

SWG 063/2567

November 12, 2024

Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for Year 2024 ended 30 September 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 Year 2024 ended 30 September 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 442.14 million baht, an increase of 53.10 million baht from the same period last year (or an increase of 13.65%). The net profit is 81.70 million baht, an increase of 0.2 million baht from the same period last year. Net profit is accounted as 19.24 % of sales and services’ revenue. Details as below:

#### Summary of Quarter 3, 2024

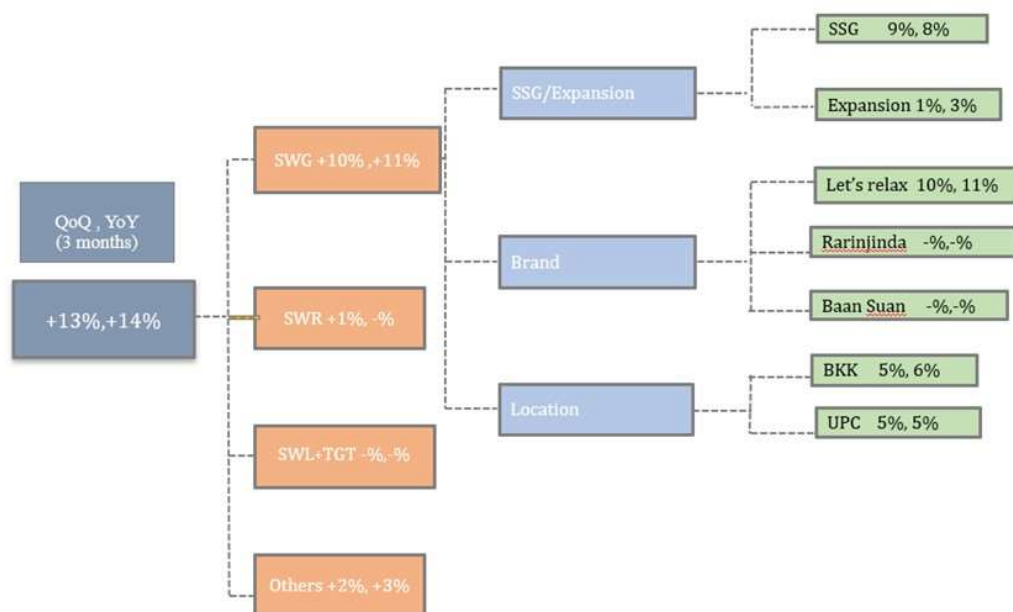
##### Revenue

The Company and subsidiaries had total revenue in the 3Q24 of 442.14 million baht, an increase of 53.10 million baht from same period last year (or an increase of 13.65%). Spa Business contributed to 88% of Total Revenue. Customers includes Thailand and tourists, especially Chinese Tourist. Moreover, there are new customers from the Middle East, Europe and India, etc.

As of 30 September 2024, Company has 77 branches (75 domestic branches and 2 overseas branches). There were 5 new branch openings of Let’s Relax, 1 new branch opening of Stretch me Clinic and 1 branch closure of domestic branches. As of 30 September 2023, Company had 70 branches (68 domestic branches and 5 overseas branches)

(Thousands Baht)							
Operating Results							
	Q3'24		Q3'23		Q3'22		Chg (%)
							24 vs 23
							23 vs 22
Revenue from sales and service	424,543		383,814		195,808		10.6%
Other income	17,595		5,222		2,102		236.9%
<b>Total revenues</b>	<b>442,138</b>		<b>389,036</b>		<b>197,910</b>		<b>13.6%</b>
Cost of sales and service	285,531	<b>67%</b>	261,039	<b>68%</b>	167,901	<b>86%</b>	9.4%
<b>Gross profit</b>	<b>139,012</b>	<b>33%</b>	<b>122,775</b>	<b>32%</b>	<b>27,907</b>	<b>14%</b>	<b>13.2%</b>
Selling and administrative expenses	47,363	<b>11%</b>	36,177	<b>9%</b>	32,500	<b>17%</b>	30.9%
<b>Profit before income tax and finance cost</b>	<b>91,649</b>	<b>22%</b>	<b>91,820</b>	<b>24%</b>	<b>(4,593)</b>	<b>(2%)</b>	<b>(0.2%)</b>
Share of loss from investment in joint venture	-	<b>0%</b>	257	<b>0%</b>	-	<b>0%</b>	(100.0%)
Finance cost	7,911	<b>2%</b>	10,107	<b>3%</b>	13,667	<b>7%</b>	(21.7%)
Income tax expense (revenue)	19,628	<b>5%</b>	(43)	<b>(0%)</b>	(1,174)	<b>(1%)</b>	(45,746.5%)
<b>Net profit (loss) for the year</b>	<b>81,705</b>	<b>19%</b>	<b>81,499</b>	<b>21%</b>	<b>(14,984)</b>	<b>(8%)</b>	<b>0.3%</b>
NCI	3	<b>0%</b>	1	<b>0%</b>	-	<b>0%</b>	200.0%
<b>Net profit for the year attributable to the Company</b>	<b>81,702</b>	<b>19%</b>	<b>81,498</b>	<b>21%</b>	<b>(14,984)</b>	<b>(8%)</b>	<b>0.3%</b>

The overall Quarter 3 Revenue increased 14% as specified:



- Siam Wellness Group Public Co.,Ltd (“SWG”), the operator of Spa Business, Revenue increased 11%
- Siam Wellness Resort Co.,Ltd (“SWR”), the operator of RarinJinda Wellness Spa Resort and Deck One in Chiang Mai and the restaurant management of ORB in Chiang Mai, Bangkok and Pattaya, Revenue is similar to previous period
- Siam Wellness Lab Co.,Ltd (“SWL”) and subsidiary companies, the operator of Spa Products Sale, Revenue is similar to previous period
- Other Revenue increased 3%

The SSG Stores Revenue increased 8% compared to previous year, where as Expansion Stores Revenue increased 3%

In terms of Revenue by Brand, Let’s Relax’s Revenue increased 11% ,

In terms of Revenue by Locations, Bangkok branches' Revenue increased 6% and Upcountry branches' Revenue increased 5%.

#### Cost of Sales and Services

In the 3Q24, the Company and subsidiaries had the cost of sales and services of 285.53 million baht, accounting for to 67.26% of sales and services' revenue. This is an increase of 24.49 million baht from the same quarter of the previous year (or an increase of 9.38%). The increase was mainly due to the increase in revenue, causing higher variable costs such as therapist labor cost, raw materials cost, utility cost and maintenance cost. In addition, some fixed expenses also increased, such as salary expenses, rental expenses (fixed and variable) and amortization of right-of-use assets from the adoption of TFRS16 on Leases since 2020, which such amortization must be recognized from the date of the lease agreement. The Gross Profit Ratio is 32.74% which is equivalent to the Pre-COVID 19 level.

#### Selling and Administrative Expenses

In the 3Q24, the Company and subsidiaries had the selling and administrative expenses of 55.27 million baht, accounted to 13.02% of the revenue from sales and services. This is an increase of 8.99 million baht from the same period last year. Even though income has increased greatly, but the company can manage selling and administrative expenses very well. Selling and administrative expenses increased by 11.19 million baht, which includes one-time expense from one branch closure total 5 million baht. Interest expenses decreased by 2.2 million baht, from loan repayment before maturity.

#### Net Profit

In the 3Q24, the Company and subsidiaries had a net profit of 81.70 million baht, accounting for 19.24 percent of revenue from sales and services, which the net profit of the Company and its subsidiaries increased slightly compared to the previous year because in 2024, it started recording corporate income tax as usual. Corporate income tax in the third quarter was 19.63 million baht (in 2023, there was a tax credit from the accumulated losses during COVID-19). However, if considering the profit before corporate income tax, the Company's net profit would increase from 81.46 million baht to 101.33 million baht, an increase of 19.88 million baht or 24.40%.

## Balance Sheet Summary

Consolidated Financial Statements						
						(Thousand)
	2024	C/S	2023	C/S	change	%Change
					24 vs 23	24 vs 23
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	259,759	13%	252,305	13%	7,454	2.95%
Trade and other receivables	24,912	1%	29,580	1%	(4,668)	(15.78%)
Lease receivable-current portion	0	0%	55	0%	(55)	(100.00%)
Share return receivables-current portion	20,000	1%	26,295	1%	(6,295)	(23.94%)
Inventories	49,021	2%	43,076	2%	5,945	13.80%
Other current assets	28,824	1%	12,084	1%	16,740	138.53%
<b>Total current assets</b>	<b>382,516</b>	<b>18%</b>	<b>363,395</b>	<b>18%</b>	<b>19,121</b>	<b>5.26%</b>
<b>Non current assets</b>						
Lease receivable-net of current portion	0	0%	178	0%	(178)	(100.00%)
Share return receivables-net of current portion	9,342	0%	8,526	0%	816	9.57%
Investment in joint venture	3,531	0%	4,196	0%	(665)	(15.85%)
Property plant and equipment	987,464	48%	953,806	48%	33,658	3.53%
Right-of-use assets	540,029	26%	470,937	24%	69,092	14.67%
Goodwill	24,536	1%	24,536	1%	-	0.00%
Intangible assets	5,795	0%	5,627	0%	168	2.99%
Deferred tax assets	2,047	0%	46,523	2%	(44,476)	(95.60%)
Deposits	80,968	4%	80,916	4%	52	0.06%
Advance payment for purchase of assets	30,593	1%	10,998	1%	19,595	178.17%
Other non-current assets	3,863	0%	3,380	0%	483	14.29%
<b>Total non-current assets</b>	<b>1,688,168</b>	<b>82%</b>	<b>1,609,623</b>	<b>82%</b>	<b>78,545</b>	<b>4.88%</b>
<b>Total assets</b>	<b>2,070,684</b>	<b>100%</b>	<b>1,973,018</b>	<b>100%</b>	<b>97,666</b>	<b>4.95%</b>

As of 30 September 2024, The Company and Subsidiaries had a total asset of 2,070.68 million baht, an increase of 97.67 million baht from 2023 (an increase of 4.95%) with details as followed:

- Cash and Cash Equivalent increased from 252.31 million baht to 259.76 million baht (an increase of 2.95%)  
In addition to operating expenses, the Company repaid loans before maturity, paid dividends, and invested in expanding branches opened during the year.
- Trade and Other Receivables slightly decreased from 29.58 million baht to 24.91 million baht (a decrease of 15.78%) resulting from normal operating activities such as Credit Terms to Agent and Franchisee. Urgent Collection is on process. In the Appendix, there were Trade Receivables due over 12 months total 7.92 million baht. The Company set up Allowance for Doubtful accounts under Management's discretion. Debts of Trade Receivables over 3 months due is under urgent collection process
- Receivable from shares waiting to be repaid in the amount of 29.34 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. Chaba has repaid some amount
- Land, Buildings and Equipment are approximately 48% 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 decreased from branch expansion deducts depreciation
- Right of Use Assets is 540.03 million baht or approximately 26% of Total Assets from TFRS16 Adoption in Financial Statements Reporting since 2020

Consolidated Financial Statements						
						(Thousand)
				change		%Change
	2024	C/S	2023	C/S	24 vs 23	24 vs 23
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Trade and other payables	124,085	6%	123,699	6%	386	0.31%
Current portion of long-term loans	26,658	1%	42,744	2%	(16,086)	(37.63%)
Current portion of lease liabilities	148,911	7%	142,926	7%	5,985	4.19%
Income tax payable	17	0%	459	0%	(442)	(96.30%)
Advance received-current portion	46,638	2%	55,902	3%	(9,264)	(16.57%)
Other current liabilities	10,065	0%	9,822	0%	243	2.47%
<b>Total current liabilities</b>	<b>356,374</b>	<b>17%</b>	<b>375,552</b>	<b>19%</b>	<b>(19,178)</b>	<b>(5.11%)</b>
<b>Non-current liabilities</b>						
Long-term loans-net of current portion	0	0%	70,952	4%	(70,952)	(100.00%)
Long-term loans from related parties	100,000	5%	200,000	10%	(100,000)	(50.00%)
Lease liabilities-net of current portion	471,489	23%	400,793	10%	70,696	17.64%
		0%				
Advance received-net of current portion	-	0%	-	0%	-	
Provision for long term employee benefits	4,933	0%	5,009	0%	(76)	(1.52%)
Deferred tax liabilities	7,614	0%	-	0%	7,614	
Other non-current liabilities	23,716	1%	19,573	1%	4,143	21.17%
<b>Total non-current liabilities</b>	<b>607,752</b>	<b>29%</b>	<b>696,327</b>	<b>35%</b>	<b>(88,575)</b>	<b>(12.72%)</b>
<b>Total liabilities</b>	<b>964,126</b>	<b>47%</b>	<b>1,071,879</b>	<b>54%</b>	<b>(107,753)</b>	<b>(10.05%)</b>

As of 30 September 2024, The Company and Subsidiaries had a total liabilities of 964.13 million baht, a decrease of 107.75 million baht (a decrease of 10.05%) with details as followed:

- Trade and Other Payables are 124.09 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 and from related entity, both due within 1 year and more than 1 year, is 126.66 million baht, a decrease of 187.04 million baht as a result of the use of excess cash flow to repay debt to reduce the financial costs. Loan from Financial Institutions 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 620.40 million baht from the adoption of TFRS16 Rental Contracts in Financial Statements Reporting since 2020

Consolidated Financial Statements						
						(Thousand)
				change		
	2024	C/S	2023	C/S	24 vs 23	%Change
<b>Share capital</b>						
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%	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%	106,875	50.00%
Share premium	278,906	13%	278,906	14%	-	0.00%
Discount on business combination under common control	(46,226)	-2%	(46,226)	-2%	-	0.00%
Retained earnings						
Appropriated- statutory reserve	21,375	1%	21,375	1%	-	0.00%
Unappropriated	406,494	20%	307,949	16%	98,545	32.00%
Other components of shareholders' equity	125,378	6%	125,378	6%	-	0.00%
Equity attributable to shareholders' of the company	1,106,552	53%	901,132	46%	205,420	22.80%
Non-controlling interests of the subsidiaries	6	0%	7	0%	(1)	(14.29%)
<b>Total shareholders' equity</b>	<b>1,106,558</b>	<b>53%</b>	<b>901,139</b>	<b>46%</b>	<b>205,419</b>	<b>22.80%</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,070,684</b>	<b>100%</b>	<b>1,973,018</b>	<b>100%</b>	<b>97,666</b>	<b>4.95%</b>

As of 30 September 2024, The Company and Subsidiaries had a total equity of 1,106.56 million baht, an increase of 205.42 million baht (an increase of 10.05%) from the increase in registered capital and reported net profit deducted interim dividend.

#### Cash Flows Summary

As of 30 September 2024, The Company and Subsidiaries had a total cash and cash equivalents of 259.76 million baht, an increase of 7.45 million baht (an increase of 2.95%) In addition to operating expenses, the Company manages cash flow by repaying long-term loans early, paying dividends and expanding branches to be opened during the year. The Company believes that the amount of cash on hand is sufficient to repay loans under the terms and conditions and to conduct the Company's operations within 1 year, if there is no event that has a material impact on the Company.

#### Key Financial Ratio

Ratio	Q3'24	2023	2022
<b>Liquidity Ratio</b>			
Current Ratio	1.07	0.97	0.53
Receivable turnover	15.58	48.42	31.33
Collection period (Days)	6	7	11
Inventory turnover	0.39	1.64	1.74
Holding period (Days)	236	220	207

- 3Q24 Current Ratio is 1.07, increase from 2023's. Liabilities under lease agreement due within 1 year is 148.91 million baht after adoption of TFRS16 Rental Contracts since 2020. If exclude this, the current ratio is 1.84
- Receivable Turnover and Collection Period slightly decreased from 2023's as a result of the urgent collection process policy

- Inventory Turnover and Holding Period in 3Q24 is slightly higher since the company purchases goods and raw materials for use in products with a longer shelf life and has to purchase in large quantities to reduce costs, the remaining inventory increases and the holding period increases.

Ratio	Q3'24	2023	2022
<b>Profitability Ratio</b>			
Gross Profit Margin	32.74%	30.15%	11.31%
Net profit Margin	19.24%	22.97%	-12.38%
Return on Asset	18.11%	15.12%	-3.76%
Return on Equity	38.27%	45.18%	-14.83%

- Profitability Ratio has significantly improved as a result of Business Turnaround with higher revenue from both local and foreign customers, efficient cost and expenses management. Some ratios slightly decreased due to tax loss carry forward last year.

Ratio	Q3'24	2023	2022
<b>Debt Management Ratio</b>			
Debt to Equity Ratio	0.87	1.41	3.25
Interest coverage Ratio	11.81	7.40	(2.77)

- 3Q24 Debt to Equity Ratio is 0.87 decreased from 1.41 from previous year mainly from loan repayment, the increase in shareholder's equity from increase in Registered Capital and Reported Net Profit deducted Dividend. The lease liability within 1 year of expiry total 620.40 million baht after the adoption of TFRS16 Rental Contracts since 2020. If exclude this, the Debt to Equity Ratio is 0.31
- 3Q24 Interest Coverage Ratio is 11.81, an increase from 7.40 as a result of reported Net Profit and lower interest payment

Please be informed accordingly,

Yours sincerely,

(Mr.Wiboon Utsahajit)

Siam Wellness Group Public Company Limited