

11 November 2021

Subject : Management's Discussion and Analysis for the nine-month period ending 30 September 2021 operating results that varied more than 20% compared to the same period of 2020

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 3rd quarter and the nine-month period ending 30 September 2021 from the reviewed consolidated financial statements of Wave Entertainment Plc. as follows:

Q3/2021

	Q3/2021		Q3/2020		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue Segment Information						
Language institute	72.44	87%	102.37	57%	(29.93)	-29%
Restaurant	10.87	13%	70.55	40%	(59.68)	-85%
Entertainment	-	0%	4.88	3%	(4.88)	-100%
Total Revenue	83.31	100%	177.80	100%	(94.49)	-53%
Cost	47.65	57%	95.94	54%	(48.29)	-50%
Gross profit	35.66	43%	81.86	46%	(46.20)	-56%
Other Revenues & Profit Sharing	13.13	16%	6.83	4%	6.30	92%
Selling and admins expenses	(62.97)	-76%	(104.87)	-59%	(41.90)	-40%
Financial cost	(7.48)	-9%	(10.03)	-6%	(2.55)	-25%
Net Profit (loss)	(21.66)	-26%	(26.21)	-15%	(4.55)	-17%

The Group performance was still impacted from operational closure between late Q1 until Q3 of this year. Although the government has relaxed the controls for some businesses to reopen with safety measures in the 3rd quarter, consumer spending remains negatively affected. As a result, the Group's total revenue for Q3 2021 was THB 83.31 million, down by THB 94.49 million or 53% compared to the same period of last year. Details of revenue in each business are as follows: language institute business recognized THB 72.44 million of revenue, down by THB 29.93 million or 29% compared to the same period last year; restaurant business earned THB 10.87 million, down by THB 59.68 million or 85% compared to the same period last year.

The Group's total cost for Q3/2021 was at Baht 47.65 million, a decrease of Baht 48.29 million or 50% from the same period of last year. As a result, the Group's gross profit was Baht 35.66 million, a 43% gross margin on total revenue decreasing from last year's 46%.

Due to the cost cutting and effective management control in all expenses, total selling and administrative expenses for Q3/2021 were at Baht 62.97 million, down by Baht 41.90 million, or 40% below the same period of last year. Other revenue and share of profit from an associate were Baht 13.13 million, up by Baht 6.30 million from the same period of last year mostly due to revenue from discount rental in this quarter. Financial cost of THB 7.48 million, down by THB 2.55 million cause of due the reduction of term loan repayment. However, despite the government relaxation and stimulus measures, confidence on private and consumer safety was slow to restore as the consumptions among the 2 segments remain stagnant. This resulted in the Group's Q3/2021 net loss of Baht 21.66 million, down by Baht 4.55 million or 17%, better than the same period of last year.

	9M/2021		9M/2020		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue Segment Information						
Language institute	231.04	72%	346.37	63%	(115.33)	-33%
Restaurant	89.50	28%	180.39	33%	(90.89)	-50%
Entertainment	-	0%	19.95	4%	(19.95)	-100%
Total Revenue	320.54	100%	546.71	100%	(226.17)	-41%
Cost	202.10	63%	296.44	54%	(94.34)	-32%
Gross profit	118.44	37%	250.27	46%	(131.83)	-53%
Other Revenues & Profit Sharing	101.10	32%	36.60	7%	64.50	176%
Selling and admin expenses	(225.18)	-70%	(340.33)	-62%	(115.15)	-34%
Financial cost	(24.52)	-8%	(31.54)	-6%	(7.02)	-22%
Net Profit (loss)	(30.16)	-9%	(85.00)	-16%	(54.84)	-65%
Profit (loss) attributable to						
Owner of the parent	(30.16)	-9%	(59.33)	-11%	(29.17)	-49%
Non-controlling interest	-	0%	(25.67)	-5%	(25.67)	-100%
Profit (loss)	(30.16)	-9%	(85.00)	-16%	(54.84)	-65%

The Group's total revenue for the nine-month of 2021 was at Baht 320.54 million, down by Baht 226.17 million. The significant drop was mainly caused by the national lock down, revenue contribution from language institute business was THB 231.04 million, dropping by 33% from the same period of last year and the restaurant business was at THB 89.50 million, decrease by 50% compared to the same period of last year.

The Group's total costs for the nine-month period was at Baht 202.10 million, a decrease of Baht 94.34 million or 32% from the same period last year. Majority of the decrease in costs were largely from rigorous cost control on the restaurant and language institute businesses. This resulted in the Group's gross profit of Baht 118.44 million (37% of total revenue).

Total selling and administrative expenses for the nine-month period were at Baht 225.18 million, down by Baht 115.15 million or 34% drop from the same period of last year due to the cost cutting and effective management control in all expenses. Other revenues and share of profit from an associate were Baht 101.10 million, an increase of Baht 64.50 million from the same period of last year due to the revenue from discount rental of THB 44.73 million, profit from discontinued operation of THB 24.30 million, share profit from associate of THB 16.44 million and others revenue of THB 15.63 million. Financial cost was at THB 24.52 million, a decrease by THB 7.02 million compared to the same period of last year due to the reduction of loan repayment. Overall, the Group had a 9-month net loss under owners of parent of Baht 30.16 million, down by Baht 29.17 million or 49% compared to the same period of last year.

As of 30 September 2021, the Group's total assets were at Baht 1,674.71 million, decreasing by Baht 254.27 million due to the reduction of asset classified as held-for-sale, PPE and right of use assets. Total liabilities were at Baht 882.09 million, decreasing by Baht 227.74 million mainly from the reduction of loan repayment and un-earned revenue of language institute business. Total equity was at Baht 792.62 million, decreasing by 26.53 million compared to the previous year.

Please be informed accordingly,

Yours sincerely,

-Mr. Matthew Kichodhan-

Mr. Matthew Kichodhan

Chairman and CEO