

9 August 2023

**Subject** Management's Discussion and Analysis for the second quarter ended June 30, 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 Exponential Public Company Limited (the "**Company**") would like to provide an explanation for the Company's performance of the 2<sup>nd</sup> quarter and the 6-month period of 2023, which are interim by auditors as follows:

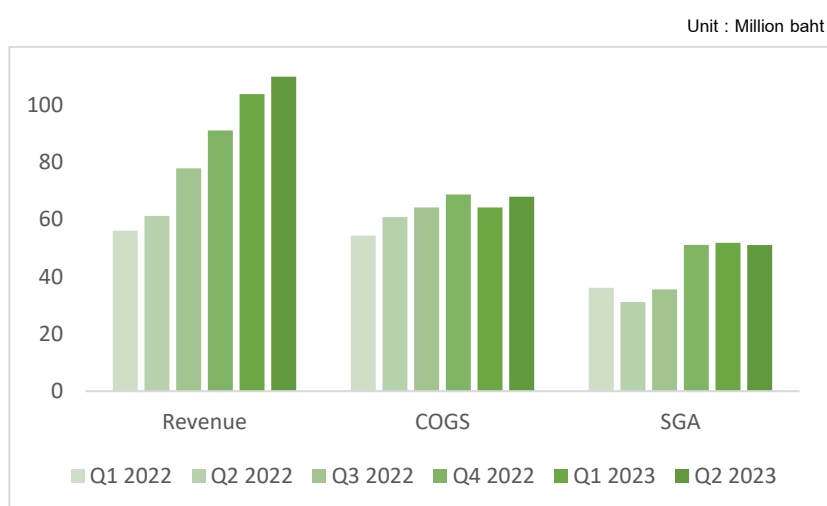
**Income Statement Q2/2023**

	Q2/2023		Q2/2022		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue	109.80	100%	61.20	100%	48.60	79%
Cost	67.92	62%	60.83	99%	7.08	12%
Gross Profit	41.88	38%	0.37	1%	41.52	11,273%
Other Revenues & Profit Sharing	2.66	2%	23.93	39%	(21.27)	-89%
Gain on fair value measurement of biological assets	1.67	2%	-	0%	1.67	N/A
Selling and admin expenses	51.00	46%	31.15	51%	19.85	64%
Financial cost	0.91	1%	3.98	6%	(3.06)	-77%
Tax	0.35	0%	0.018	0%	0.33	1,878%
<b>Net Profit (Loss) from continuing operation</b>	<b>(6.05)</b>	<b>-6%</b>	<b>(10.84)</b>	<b>-18%</b>	<b>4.79</b>	<b>44%</b>
Profit (Loss) from discontinued operations	1.58	1%	5.01	8%	(3.42)	-68%
<b>Profit (Loss) for the period</b>	<b>(4.46)</b>	<b>-4%</b>	<b>(5.83)</b>	<b>-10%</b>	<b>1.37</b>	<b>23%</b>
Transactions in OCI	14.39	34%	-	0%	14.39	N/A
<b>Comprehensive (expense) income for the period</b>	<b>9.93</b>	<b>9%</b>	<b>(5.83)</b>	<b>-10%</b>	<b>15.76</b>	<b>270%</b>

## Income Statement 6M/2023

	Jan-Jun 2023		Jan-Jun 2022		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue	213.56	100%	117.27	100%	96.28	82%
Cost	132.10	62%	115.16	98%	16.95	15%
Gross Profit	81.45	38%	2.12	2%	79.34	3,751%
Other Revenues & Profit Sharing	3.63	2%	16.07	14%	(12.44)	-77%
Gain on fair value measurement of biological assets	3.64	2%	-	0%	3.64	N/A
Selling and admin expenses	102.79	48%	67.26	57%	35.53	53%
Financial cost	1.97	1%	8.19	7%	(6.22)	-76%
Tax	1.42	1%	0.019	0%	1.40	7,421%
<b>Net Profit (Loss) from continuing operation</b>	<b>(17.46)</b>	<b>-8%</b>	<b>(57.29)</b>	<b>-49%</b>	<b>39.83</b>	<b>70%</b>
Profit (Loss) from discontinued operations	1.57	1%	58.14	50%	(56.57)	-97%
<b>Profit (Loss) for the period</b>	<b>(15.89)</b>	<b>-7%</b>	<b>0.85</b>	<b>1%</b>	<b>(16.75)</b>	<b>-1,966%</b>
Transactions in OCI	13.92	17%	(1.14)	-54%	15.06	1,321%
<b>Comprehensive (expense) income for the period</b>	<b>(1.98)</b>	<b>-1%</b>	<b>(0.29)</b>	<b>0%</b>	<b>(1.69)</b>	<b>-585%</b>

## Executive Summary for Operating result in 2<sup>nd</sup> Quarter of 2023 ended June 30, 2023



To begin with, in the 2<sup>nd</sup> quarter of 2023, the Group had revenue of 109.80 million baht which mostly come from the language institution business, Wall Street English. The above graph shows the comparison of revenue, cost and expenses by quarter starting from 1<sup>st</sup> quarter of 2022 to the 2<sup>nd</sup> quarter of 2023. The Group's revenue grows continuously, an increase of 79% comparing to the 2<sup>nd</sup> quarter of 2022. Moreover, the Groups has been implementing marketing strategies which resulted in impressive feedback. In term of expenses, the Company could manage the COGS and SGA effectively, therefore, the Group has greater performance in the 2<sup>nd</sup> quarter of 2023.

## Revenue

In the 2<sup>nd</sup> quarter of 2023, the Group had a revenue of 109.80 million baht, an increase of 48.60 million baht (+79%) compared to the same period last year as the language institution (Wall Street English) could fully operate both on-site classes in the center, a total of 13 centers, and online classes. Moreover, the Company has been using an effective marketing strategies to promote and increase sales, as a result, the total revenue increased significantly. In addition, the Group has the highest sales among Wall Street English's sales in Asia.

For the 6-month period the Group had a revenue of 213.56 million baht, an increase of 96.28 million baht (+82%) compared to the same period last year. The revenue of the Company grows continuously for several quarters. As a result, ***The Group's revenue from 6-month period of 2023 accounted for 75% of the total revenue in 2022.*** (The total revenue of 2022 equals to 286.10 million THB)

Moreover, in the 2<sup>nd</sup> quarter of 2023, the company unearned revenue increased 24.57 million baht (+15.48%) which from the students who purchased the course in advance, from 158.70 million baht to 183.27 million baht compared to the financial statement ended 31 December 2022. The unearned revenue will be recognized as a revenue once the student uses our services.

Besides, the Company has strategies to expand the business by investing in new center in the high potential location and through franchising model. ***According to the agreement with 2 Sub-Franchisees to open the center in Chonburi, Thailand and Vientiane, Laos, 2 centers are expected to open within September 2023.*** As a result, it will increase the revenue of the Company in the 4<sup>th</sup> Quarter of 2023.

## Cost

The Company had a total cost equal to 67.92 million baht, an increase of 7.08 million baht (+12%) as the revenue increased. However, the COGS to revenue is decreased, from 99% in the 2<sup>nd</sup> quarter of 2022 to amounted only 62% in the 2<sup>nd</sup> quarter of 2023. It could be seen that the Company has ability to efficiently manage the cost as the COGS proportion decreased comparing to the revenue. This result in a gross profit of 41.88 million baht, an increase of 41.52 million baht (+11,273%) compared to the same period last year. The gross profit margin increased 37% from 1% to 38% in the 2<sup>nd</sup> quarter of 2023.

For the 6-month period the Group has a total cost of 132.10 million baht, an increase of 16.95 million baht (+15%) compared to the same period last year. Considering the COGS to revenue, there is a decrease of 36% from 98% to 62%. The Group has a gross profit of 81.45 million baht, an increase of 79.34 million baht (+3,751%) compared to the same period last year. The gross profit margin increased 36% from 2% to 38% compared to the same period last year.

### **Selling and Administrative Expenses**

The Group had selling and administrative expenses of 51.00 million baht, an increase of 19.85 million baht compared to the same period last year. However, since the 4<sup>th</sup> quarter of 2022, selling and administrative expenses are stable for several quarters as it has been managed and controlled effectively. Therefore, the Group has better performance.

Considering 6-month period, the selling and administrative expenses equal to 102.79 million baht, an increase of 35.53 million baht compared to the same period last year. The selling and administrative expenses to revenue proportion is reduced 9% from 57% to 48%

### **Net Profit**

For the 2<sup>nd</sup> quarter of 2023 the Group had net loss from operation of 6.05 million baht compared to the same period last year there was net profit from operation of 10.84 million baht, there is an improvement in net loss from operation of 4.79 million baht (+44%) as the revenue increase and the expenses are controlled effectively, the Group has better performance consecutively. Together with the profit from selling shares of The Megawatt Co., Ltd of 14.40 million baht and other transaction in the other comprehensive income, the Group has a total comprehensive income of 9.93 million baht.

For the 6-month period, the Group had net loss from operation of 17.46 million baht, a decrease of 39.83 million baht (+70%). The loss tends to decrease over time as the company could achieve more sales. However, as there is the profit from selling shares of The Megawatt Co., Ltd of 14.40 million baht and other transaction in the other comprehensive income, the Group has the total comprehensive expenses for 6-month period remained only 1.98 million baht.

## Statement of Financial Position

Unit : Baht

Balance Sheet	30-Jun-23	31-Dec-22	Change	%Change
Current Assets	836.41	845.83	(9.42)	-1%
Non-Current Assets	354.06	364.13	(10.07)	-3%
<b>Total Assets</b>	<b>1,190.48</b>	<b>1,209.97</b>	<b>(19.49)</b>	<b>-1.61%</b>
Current Liabilities	287.91	311.64	(23.73)	-8%
Non-Current Liabilities	35.46	30.64	4.82	16%
<b>Total Liabilities</b>	<b>323.37</b>	<b>342.29</b>	<b>(18.91)</b>	<b>-6%</b>
Accumulated Loss	(311.12)	(310.21)	(0.91)	0%
Equity	1,178.22	1,177.89	0.33	0%
<b>Total Equity</b>	<b>867.10</b>	<b>867.68</b>	<b>(0.58)</b>	<b>0%</b>
<b>Total Liabilities and Equity</b>	<b>1,190.48</b>	<b>1,209.97</b>	<b>(19.49)</b>	<b>-2%</b>

### Assets

As of 30 June 2023, the Company's total assets amounted to 1,190.48 million baht, a decrease of 19.49 million baht (-1.61%) 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 174.58 million baht to follow the vision of the Group that 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, therefore, the Group purchased Carbon Credits to support the business.

### Liabilities

The Group has total liabilities of 323.37 million baht, a decrease of 18.91 million baht (-6%) from December 31, 2022 due to the payment to account payables, accrued expenses and other payable.

### Equity

As of 30 June 2023, the Group has shareholder's equity 867.10 million baht, a decrease of 0.58 million baht. The changes are from the total comprehensive expense for the period of 1.98 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 Exponential Public Company Limited