

14 August 2019

Subject : Management's Discussion and Analysis for the six-month period ending 30 June 2019 operating results that varied more than 20% compared to the same period of 2018

To : The President of the Stock Exchange of Thailand

The Company would like to provide details of changes in Profit and Loss as shown in the six-month period ending 30 June 2019 reviewed consolidated financial statements of Wave Entertainment Plc. as follows:

**Q2/2019**

| THB'mm                                 | Q2/2019        |             | Q2/2018        |              | Changed        |              |
|--|----------------|-------------|----------------|--------------|----------------|--------------|
|  | THB'mm         | %           | THB'mm         | %            | THB'mm         | %            |
| <b>Revenue Segment Information</b>     |                |             |                |              |                |              |
| Entertainment and marketing activities | 318.97         | 53%         | 181.82         | 39%          | 137.15         | 75%          |
| Restaurant                             | 137.73         | 23%         | 155.32         | 33%          | (17.59)        | (11%)        |
| Language institute                     | 144.53         | 24%         | 127.70         | 28%          | 16.83          | 13%          |
| <b>Total Revenue</b>                   | <b>601.23</b>  | <b>100%</b> | <b>464.84</b>  | <b>100%</b>  | <b>136.39</b>  | <b>29%</b>   |
| Cost                                   | 390.68         | 65%         | 312.62         | 67%          | 78.06          | 25%          |
| Gross profit                           | 210.55         | 35%         | 152.21         | 33%          | 58.34          | 38%          |
| Selling and admin expenses             | (217.63)       | (36%)       | (213.32)       | (46%)        | 4.31           | 2%           |
| Financial cost                         | (13.10)        | (2%)        | (12.66)        | (3%)         | 0.44           | 3%           |
| Tax                                    | (7.57)         | (1%)        | (6.23)         | (1%)         | 1.34           | 22%          |
| Shares of Profit from Asso and JV      | 20.93          | 3%          | 9.10           | 2%           | 11.83          | 130%         |
| <b>Net Profit (loss)</b>               | <b>(6.84)</b>  | <b>(1%)</b> | <b>(70.91)</b> | <b>(15%)</b> | <b>(64.07)</b> | <b>(90%)</b> |
| <b>Profit (loss) attributable to</b>   |                |             |                |              |                |              |
| <b>Owner of the parent</b>             | <b>(10.21)</b> | <b>(2%)</b> | <b>(60.72)</b> | <b>(13%)</b> | <b>(50.51)</b> | <b>(83%)</b> |
| Non-controlling interest               | 3.37           | 1%          | (10.19)        | (2%)         | 13.56          | 133%         |
| <b>Profit (loss)</b>                   | <b>(6.84)</b>  | <b>(1%)</b> | <b>(70.91)</b> | <b>(15%)</b> | <b>(64.07)</b> | <b>(90%)</b> |

The Group's total revenue for the second quarter 2019 was at THB 601.23 million, increasing by THB 136.39 million or 29% up from the same period of last year. Details of revenue in each business are:

- Entertainment and Marketing activities business increased THB 137.15 million, up 75% compared to the same period of last year due to the soap opera revenue recognition from Television program production and distribution business and growth in the creation and management of integrated marketing communications business to government and private sectors in this quarter such as concert stage equipment rental, revenue recognition of the 2020 in Dubai, United Arab Emirates World Expo that started from this quarter.
- Restaurant business decreased THB 17.59 million, down 11% compared to the same period of last year mostly from the decline in household spending and closure of 14 non-profitable branches in this quarter. Such closure has results in significant reduction of operating loss of the restaurant business.
- Language institute business increased THB 16.83 million, up 13% compared to the same period of last year due to the operating of a new center at The Mall Bangkapi in last October, resulting in a rise in revenue compared to the same period last year. The Group has also opened one more center at Central Plaza Changwattana in last May.

The Group's total costs for Q2/2019 was at Baht 390.68 million, increase of Baht 78.06 million or 25% over the previous year. The increase in costs was in line with the increase in revenue from the Entertainment and Marketing activities business. As a result, Gross Profit margin stands at 35% of total revenue (or Baht 210.55 million) which was higher than last year at 33%, an increase of 38% or Baht 58.34 million from the previous year.

Total selling and administrative expenses for Q2/2019 were at Baht 217.63 million, slightly up Baht 4.31 million (2%) from the same period of last year. This included depreciation and amortization of Baht 49.51 million.

Share of profit from associates and joint ventures increased by Baht 11.83 million from the same period of last year to Baht 20.93 million in Q2/2019 resulting in the Group's net loss of Baht 6.84 million. Loss attributable to the owner of the parent was Baht 10.21 million.

### 1H/2019

| THB'mm                                 | 1H/2019         |             | 1H/2018         |              | Changed        |              |
|--|-----------------|-------------|-----------------|--------------|----------------|--------------|
|  | THB'mm          | %           | THB'mm          | %            | THB'mm         | %            |
| Revenue Segment Information            |                 |             |                 |              |                |              |
| Entertainment and marketing activities | 618.67          | 53%         | 489.02          | 48%          | 129.65         | 27%          |
| Restaurant                             | 271.46          | 23%         | 301.72          | 29%          | (30.26)        | (10%)        |
| Language institute                     | 287.23          | 24%         | 238.18          | 23%          | 49.05          | 21%          |
| <b>Total Revenue</b>                   | <b>1,177.36</b> | <b>100%</b> | <b>1,028.92</b> | <b>100%</b>  | <b>148.44</b>  | <b>14%</b>   |
| Cost                                   | 780.44          | 66%         | 674.91          | 66%          | 105.53         | 16%          |
| Gross profit                           | 396.92          | 34%         | 354.01          | 34%          | 42.91          | 12%          |
| Selling and admins expenses            | (432.30)        | (37%)       | (420.05)        | (41%)        | 12.25          | 3%           |
| Financial cost                         | (26.52)         | (2%)        | (26.24)         | (3%)         | 0.28           | 1%           |
| Tax                                    | (11.57)         | (1%)        | (13.37)         | (1%)         | (1.80)         | (13%)        |
| Shares of Profit from Asso and JV      | 35.44           | 3%          | 21.73           | 2%           | 13.71          | 63%          |
| <b>Net Profit (loss)</b>               | <b>(38.03)</b>  | <b>(3%)</b> | <b>(83.92)</b>  | <b>(8%)</b>  | <b>(45.89)</b> | <b>(55%)</b> |
| <b>Profit (loss) attributable to</b>   |                 |             |                 |              |                |              |
| <b>Owner of the parent</b>             | <b>(47.91)</b>  | <b>(4%)</b> | <b>(114.53)</b> | <b>(11%)</b> | <b>(66.62)</b> | <b>(58%)</b> |
| Non-controlling interest               | 9.88            | 1%          | 30.61           | 3%           | (20.73)        | (68%)        |
| <b>Profit (loss)</b>                   | <b>(38.03)</b>  | <b>(3%)</b> | <b>(83.92)</b>  | <b>(8%)</b>  | <b>(45.89)</b> | <b>(55%)</b> |

The Group's total revenue for the first half 2019 was at Baht 1,177.36 million, increasing by Baht 148.44 million or a 14% increase from the same period of last year due to increasing in revenue from the Entertainment and Marketing activities business and the Language institute business of THB 129.65 million and THB 49.05 million or up 27% and 21% respectively compare to the same period of last year. In the meantime, decrease in revenue from the Restaurant business of THB 30.26 million or down 10% compare to the same period of last year as a result of the closure of non-profitable branches in 2018.

The Group's total costs for the first half 2019 was at Baht 780.44 million, increased by Baht 105.53 million from the previous year. The increase was mainly from the Entertainment and Marketing activities business which in line with their revenue. As a result, Gross Profit margin stands at 34% (Baht 396.92 million) of total revenue same as last year, an increase of 12% or Baht 42.91 million from the previous year.

Total selling and administrative expenses for the first half 2019 were at Baht 432.30 million, slightly increase Baht 12.25 million or 3% from the same period of last year. This included depreciation and amortization of Baht 98.85 million.

Share of profit from associates and joint ventures increased by Baht 13.71 million from the same period of last year to Baht 35.44 million in 1H/2019 as a result of the Group's first half 2019 net loss of Baht 38.03 million, a decrease of Baht 45.89 million from the same period a year of THB 83.92 million with loss attributable to the owner of the parent at Baht 47.91 million, a decrease of Baht 66.62 million or 58% compared to the same period of last year.

As of 30 June 2019, the Group's total asset was at Baht 3,278.28 million, a slight increasing by Baht 7.14 million from the prior year. Total Liabilities decreased Baht 59.82 million due to partial loan repayment and increase in Equity of Baht 16.59 million compared to the same period of last year.

Please be informed accordingly,

Yours sincerely,

*-Mr. Matthew Kichodhan-*

Mr. Matthew Kichodhan

Chairman and CEO