



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน) (สำนักงานใหญ่) เลขประจำตัวผู้เสียภาษีอากร 0107557000144

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

SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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May 13, 2022

Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the 3 months period ended 31 March 2022 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 (“1Q22”) ended 31 March 2022 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 114.13 million baht, an increase of 57.86 million baht from the same period last year (or an increase of 102.82%). The net loss is 57.44 million baht, a decrease of 18.57 million baht from the same period last year. Net loss is accounted as 52.20% of sales and services’ revenue.

Summary of Quarter 1, 2022

Revenue

The Company and subsidiaries had total revenue in the 1Q22 of 114.13 million baht, an increase of 57.86 million baht from same period last year (or an increase of 102.82%). The big proportion of revenue comes from the spa business, which accounted to 60% of the total revenue as detailed below:

As of 31 March 2022, Company has 67 branches (62 domestic branches and 5 overseas branches). Two new branches opening and 5 branches closure. As of 31 March 2021, Company had 70 branches (65 domestic branches and 5 overseas branches).

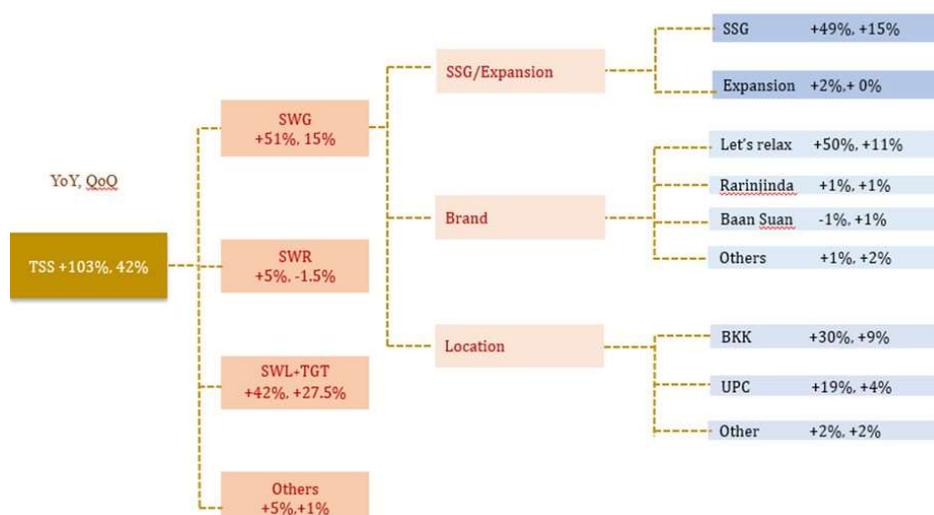
The increase in revenue was due to the government's easing measures to control the spread of the COVID-19 from the 3rd quarter of 2021 to the present. Although the Omicron variant spread in Thailand in early 2022, Thai people are more confident in using spa services due to the vaccination coverage. Moreover, the company's ATK measures those customers check before receiving the service every time and branch employees must check ATK every day, as well as other safety measures that the company takes care of customers helps increase customer confidence in using our services. However, tourists, which are the main customers of the company, still unable to travel. As a result, revenues are still affected when compared to normal events.

In addition, the company has found new source of revenue generation, which is considered very successful in the first quarter of 2022, the import of Goldsite Saliva ATK to sell during the Covid-19 Omicron Variant Spread, causing the company to have an additional income of 27 million baht.

The Overview of Quarter 1 Revenue

| (Thousands Baht) | | | | | | | | |
|--|-----------------|--------------|-----------------|---------------|----------------|-------------|---------------------|---------------------|
| Operating Results | | | | | | | | |
| | Q1'22 | | Q1'21 | | Q1'20 | | Chg (%) 22 vs 21 | Chg (%) 21 vs 20 |
| Revenue from sales and service | 110,021 | | 55,020 | | 237,825 | | 100.0% | (76.9%) |
| Other income | 4,108 | | 1,251 | | 5,743 | | 228.4% | (78.2%) |
| Total revenues | 114,129 | | 56,271 | | 243,568 | | 102.8% | (76.9%) |
| Cost of sales and service | 129,153 | 117% | 98,256 | 179% | 200,700 | 84% | 31.4% | (51.0%) |
| Gross profit | (19,132) | (17%) | (43,236) | (79%) | 37,125 | 16% | (55.7%) | (216.5%) |
| Selling and administrative expenses | 28,855 | 26% | 25,359 | 46% | 30,295 | 13% | 13.8% | (16.3%) |
| Profit before income tax and finance cost | (47,987) | (44%) | (68,595) | (125%) | 12,573 | 5% | (30.0%) | (645.6%) |
| Finance cost | 10,409 | 9% | 11,044 | 20% | 8,580 | 4% | (5.7%) | 28.7% |
| Income tax expense (revenue) | 3,148 | 3% | (2,384) | (4%) | (357) | (0%) | (232.0%) | 567.8% |
| Net profit (loss) for the year | (57,436) | (52%) | (76,004) | (138%) | 4,350 | 2% | (24.4%) | (1,847.2%) |
| NCI | - | 0% | 1 | 0% | - | | | 0% |
| Net profit for the year attributable to the Company | (57,436) | (52%) | (76,003) | (138%) | 4,350 | 2% | (24.4%) | (1,847.2%) |

The Analysis of Quarter 1 Revenue



The overall Quarter 1 Revenue increased 102.82% 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 51%
- Siam Wellness Resort Co.,Ltd (“SWR”), the operator of RarinJinda Wellness Spa Resort and Deck One in Chiang Mai, Revenue increased 5%
- Siam Wellness Lab Co.,Ltd (“SWL”), the operator of Spa Products Sale, Revenue increased 42% with Goldsite ATK being the main contributor
- Other Revenue increased 5%

The SSG Stores Revenue increased 49% compared to previous year, whereas Expansion Stores Revenue increased 2%

In terms of Revenue by Brands, Let’s Relax’s Revenue increased 50%, RarinJinda Wellness Spa’s Revenue increased 1% and Baan Suan Massage Revenue dropped 1%.

In terms of Revenue by Locations, Bangkok branches’ Revenue increased 30% and Upcountry branches’ Revenue increased 19%.

Hotel & Restaurant Revenue increased 5%. The Proportion of Hotel & Restaurant Revenue to the Company’s Revenue is similar between 1Q21 and 1Q22. The Occupancy Rate and ADR increased slightly.

The Proportion of Spa Product Revenue to the Company’s increased from 13% in 1Q21 to 32% in 1Q22 with Goldsite ATK being the main contributor and Promotional Campaign in Online Channels

Cost of Sales and Services

In the 1Q22, the Company and subsidiaries had the cost of sales and services of 129.15 million baht, accounting for to 117.39% of sales and services’ revenue. This is an increase of 30.90 million baht from the same quarter of the previous year (or an increase of 31.45%). The increase was mainly due to lower rental discounts received during the period. As most landlords saw that the situation was starting to improve in a better direction, they began to charge or give a discount at a lower rate while other variable costs from the reopening of the service increased, such as raw material costs, therapist salary as well as other staff expenses and company still have to bear other fixed costs such as depreciation. As a result, there is still a gross loss in 1Q22.

SG&A and Interest Expenses

In the 1Q22, the Company and subsidiaries had the selling and administrative expenses of 39.26 million baht, accounted to 35.69% of the revenue from sales and services. This is an increase of 2.86 million baht from the same period last year (or an increase of 7.86%). This is mainly from the write-off of branch closure such as

Baan Suan Udon Thani and Let's Relax Ibis Hotel approximately 4 million baht. Other expenses are similar to previous period. Company has managed the Selling and Administrative Expenses quite well.

Net Loss

In the 1Q22, the Company and subsidiaries had the net loss of 57.44 million baht or accounted 52.20% of the revenue from sales and services. The net loss of the Company and subsidiaries decreased 18.57 million baht (or a decrease of 24.43%) compared to the same period last year. The lower loss was mainly due to higher sales due to the easing of the COVID-19 and Thai customers are more confident in returning to use the service as most of them have been vaccinated together with the Company's respectable safety standards. The company also managed costs and other expenses quite efficiently.

Balance Sheet Summary

| (Thousand Baht) | | | | | | | | | | |
|---|------------------|-------------|------------------|-------------|------------------|-------------|--------------------|---------------------|--------------------|---------------------|
| Consolidated Financial Statements | | | | | | | | | | |
| | Q1'22 | C/S | 2021 | C/S | 2020 | C/S | change 22 vs 21 | %Change 22 vs 21 | change 21 vs 20 | %Change 21 vs 20 |
| Assets | | | | | | | | | | |
| Current assets | | | | | | | | | | |
| Cash and cash equivalents | 85,454 | 4% | 109,854 | 5% | 114,526 | 4% | (24,400) | (22.21%) | (4,672) | (4%) |
| Current investments | 4 | 0% | 4 | 0% | 4 | 0% | - | 0% | - | 0% |
| Trade and other receivables | 19,901 | 1% | 15,260 | 1% | 21,775 | 1% | 4,641 | 30.41% | (6,515) | (30%) |
| Share return receivables-current portion | 9,134 | 0% | 9,197 | 0% | 9,462 | 0% | (63) | (1%) | (265) | (3%) |
| Inventories | 25,741 | 1% | 27,812 | 1% | 40,298 | 2% | (2,071) | (7%) | (12,486) | (31%) |
| Other current assets | 18,125 | 1% | 8,371 | 0% | 13,024 | 0% | 9,754 | 117% | (4,653) | (36%) |
| Non-current assets classified as held for sales | 32,295 | 1% | 32,295 | 1% | 32,295 | 1% | - | 0% | - | 0% |
| Total current assets | 190,654 | 9% | 202,793 | 9% | 231,384 | 9% | (12,139) | (6%) | (28,591) | (12%) |
| Non current assets | | | | | | | | | | |
| Restricted deposits of financial institution | - | 0% | - | 0% | 5,159 | 0% | - | #DIV/0! | (5,159) | (100%) |
| Share return receivables-net of current portion | 31,746 | 1% | 32,192 | 1% | 32,587 | 1% | (446) | (1%) | (395) | (1%) |
| Property plant and equipment | 975,669 | 44% | 946,642 | 42% | 1,074,588 | 41% | 29,027 | 3% | (127,946) | (12%) |
| Right-of-use assets | 886,560 | 40% | 945,575 | 42% | 1,169,556 | 44% | (59,015) | (6%) | (223,981) | (19%) |
| Goodwill | 24,536 | 1% | 24,536 | 1% | 24,536 | 1% | - | 0% | - | 0% |
| Intangible assets | 7,500 | 0% | 8,005 | 0% | 9,086 | 0% | (505) | (6%) | (1,081) | (12%) |
| Deferred tax assets | 1,179 | 0% | 1,187 | 0% | 820 | 0% | (8) | (1%) | 367 | 45% |
| Deposits | 73,468 | 3% | 73,050 | 3% | 78,549 | 3% | 418 | 1% | (5,499) | (7%) |
| Advance payment for purchase of assets | 4,600 | 0% | 16,980 | 1% | 461 | 0% | (12,380) | (73%) | 16,519 | 3,583% |
| Other non-current assets | 6,297 | 0% | 6,876 | 0% | 5,383 | 0% | (579) | (8%) | 1,493 | 28% |
| Total non-current assets | 2,011,555 | 91% | 2,055,043 | 91% | 2,400,725 | 91% | (43,488) | (2%) | (345,682) | (14%) |
| Total assets | 2,202,209 | 100% | 2,257,836 | 100% | 2,632,109 | 100% | (55,627) | (2.46%) | (374,273) | (14%) |

As of 31 March 2022, The Company and Subsidiaries had a total asset of 2,202.21 million baht, a decrease of 55.63 million baht (a decrease of 2.46%) with details as followed:

- Cash and Cash Equivalent decreased from 109.85 million baht to 85.45 million baht (a decrease of 22.21%) from additional withdrawal of Loan of 35 million baht, Cash burn from Operations, Interest payment and Investment in New branches
- Trade and Other Receivables increased from 15.26 million baht to 19.90 million baht (an increase of 30.41%) resulting from normal operating activities such as Credit Terms to Agent and Franchisee. In the Appendix, there were Trade Receivables due over 12 months total 11.27 million baht. The Company set

up Allowance for Doubtful accounts of 9.04 million baht according to Accounting Policy and Management Decision. Debts of Trade Receivables due is under urgent collection process

- Share return receivables from the Sell of Chaba Elegance Co.,Ltd to the existing shareholders is 9.13 million baht
- Non-Current Asset held for Sale is 32.29 million baht from Company's Property on sale
- Land, Buildings and Equipment are approximately 44% 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 increased from new branches expansion approximately 60 million and depreciation during the period
- Right of Use Assets is 886.56 million baht or approximately 40% 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 restriction of incoming arrivals of foreign tourists, company's main source of customers. The Company has mitigated this risk by expand into new related business to attract Thai customers, find new revenue generating sources such as import of Goldsite ATK and increase sales of spa products in online channels. The Company also give importance in maintaining its cash flow during this crisis, sufficient for debt repayment and operating activities around 1 year.

| (Thousand Baht) | | | | | | | | | | |
|---|------------------|------------|------------------|------------|------------------|------------|--------------------|---------------------|--------------------|---------------------|
| Consolidated Financial Statements | | | | | | | | | | |
| | Q1'22 | C/S | 2021 | C/S | 2020 | C/S | change 22 vs 21 | %Change 22 vs 21 | change 21 vs 20 | %Change 21 vs 20 |
| Liabilities and shareholders' equity | | | | | | | | | | |
| Current liabilities | | | | | | | | | | |
| Trade and other payables | 57,104 | 3% | 37,039 | 2% | 44,662 | 2% | 20,065 | 54% | (7,623) | (17%) |
| Current portion of long-term loans | 46,906 | 2% | 114,469 | 5% | 103,354 | 4% | (67,563) | (59%) | 11,115 | 11% |
| Current portion of lease liabilities | 172,388 | 8% | 175,496 | 8% | 169,179 | 6% | (3,108) | (2%) | 6,317 | 4% |
| Income tax payable | 2,251 | 0% | 316 | 0% | 3,213 | 0% | 1,935 | 612% | (2,897) | (90%) |
| Advance received-current portion | 49,440 | 2% | 45,140 | 2% | 38,978 | 1% | 4,300 | 10% | 6,162 | 16% |
| Other current liabilities | 2,776 | 0% | 1,780 | 0% | 1,770 | 0% | 996 | 56% | 10 | 1% |
| Total current liabilities | 330,865 | 15% | 374,240 | 17% | 361,156 | 14% | (43,375) | (12%) | 13,084 | 4% |
| Non-current liabilities | | | | | | | | | | |
| Long-term loans-net of current portion | 509,729 | 23% | 407,166 | 18% | 287,813 | 11% | 102,563 | 25% | 119,353 | 41% |
| Lease liabilities-net of current portion | 767,644 | 35% | 822,644 | 36% | 1,028,672 | 39% | (55,000) | (7%) | (206,028) | (20%) |
| Advance received-net of current portion | 5,203 | 0% | 5,989 | 0% | 9,759 | 0% | (786) | (13%) | (3,770) | (39%) |
| Provision for long term employee benefits | 10,300 | 0% | 9,951 | 0% | 10,124 | 0% | 349 | 4% | (173) | (2%) |
| Deferred tax liabilities | 4,136 | 0% | 3,025 | 0% | 11,744 | 0% | 1,111 | 37% | (8,719) | (74%) |
| Other non-current liabilities | 13,276 | 1% | 16,329 | 1% | 17,629 | 1% | (3,053) | (19%) | (1,300) | (7%) |
| Total non-current liabilities | 1,310,288 | 59% | 1,265,104 | 56% | 1,365,741 | 52% | 45,184 | 4% | (100,637) | (7%) |
| Total liabilities | 1,641,153 | 75% | 1,639,344 | 73% | 1,726,897 | 66% | 1,809 | 0.11% | (87,553) | (5%) |

As of 31 March 2022 The Company and Subsidiaries had a total liabilities of 1,641.15 million baht, an increase of 1.81 million baht (an increase of 0.11%) with details as followed:

- Trade and Other Payables are 57.10 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 556.63 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 (Loan from Financial

Institutions, both due within 1 year decreased from 114.47 million baht to 46.91 million baht the bank has extended the waive for another year)

- Liabilities under the lease agreement, both due within a year and more than 1 year, is 940.03 million baht from the adoption of TFRS16 Rental Contracts in Financial Statements Reporting since 2020

| (Thousand Baht) | | | | | | | | | | |
|--|------------------|-------------|------------------|-------------|------------------|-------------|--------------------|---------------------|--------------------|---------------------|
| Consolidated Financial Statements | | | | | | | | | | |
| | Q1'22 | C/S | 2021 | C/S | 2020 | C/S | change 22 vs 21 | %Change 22 vs 21 | change 21 vs 20 | %Change 21 vs 20 |
| 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 | 10% | 213,750 | 9% | 213,750 | 8% | - | 0% | - | 0% |
| 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 | 10% | 213,750 | 9% | 213,750 | 8% | - | 0% | - | 0% |
| Share premium | 278,906 | 13% | 278,906 | 12% | 278,906 | 11% | - | 0% | - | 0% |
| Discount on business combination under common control | (46,226) | -2% | (46,226) | -2% | (46,226) | -2% | - | 0% | - | 0% |
| Retained earnings | | | | | | | | | | |
| Appropriated- statutory reserve | 17,399 | 1% | 17,399 | 1% | 17,399 | 1% | - | 0% | - | 0% |
| Unappropriated | 6,657 | 0% | 64,093 | 3% | 350,812 | 13% | (57,436) | (90%) | (286,719) | (82%) |
| Other components of shareholders' equity | 90,567 | 4% | 90,567 | 4% | 90,567 | 3% | - | 0% | - | 0% |
| Equity attributable to shareholders' of the company | 561,053 | 25% | 618,489 | 27% | 905,208 | 34% | (57,436) | (9%) | (286,719) | (32%) |
| Non-controlling interests of the subsidiaries | 3 | 0% | 3 | 0% | 4 | 0% | - | 0% | (1) | (25%) |
| Total shareholders' equity | 561,056 | 25% | 618,492 | 27% | 905,212 | 34% | (57,436) | (9%) | (286,720) | (32%) |
| Total liabilities and shareholders' equity | 2,202,209 | 100% | 2,257,836 | 100% | 2,632,109 | 100% | (55,627) | (2%) | (374,273) | (14%) |

As of 31 March 2022, The Company and Subsidiaries had a total equity of 561.06 million baht, a decrease of 57.44 million baht (a decrease of 9.29%) from the reported net loss.

Cash Flows Summary

As of 31 March 2022, The Company and Subsidiaries had a total cash and cash equivalents of 85.45 million baht, a decrease of 24.40 million baht (a decrease of 22.21%) with details as followed:

- Granting of Loan 35 million baht and interest repayment of 3.5 million baht
- Payment for Normal Operating Activities

Key Financial Ratio

| Ratio | Q1'22 | 2021 | 2020 |
|--------------------------|-------|------|-------|
| Liquidity Ratio | | | |
| Current Ratio | 0.58 | 0.54 | 0.64 |
| Receivable turnover | 6.26 | 9.05 | 14.47 |
| Collection period (Days) | 14 | 40 | 25 |
| Inventory turnover | 0.90 | 0.78 | 0.86 |
| Holding period (Days) | 100 | 460 | 417 |

- 1Q22 Current Ratio is 0.58, an increase from 0.54 in 2021. This is mainly from the decrease of Cash and Cash Equivalents of 24.40 million baht, the increase in Current Assets of 9.75 million baht and the decrease

of long term loan of 67.56 million baht. If exclude the effect from the adoption of TFRS16 Rental Contracts, the current ratio is 1.20

- Receivable Turnover and Collection Period decreased from 40 days in 2020 to 14 days from strictly company's collection policy
- Inventory Turnover and Holding Period in 1Q22 decreased due to Promotional Campaigns

| Ratio | Q1'22 | 2021 | 2020 |
|----------------------------|---------|----------|---------|
| Profitability Ratio | | | |
| Gross Profit Margin | -17.39% | -90.03% | -18.68% |
| Net profit Margin | -52.20% | -171.06% | -48.98% |
| Return on Asset | -11.19% | -11.73% | -10.08% |
| Return on Equity | -38.58% | -37.63% | -21.00% |

- Profitability Ratio has improved positively although, there is some restrictions in 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 1Q22

| Ratio | Q1'22 | 2021 | 2020 |
|------------------------------|--------|--------|---------|
| Debt Management Ratio | | | |
| Debt to Equity Ratio | 2.93 | 2.65 | 1.91 |
| Interest coverage Ratio | (6.22) | (7.29) | (10.63) |

- 1Q22 Debt to Equity Ratio is 2.93 increased from 2.65 from previous year. The increase is a result of an additional withdrawal of Loan of 35 million baht and the decrease in Shareholder's Equity of 57.44 million baht. If exclude the effect from the adoption of TFRS16 Rental Contracts, the Debt to Equity ratio is 1.25
- 1Q22 Interest Coverage Ratio is -6 as a result of reported Net Loss in 1Q22

Overall Summary

- As of 31 March 2022, Siam Wellness Group Public Company Limited had a total of 67 branches (62 domestic branches and 5 overseas branches). There were 2 new branches opening and 5 branches closure in 1Q22. As of 31 March 2021, the Company had a total of 70 branches (65 domestic branches and 5 overseas branches)
- The COVID-19 epidemic still has impact in Company's Performance due to the restrictions in incoming tourist arrivals. However, the situation seems to improve with Thai Customers returning to regular activities and higher confidence in using our services from Company's respectable policies. In addition, the Government continues to easing the opening of the borders to Tourists

- The company has found new source of revenue generation, which is considered very successful in the first quarter of 2022, the import of Goldsite Saliva ATK to sell during the Covid-19 Omicron Variant Spread, causing the company to have an additional income of 27 million baht
- The company continues to add market share in Thai Customers by issuing promotion and running Loyalty Program to maintain and attract Thai customers

Please be informed accordingly,

Yours sincerely,

(Mr.Wiboon Utsahajit)

Siam Wellness Group Public Company Limited