SIAM

บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน) (สำนักงานใหญ่) เลขประจำตัวผู้เสียภาษีอากร 0107557000144

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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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SWG187/2564

November 12, 2021

Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for Year 2021

ended 30 September 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 Year 2021

 $ended\ 30\ September\ 2021 and\ to\ explicate\ the\ causes\ of\ performance\ that\ has\ changed\ more\ than\ 20\%\ from\ the\ same\ period$

 $last\ year.\ The\ Company\ and\ subsidiaries\ have\ the\ total\ revenue\ of\ 14.86\ million\ baht, a\ decrease\ of\ 61.91\ million\ baht\ from$

the same period last year (or a decrease of 80.65%). The net loss is 77.85 million baht, an increase of 22.90 million baht

from the same period last year. Net loss is accounted as 597.12% of sales and services' revenue. Details as below:

Summary of Quarter 3, 2021

Revenue

The Company and subsidiaries had total revenue in the 3Q21 of 14.86 million baht, a decrease of 61.91

million baht from same period last year (or a decrease of 80.65%). 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

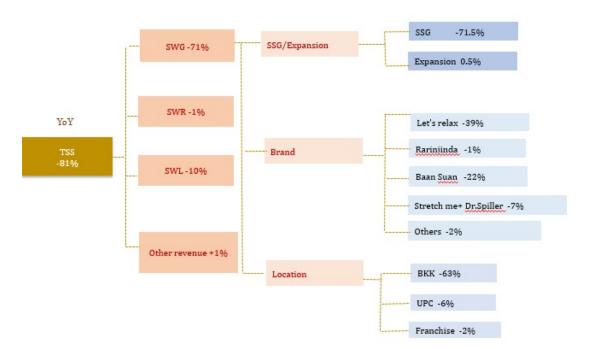
September 2021. On 1st July 2021, Phuket Sandbox Initiative was launched whereby our 5 branches (out of 8 branches) in

Phuket opened.

As of 30 September 2021, Company has 70 branches (65 domestic branches and 5 overseas branches). No new branch opening in 2021 yet. As of 30 September 2020, Company had 64 branches (59 domestic branches and 5 overseas branches)

							(Thous	ands Baht)
			The state of the state of	Opera	ating Results			
	Q3'21	1	Q3'20		Q3'19		Chg (%)	Chg (%)
				1			21 vs 20	20 vs 19
Revenue from sales and service	13,038		76,235		383,881		(82.9%)	(80.1%)
Other income	1,818		527		4,436		245.0%	(88.1%)
Total revenues	14,856		76,762		388,317		(80.6%)	(80.2%)
Cost of sales and service	55,779	428%	97,806	128%	256,268	67%	(43.0%)	(61.8%)
Gross profit	(42,741)	(328%)	(21,571)	(28%)	127,597	33%	98.1%	(116.9%)
Selling and administrative expenses	28,131	216%	30,366	40%	45,027	12%	(7.4%)	(32.6%)
Profit before income tax and finance cost	(70,872)	(544%)	(51,410)	(67%)	87,022	23%	37.9%	(159.1%)
Finance cost	10,964	84%	2,728	4%	3,062	1%	301.9%	(10.9%)
Income tax expense (revenue)	(2,164)	(17%)	813	1%	13,571	4%	(366.2%)	(94.0%)
Net profit (loss) for the year	(77,854)	(597%)	(54,951)	(72%)	70,389	18%	41.7%	(178.1%)
NCI	1	0%	-	0%	364.00	0%		(100.0%)
Net profit for the year attributable to the Company	(77,853)	(597%)	(54,951)	(72%)	70,025	18%	41.7%	(178.5%)

The overall Quarter 3 Revenue dropped 81% as specified:



- Siam Wellness Group Public Co.,Ltd ("SWG"), the operator of Spa Business, Revenue dropped 71%
- Siam Wellness Resort Co.,Ltd ("SWR"), the operator of RarinJinda Wellness Spa Resort and Deck One in Chiang Mai, Revenue dropped 1%.
- Siam Wellness Lab Co.,Ltd ("SWL") and subsidiary companies, the operator of Spa Products Sale, Revenue dropped 10 % as Sales in Specialty Stores dropped.
- Other Revenue increased 1%

The SSG Stores Revenue dropped 71.5% compared to previous year, where as Expansion Stores Revenue increased 0.5%

In terms of Revenue by Brands, Let's Relax's Revenue dropped 39%, RarinJinda Wellness Spa's Revenue decreased 1% and Baan Suan Massage's Revenue dropped 22%

In terms of Revenue by Locations, Bangkok branches' Revenue dropped 63% and Upcountry branches' Revenue dropped 6%.

Hotel & Restaurant Revenue decreased 1%. Although, the proportion of Hotel & Restaurant Revenue to Company's Revenue increased to 13%, 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 increased from 20% to 31% as a result of a drop in Specialty Stores Channel of the subsidiary companies of SWL.

Cost of Sales and Services

In the 3Q21, the Company and subsidiaries had the cost of sales and services of 55.78 million baht, accounting for to 427.82% of sales and services' revenue. This is a decrease of 42.05 million baht from the same quarter of the previous year (or a decrease of 43%). 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 3Q21.

Selling and Administrative Expenses

In the 3Q21, the Company and subsidiaries had the selling and administrative expenses of 39.10 million baht, accounted to 299.85% of the revenue from sales and services. This is an increase of 6.00 million baht from the same period last year (or an increase of 18.13%). This is mainly from the increased loan balance during the year 2020-21 and relief clause for the case where the lessor agrees to reduce the rental fee of the Federation of Accounting Professions, stringent staff cost management and Management Pay-cut as well as Provision of allowance for impairment debt for 4 branches that are expected to close and other expenses total approximately 9 million baht. The overall expenses decrease rate is lower than the overall revenue decrease rate, thereby the proportion of Selling and Administrative Expenses is slightly higher.

Net Loss

In the 3Q21, the Company and subsidiaries had the net loss of 77.85 million baht or accounted 597.12% of the revenue from sales and services. The net loss of the Company and subsidiaries increased 22.90 million baht (or an increase of 41.70%) 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

	Co	nsolidat	ed Financial	Statemen	ts					
							change	%Change	change	%Change
	Q3'21	C/S	2020	C/S	2019	C/S	Q3'21 vs 20	Q3'21 vs 20	20 vs 19	20 vs 19
Assets										
Current assets										
Cash and cash equivalents	116,361	5%	114,526	4%	52,561	3%	1,835	2%	61,965	118%
Current investments	4	0%	4	0%	73,098	5%	(0)	(0%)	(73,094)	(100%)
Trade and other receivables	6,560	0%	21,775	1%	37,213	2%	(15,215)	(70%)	(15,438)	(41%)
Share return receivables-current portion	9,263	0%	9,462	0%	39,200	3%	(199)	(2%)	(29,738)	(76%)
Inventories	30,609	1%	40,299	2%	39,901	3%	(9,690)	(24%)	398	1%
Other current assets	9,428	0%	13.024	0%	14.824	1%	(3,596)	(28%)	(1,800)	(12%)
Non-current assets classified as held for sales	32,295	1%	32,295	1%	32,294	2%	0	0%	1	0%
Total current assets	204,520	9%	231,385	9%	289,091	19%	(26,865)	(12%)	(57,706)	(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	31,892	1%	32,587	1%	15,000	1%	(695)	(2%)	17,587	117%
Leasehold rights	12	0%		0%	9,264	1%	0.0	#DIV/0!	(9,264)	(100%)
Property plant and equipment	976,495	42%	1,074,588	41%	1,082,797	71%	(98,093)	(9%)	(8,209)	(1%)
Right-of-use assets	983,131	42%	1,169,556	44%			(186,425)	(16%)	1,169,556	
Goodwill	24,536	1%	24,536	1%	24,536	2%	0	0%	(0)	(0%)
Intangible assets	7,800	0%	9,086	0%	9,139	1%	(1,286)	(14%)	(53)	(1%)
Deferred tax assets	1,216	0%	820	0%	723	0%	396	48%	97	13%
Deposits	73,981	3%	78,549	3%	79,466	5%	(4,568)	(6%)	(917)	(1%)
Advance payment for purchase of assets	4,631	0%	461	0%			4,170	905%		
Other non-current assets	6,435	0%	5,383	0%	1,024	0%	1,052	20%	4,359	426%
Total non-current assets	2,110,117	91%	2,400,724	91%	1,227,054	81%	(290,607)	(12%)	1,173,670	96%
Total assets	2.314.637	100%	2,632,109	100%	1.516.145	100%	(317,472)	(12%)	1.115.964	74%

As of 30 September 2021, The Company and Subsidiaries had a total asset of 2,314.64 million baht, a decrease of 317.47 million baht from 2020 (a decrease of 12.10%) with details as followed:

- Cash and Cash Equivalent slightly increased from 114.53 million baht to 116.36 million baht (an increase of 1.60%) from additional withdrawal of loan of 99.15 million baht and other Loan of 22 million baht in 2021 and cash burn from Operations approximately 82 million and Loan and Interest repayment 20 million baht
- Trade and Other Receivables decreased from 21.78 million baht to 6.56 million baht (a decrease of 69.87%) resulting from normal operating activities such as Credit Terms to Agent and Overseas Franchisee. In the Appendix, there were Trade Receivables due over 12 months total 8.96 million baht. The Company set up Allowance for Doubtful accounts of 7.99 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 9.26 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 983.13 million baht or approximately 42% 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.

	Cor	nsolidat	ed Financial S	tatement	S					
							change	%Change	change	%Change
	Q3'21	C/S	2020	C/S	2019	C/S	Q3'21 vs 20	Q3'21 vs 20	20 vs 19	20 vs 19
		~	i i							
Liabilities and shareholders' equity										
Current liabilities										
Bank overdrafts from financial institution	Te .	0%		0%	32	0%	L	#DIV/0!	(32)	(100%)
Short-term loans from and interest payable to related parties	150	0%	-	0%	4,616	0%	-	#DIV/0!	(4,616)	(100%)
Trade and other payables	37,243	2%	44,662	2%	96,718	6%	(7,419)	(17%)	(52,056)	(54%)
Current portion of long-term loans	85,156	4%	103,354	4%	80,200	5%	(18,198)	(18%)	23,154	29%
Current portion of lease liabilities	173,969	8%	169,179	6%			4,790	3%		#DIV/0!
Current portion of liabilities under finance lease agreements		0%			120	0%		#DIV/0!	169,059	140,882%
Income tax payable	123	0%	3,213	0%	24,829	2%	(3,090)	(96%)	(21,616)	(87%)
Advance received-current portion	41,757	2%	38,978	1%	28,922	2%	2,779	7%	10,056	35%
Other current liabilities	2,015	0%	1,770	0%	9,631	1%	245	14%	(7,861)	(82%)
Total current liabilities	340,263	15%	361,156	14%	245,068	16%	(20,893)	(6%)	116,088	47%
Non-current liabilities										
Long-term loans-net of current portion	416,479	18%	287,813	11%	80,167	5%	128,666	45%	207,646	259%
Lease liabilities-net of current portion	856,149	37%	1,028,672	39%			(172,523)	(17%)	1,028,672	
		0%					2 2	#DIV/0!		
Liabilities under finance lease agreements-net of current portion		0%		0%	260	0%	-	#DIV/0!	(260)	(100%)
Advance received-net of current portion	6,939	0%	9,759	0%	12,161	1%	(2,820)	(29%)	(2,402)	(20%)
Provision for long term employee benefits	9,593	0%	10,124	0%	8,556	1%	(531)	(5%)	1,568	18%
Deferred tax liabilities	4.371	0%	11,744	0%	17,995	1%	(7,373)	(63%)	(6,251)	(35%)
Other non- current liabilities	16,344	1%	17,629	1%	19,999	1%	(1.285)	(7%)	(2,370)	(12%)
Total non-current liabilities	1,309,875	57%	1,365,741	52%	139,138	9%	(55,866)	(4%)	1,226,603	882%
Total liabilities	1,650,138	71%	1,726,897	66%	384,206	25%	(76,759)	(4%)	1,342,691	349%

As of 30 September 2021The Company and Subsidiaries had a total liabilities of 1,650.14 million baht, a decrease of 76.76 million baht (a decrease of 4.44%) with details as followed:

- Trade and Other Payables are 37.24 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 501.64 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 1,030.12 million baht from the adoption of TFRS16 Rental Contracts in Financial Statements Reporting since 2020.

	Co	nsolidat	ed Financial S	tatemen	ts					
							change	%Change	change	%Change
	03'21	C/S	2020	C/S	2019	C/S	03'21 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%	71,250	50%
Issued and paid-up		i i								
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%	E.	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%)	(0)	0%
Retained earnings										
Appropriated- statutory reserve	17,399	1%	17,399	1%	16,381	1%	0	0%	1,018	6%
Unappropriated	110,100	5%	350,812	13%	649,804	43%	(240,712)	(69%)	(298,992)	(46%)
Other components of shareholders' equity	90,567	4%	90,567	3%	90,567	6%	(0)	(0%)	0	0%
Equity attributable to shareholders' of the company	664,496	29%	905,208	34%	1,131,932	75%	(240,712)	(27%)	(226,724)	(20%)
Non-controlling interests of the subsidiaries	3	0%	4	0%	7	0%	(1)	(25%)	(3)	(43%)
Total shareholders' equity	664,499	29%	905,212	34%	1,131,939	75%	(240,713)	(27%)	(226,727)	(20%)
Total liabilities and shareholders' equity	2,314,637	100%	2.632.109	100%	1.516.145	100%	(317,472)	(12%)	1,115,964	74%

As of 30 September 2021, The Company and Subsidiaries had a total equity of 664.50 million baht, a decrease of 240.71 million baht (a decrease of 25.59%) from the reported net loss.

Cash Flows Summary

As of 30 September 2021, The Company and Subsidiaries had a total cash and cash equivalents of 116.36 million baht, an increase of 1.84 million baht (an increase of 1.60%) with major transactions as followed:

- Granting of from additional withdrawal of loan of 99.15 million baht and other Loan of 22 million baht
- Loan and Interest repayment of 20 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	Q3'21	2020	2019
Liquidity Ratio			
Current Ratio	0.60	0.64	1.18
Receivable turnover	1	15	46
Collection period (Days)	88	25	8
Inventory turnover	0	1	4
Holding period (Days)	915	417	97

- 3Q21 Current Ratio is 0.60, similar to 2020's. Liabilities under lease agreement due within 1 year is 173.97 million baht after adoption of TFRS16 Rental Contracts since 2020. If exclude this, the current ration is 1.23.
- 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 3Q21 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	Q3'21	2020	2019
Profitability Ratio			
Gross Profit Margin	-328%	-19%	32%
Net profit Margin	-597%	-49%	17%
Return on Asset	-13%	-10%	17%
Return on Equity	-39%	-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 3Q21

Ratio	Q3'21	2020	2019
Debt Management Ratio			
Debt to Equity Ratio	2.5	1.9	0.3
Interest coverage Ratio	(7.90)	(11)	26

- 3Q21 Debt to Equity Ratio is 2.48 increased from 1.9 from previous year. The big increase is a result of lease liability within 1 year of expiry total 1,030.12 million baht after the adoption of TFRS16 Rental Contracts since 2020. If exclude this, the Debt to Equity Ratio is 0.93 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.

- 3Q21 Interest Coverage Ratio is -8 as a result of reported Net Loss in 3Q21.

Significant Events in 3Q21

- 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. On 1st July 2021, Phuket Sandbox Initiative

was launched whereby our Phuket branches have reopened.

- 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 3Q21.

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 third 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