

11 May 2023

Subject Management's Discussion and Analysis for the first quarter ended March 31, 2023 and changes in operating results more than 20% compared to the same period last year.

Attention The President
The Stock Exchange of Thailand

Wave Entertainment Public Company Limited (the "Company") would like to provide details of changes in the financial statement as shown in the 1st quarter ended March 31, 2023 interim consolidated financial statements of the Company and its subsidiaries as follows:

Income Statement

	Q1/2023		Q1/2022		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue	103.76	100%	56.07	100%	47.68	85%
Cost	64.19	62%	54.33	97%	9.86	18%
Gross Profit	39.57	38%	1.75	3%	37.82	2165%
Other Revenues & Profit Sharing	0.97	1%	(7.87)	-14%	8.83	112%
Profit from valuation of biological assets	1.97	2%	-	0%	1.97	N/A
Selling and admin expenses	51.79	50%	36.12	64%	15.67	43%
Financial cost	1.06	1%	4.22	8%	(3.15)	-75%
Tax	1.07	1%	0.001	0%	1.07	92858%
Net Profit (Loss) from continuing operation	(11.41)	-11%	(46.46)	-83%	(35.04)	-75%
Profit (Loss) from discontinued operations	(0.02)	0%	53.13	95%	(53.15)	-100%
Profit (Loss) for the period	(11.43)	-11%	6.68	12%	(18.11)	-271%

Revenue

In the 1st quarter of 2023, the Group had a revenue of 103.76 million baht, an increase of 47.68 million baht or 85% compared to the same period last year. The main revenue stream is from the language institution (Wall Street English) which could fully operate both on-site and online. Currently, the customers continuously return to use our services consistent with the Company's strategy to use marketing as a method to promote and increase sales during the school holidays, resulting in the total revenue to grow greatly in the beginning of the year 2023.

Moreover, in the 1st quarter of 2023, the company had unearned revenue from the students who purchased the course in advance, an increase of 66.59 million baht or 53.56% from 111.15 million baht to 177.74 million baht compared to the same period last year. The unearned revenue will be recognized as a revenue once the student uses our services.

Hence, the Company has a strategy to expand the business through franchising model. In 2023, the Group aims to expand 3 franchise centers both national and international market. On April 2023, the Group has signed MOU with 2 sub-franchisees to open the center in Chonburi, Thailand and Vientiane, Laos. The Company look forward to find the potential investor to be our sub-franchisee and be able to achieve the expansion target. The franchising model will rapidly expand the business as it could increase revenue and improve profits. The Company plan to expand 8 franchise centers to a total of 21 centers within 2025.

Cost

The Company had total cost equal to 64.19 million baht, an increase of 9.86 million baht or 18% compared to the same period last year. However, the COGS to sales in the 1st quarter of 2023 has a decrease of 35% from 97% to 62% from the Company's ability to efficiently manage costs and the sales has increased significantly at the beginning of the year. This resulted in gross profit of 39.57 million baht, an increase of 37.82 million baht or 2165% compared to the same period last year. The gross profit margin has increased 35% from 3% to 38% in the 1st quarter of 2023.

Selling and Administrative Expenses

The Group had selling and administrative expenses of 51.79 million baht, an increase of 15.67 million baht. Most of the expenses are employee expenses and the marketing expenses from the language institution, to boost sales according to the budget plan of the Group. On the other hand, the selling and administrative expenses to revenue decrease 14% from 64% to 50% comparing to the same period last year.

Financial Cost

The Group has a reduction in financial cost of 3.15 million baht or 75% from 4.22 million baht to 1.06 million baht in the 1st quarter of 2023 since the Group paid back the loan and payables from the financial institutions on the 4th quarter of 2022. Therefore, the Group has lower financial cost.

Net Profit

For the 1st quarter of 2023 the Group has net loss for the period of 11.43 million baht compared to the same period last year there was a net profit for the period of 6.68 million baht.

However, in case that the one-time item that occurred from the disposal of Jeffer restaurant Co., Ltd. is removed which is "Profit from discontinued operations" of 53.13 million baht. Then, in the 1st quarter of 2022, there will be a net loss for the period of 46.46 million baht compared to the 1st quarter of 2022, the loss decreases 35.04 million baht or 75% showing that the Group has a better performance.

Statement of Financial Position

Unit : Baht

Balance Sheet	31-Mar-23	31-Dec-22	Change	%Change
Current Assets	832.12	845.83	(13.71)	-2%
Non-Current Assets	354.93	364.13	(9.20)	-3%
Total Assets	1,187.06	1,209.97	(22.91)	-2%
Current Liabilities	299.07	311.64	(12.57)	-4%
Non-Current Liabilities	30.81	30.64	0.17	1%
Total Liabilities	329.88	342.29	(12.40)	-4%
Accumulated Loss	(315.86)	(303.95)	(11.91)	-4%
Equity	1,173.03	1,171.63	1.40	0%
Total Equity	857.17	867.68	(10.51)	-1%
Total Liabilities and Equity	1,187.06	1,209.97	(22.91)	-2%

Assets

As of 31 March 2023, the Company's total assets amounted to 1,187.06 million baht, a decrease of 22.91 million baht or 2% from 31 December 2022. The changes come from cash and cash equivalent used to pay for inventory (Carbon Credits) and other payables. The carbon credit inventory increased by 121 million baht. The vision of Wave BCG Co., Ltd aims to support Thai organizations to achieve Carbon Neutrality and to be the largest warehouse of Carbon Credits both in Thailand and South-East Asia. According to the plan of the Group, therefore, the Group has to purchase Carbon Credits to support the increasing demand of trading business.

Liabilities

The Group has total liabilities of 329.88 million baht, a decrease of 12.40 million baht or 4% from December 31, 2022 due to the payment to Account Payable and Other Payable.

Equity

As of 31 March 2023, the Group has shareholder's equity 857.17 million baht, a decrease of 10.51 million baht. The changes are from the total comprehensive expense for the period 11.91 million baht and the increasing of paid-up capital 1.40 million baht as the Company's warrants are exercised.

Please be informed accordingly.

Yours sincerely,

- James Andrew Moore -

Mr. James Andrew Moore
Chief Executive Officer

Wave Entertainment Public Company Limited