were Trade Receivables due over 12 months total 9.81 million baht. The Company set up Allowance for Doubtful accounts of 9.58 million baht according to Accounting Policy and Management Decision. Debts of Trade Receivables over 3 months due have been partially collected.
- Receivables for Shares waiting for Repayment is 9.20 million baht from the Cancellation of Joint Investment in Chaba Elegance Co.,Ltd to the original shareholder. 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
- Property, plant and equipment are approximately 42% of Total Assets. The Value of Land, Building and Equipment slightly decreased from 2020's value from Depreciation.
- Right of Use Assets is 945.58 million baht or approximately 42% of Total Assets from TFRS16 Adoption in 2020 Financial Statements Reporting.

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 ongoing crisis, sufficient for debt repayment and operating activities.

(Thousand Baht)										
Consolidated Financial Statements										
	2021	C/S	2020	C/S	2019	C/S	change 21 vs 20	%Change 21 vs 20	change 20 vs 19	%Change 20 vs 19
Liabilities and shareholders' equity										
Current liabilities										
Bank overdrafts from financial institution	-	0%	-	0%	32	0%			(32)	(100%)
Short-term loans from and interest payable to related parties	-	0%	-	0%	4,616	0%			(4,616)	(100%)
Trade and other payables	37,039	2%	44,662	2%	96,718	6%	(7,623)	(17%)	(52,056)	(54%)
Current portion of long-term loans	114,469	5%	103,354	4%	80,200	5%	11,115	11%	23,154	29%
Current portion of lease liabilities	175,496	8%	169,179	6%			6,317.00	4%		
Current portion of liabilities under finance lease agreements	-	0%	-	0%	120	0%			169,059	140,883%
Income tax payable	317	0%	3,213	0%	24,829	2%	(2,896)	(90%)	(21,616)	(87%)
Advance received-current portion	45,140	2%	38,978	1%	28,922	2%	6,162	16%	10,056	35%
Other current liabilities	1,780	0%	1,770	0%	9,631	1%	10	1%	(7,861)	(82%)
Total current liabilities	374,241	17%	361,156	14%	245,068	16%	13,085	4%	116,088	47%
Non-current liabilities										
Long-term loans-net of current portion	407,166	18%	287,813	11%	80,167	5%	119,353	41%	207,646	259%
Lease liabilities-net of current portion	822,644	36%	1,028,672	39%			(206,028)	(20%)	1,028,672	
		0%		0%						
Liabilities under finance lease agreements-net of current portion	-	0%	-	0%	260	0%			(260)	(100%)
Advance received-net of current portion	5,989	0%	9,759	0%	12,161	1%	(3,770)	(39%)	(2,402)	(20%)
Provision for long term employee benefits	9,951	0%	10,124	0%	8,556	1%	(173)	(2%)	1,568	18%
Deferred tax liabilities	3,024	0%	11,744	0%	17,995	1%	(8,720)	(74%)	(6,251)	(35%)
Other non-current liabilities	16,330	1%	17,629	1%	19,999	1%	(1,299)	(7%)	(2,370)	(12%)
Total non-current liabilities	1,265,104	56%	1,365,741	52%	139,138	9%	(100,637)	(7%)	1,226,603	882%
Total liabilities	1,639,345	73%	1,726,897	66%	384,206	25%	(87,552)	(5.07%)	1,342,691	349%

As of 31 December 2021, The Company and Subsidiaries had a total liabilities of 1,639.35 million baht, a decrease of 87.55 million baht (a decrease of 5.07%) with details as followed:

- Trade and Other Payables are 37.04 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 521.64 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 998.14 million baht from the adoption of TFRS16 Rental Contracts in 2020 Financial Statements.

(Thousand Baht)										
Consolidated Financial Statements										
	2021	C/S	2020	C/S	2019	C/S	change 21 vs 20	%Change 21 vs 20	change 20 vs 19	%Change 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%	71,250	50%
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%	71,250	50%
Share premium	278,906	12%	278,906	11%	278,906	18%	-	0%	-	0%
Discount on business combination under common control	(46,226)	-2%	(46,226)	-2%	(46,226)	-3%	-	0%	-	0%
Retained earnings										
Appropriated- statutory reserve	17,399	1%	17,399	1%	16,381	1%	-	0%	1,018	6%
Unappropriated	64,093	3%	350,812	13%	649,804	43%	(286,719)	(82%)	(298,992)	(46%)
Other components of shareholders' equity	90,567	4%	90,567	3%	90,567	6%	-	0%	-	0%
Equity attributable to shareholders' of the company	618,489	27%	905,208	34%	1,131,932	75%	(286,719)	(32%)	(226,724)	(20%)
Non-controlling interests of the subsidiaries	3	0%	4	0%	7	0%	(1)	(25%)	(3)	(43%)
Total shareholders' equity	618,492	27%	905,212	34%	1,131,939	75%	(286,720)	(32%)	(226,727)	(20%)
Total liabilities and shareholders' equity	2,257,837	100%	2,632,109	100%	1,516,145	100%	(374,272)	(14%)	1,115,964	74%

As of 31 December 2021, The Company and Subsidiaries had a total equity of 618.49 million baht, a decrease of 286.72 million baht (a decrease of 31.67%) from the reported net loss.

Statement of Cash Flows

As of 31 December 2021, The Company and Subsidiaries had a total cash and cash equivalents of 109.85 million baht, a decrease of 4.67 million baht (a decrease of 4.08%) with major transactions as followed:

- Received a new loan from financial institutions to support the situation of the Covid-19 epidemic amounting to 119.15 million baht and withdrawing from the previous loan amount of 22 million baht.
- Loan and Interest Payment 24 million baht
- Payment of Company's Regular Operating Activities

Key Financial Ratio

Ratio	2021	2020	2019
Liquidity Ratio			
Current Ratio	0.54	0.64	1.18
Receivable turnover	9.05	14.47	46.00
Collection period (Days)	40	25	8
Inventory turnover	0.78	0.86	4.00
Holding period (Days)	460	417	97

- 2021 Current Ratio is 0.54, similar to 2020's. If exclude the adoption of TFRS16 Rental Contracts and Long-term Loan from Financial Institutions due within 1 year, 2021 the current ratio is 1.02.
- Receivable Turnover and Collection Period in 2021 increased slightly due to impact from COVID-19.
- Inventory Turnover and Holding Period in 2021 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). However, the increase in own online sales channel such as Shopee, Lazada and Line and additional promotions leads to shorter Holding Period. In 4Q21, the Holding Period reduced to 258 days.

Ratio	2021	2020	2019
Profitability Ratio			
Gross Profit Margin	-90.03%	-18.68%	32.00%
Net profit Margin	-171.06%	-48.98%	17.00%
Return on Asset	-11.73%	-10.08%	17.00%
Return on Equity	-37.63%	-21.00%	23.00%

- Profitability Ratio has significantly dropped significantly 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 2021.

Ratio	2021	2020	2019
Debt Management Ratio			
Debt to Equity Ratio	2.65	1.91	0.34
Interest coverage Ratio	(7.29)	(10.63)	26.40

- 2021 Debt to Equity Ratio is 2.65, an increase from 1.91 from previous year. The big increase is a result of lease liability within 1 year of expiry total 998.14 million baht after the adoption of TFRS16 Rental Contracts since 2020 Financial Statements. If exclude this, the Debt to Equity Ratio is 1.04 which is close to the Company's ceiling of 1.0. This allows Company to borrow more. The Company is confident that the Company has sufficient cash flow to support Regular Operating Activities.
- Interest Coverage Ratio 2021 is -7.29 as a result of reported Net Loss in 2021.

Key Summary of 2021

- 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 September 2021. On 1st July 2021, Phuket Sandbox Initiative was launched whereby our 5 branches (out of 8 branches) in Phuket opened. Full Spa Reopening started in October (Spas were closed for approximately 6 ½ months in 2021).
- As of 31 December 2021, Siam Wellness Group Public Company Limited had a total of 70 branches (65 domestic branches and 5 overseas branches) [As of 31 December 2020, the Company had a total of 70 branches (65 domestic branches and 5 overseas branches)].
- The Federation of Accounting Professions issues a guideline on leniency in cases where the lessor agrees to reduce the rent, without the need to follow the method of changing the lease if the specified conditions are met (The improvement of accounting standards in such matters was published in the Government Gazette on May 13, 2021). Receive a discount on the rental contract which meets the conditions under the above relief by choosing to recognize in the profit or loss part in the whole amount
- In 2021, the Company has expanded its Thai customer base by offering many promotions, to attract and maintain the Thai customer base as well as collaborating with other partners to attract new customer bases.

Please be informed accordingly,

Yours sincerely,

(Mr.Wiboon Utsahajit)

Siam Wellness Group Public Company Limited