

10 November 2023

Subject Management’s Discussion and Analysis for the second quarter ended September 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 3rd quarter and the 9-month period of 2023, which are interim by auditors as follows:

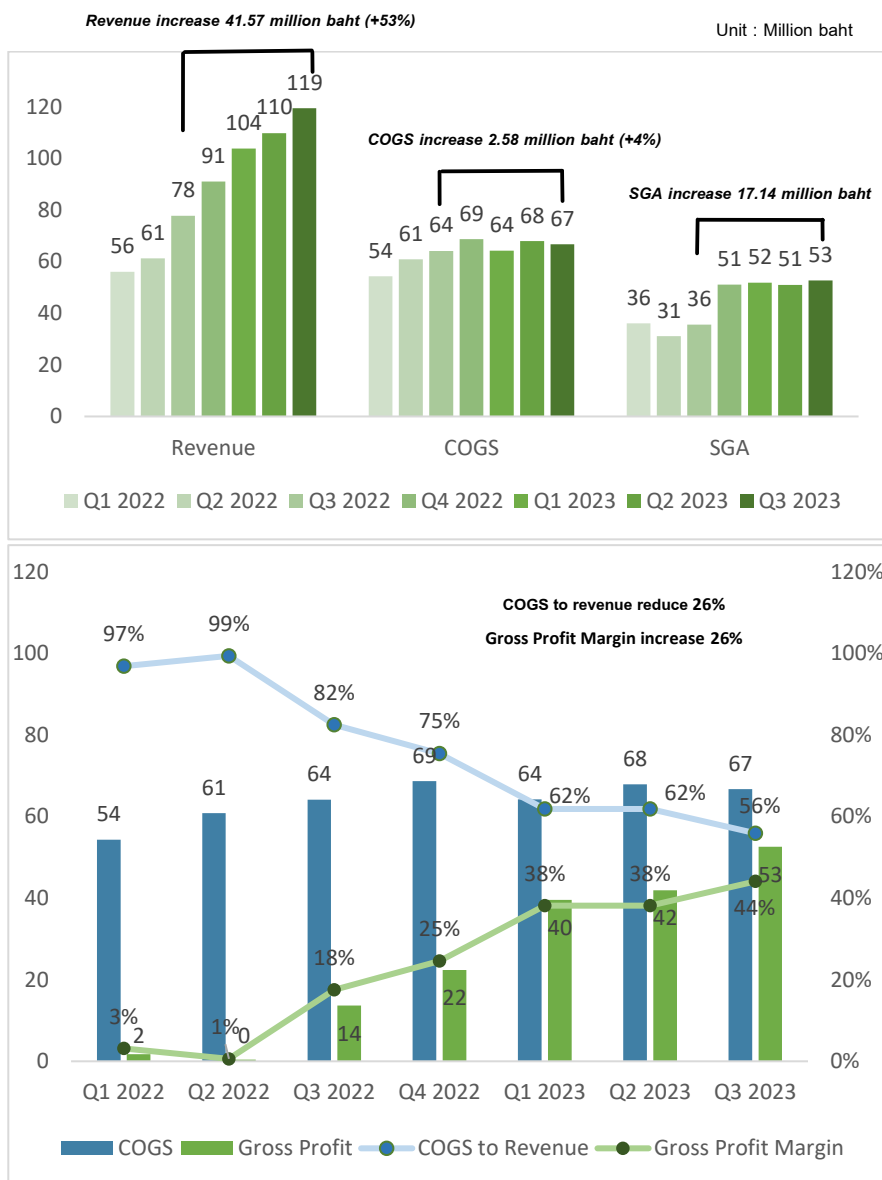
Income Statement Q3/2023

	Q3/2023		Q3/2022		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue	119.36	100%	77.79	100%	41.57	53%
Cost	66.73	56%	64.16	82%	2.58	4%
Gross Profit	52.63	44%	13.63	18%	38.99	286%
Other Revenues & Profit Sharing	2.48	2%	0.68	1%	1.80	266%
Profit from valuation of biological assets	1.02	1%	-	N/A	1.02	N/A
Selling and admin expenses	52.70	44%	35.55	46%	17.14	48%
Financial cost	0.76	1%	3.90	5%	(3.14)	-81%
Tax	0.21	0%	0.03	0%	0.18	615%
Net Profit (Loss) from continuing operation	2.47	2%	(25.17)	-32%	27.64	110%
Profit (Loss) from discontinued operations	-	N/A	0.01	0%	(0.01)	-100%
Profit (Loss) for the period	2.47	2%	(25.17)	-32%	27.64	110%
Transactions in OCI	(0.02)	0%	(5.20)	-7%	5.18	100%
Comprehensive income for the period	2.45	2%	(30.36)	-39%	32.82	108%

Income Statement 9M/2023

	Jan-Sep 2023		Jan-Sep 2022		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue	332.92	100%	195.06	100%	137.86	71%
Cost	198.84	60%	179.31	92%	19.52	11%
Gross Profit	134.08	40%	15.75	8%	118.33	751%
Other Revenues & Profit Sharing	6.11	2%	16.75	9%	(10.63)	-64%
Profit from valuation of biological assets	4.67	1%	-	N/A	4.67	N/A
Selling and admin expenses	155.48	47%	102.81	53%	52.68	51%
Financial cost	2.73	1%	12.09	6%	(9.36)	-77%
Tax	1.63	0%	0.05	0%	1.58	3296%
Net Profit (Loss) from continuing operation	(14.99)	-5%	(82.46)	-42%	67.47	82%
Profit (Loss) from discontinued operations	1.57	0%	58.15	30%	(56.58)	-97%
Profit (Loss) for the period	(13.42)	-4%	(24.31)	-12%	10.89	45%
Transactions in OCI	13.90	4%	(6.34)	-3%	20.24	319%
Comprehensive (expense) for the period	0.48	0%	(30.66)	-16%	31.13	102%

Executive Summary for Operating result in 3rd Quarter of 2023 ended September 30, 2023



To begin with, in the 3rd quarter of 2023, the Group achieved a revenue of 119.36 million baht, reflecting a **remarkable increase of 53%** comparing to the same period last year. The Group's revenue mostly come from the language institution business, Wall Street English. On the other hand, the Group has demonstrated an effective management and control of its cost of goods sold (COGS), leading to a reduction of the COGS to Revenue ratio from 82% to 56%, representing a substantial decrease of 26%. Consequently, the Group has achieved a gross profit margin of 44%, marking the highest levels of revenue and gross profit for the Group over the past seven quarters. Nevertheless, the Group has incurred higher Selling, General, and Administrative expenses comparing to the same period last year as the Group has new business operation expenses. Additionally, marketing expenses were allocated to support the sales efforts of Wall Street English. However, these expenses have maintained stability since the first quarter of 2023. Amidst the sustained growth in revenue, the Group's adept management of costs and expenses has resulted in a positive net income from operations, totaling 2.47 million baht, an increase of 110% comparing to the same period last year.

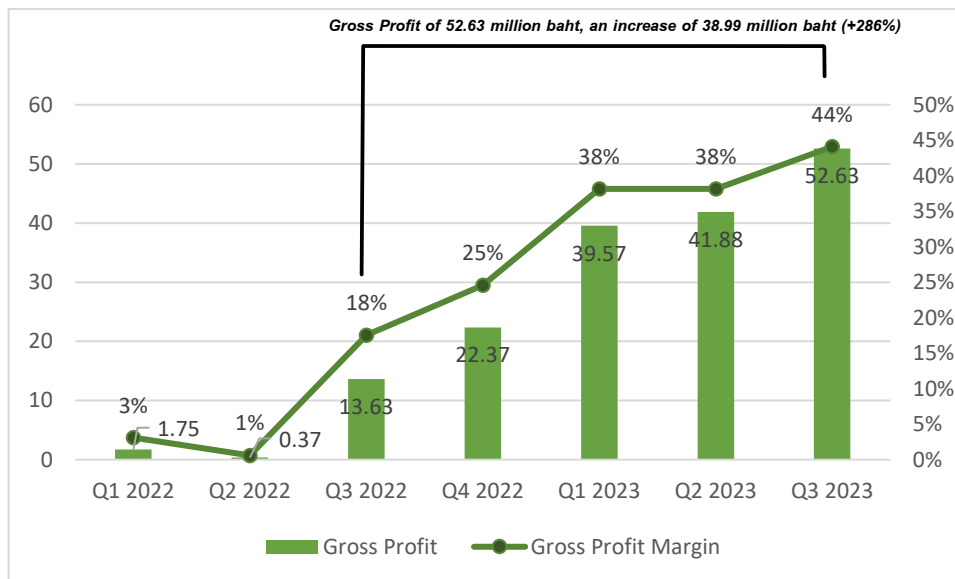
Revenue

In the 3rd quarter of 2023, the Group's achieved significant growth in revenue. The Group had a revenue of 119.36 million baht, an increase of 41.57 million baht (+53%) compared to the same period last year. This surge in revenue can be attributed to the Group's strategic developments in terms of sales and marketing through various marketing activities. Additionally, the establishment of two new franchise centers, located in Vientiane, Laos, and Sriracha, Chonburi, has increase the Group's revenue. Furthermore, the recovery of the Thai economy has contributed to the sustained increase in total revenue.

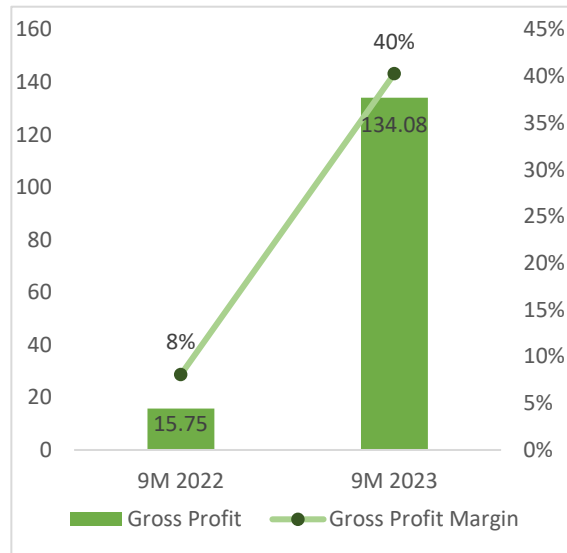
For the 9-month period the Group had a revenue of 332.92 million baht, an increase of 137.86 million baht (+71%) compared to the same period last year. Moreover, **The Group's revenue from 9-month period of 2023 exceeds the total revenue for the entire fiscal year of 2022 (+16%)** (The total revenue of 2022 equals to 286.10 million baht).

Moreover, in the 3rd quarter of 2023, the company unearned revenue increased 26.25 million baht (+17%) which from the students who purchased the course in advance, from 158.70 million baht to 184.95 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.

Cost of Goods Sold and Gross Profit



The Group had a total cost for the 3rd quarter of 2023 equal to 66.73 million baht, an increase of 2.58 million baht (+4%) attributable to the concurrent increase in revenue. However, the cost of goods sold (COGS) as a percentage of revenue has decreased by 26%, declining from 82% in the third quarter of 2022 to 56% in the third quarter of 2023. This reduction can be attributed to the Group's effective cost management, in addition to the significant increase in revenue. **This has resulted in a gross profit of 52.63 million baht, representing an increase of 38.99 million baht, equivalent to a growth of 286%.** The gross profit margin has also seen a significant upturn, rising from 18% to 44%, marking a 26% increase during the third quarter of 2023 when compared to the same period last year.



During the 9-month period, the Group incurred a total cost of 198.84 million baht, reflecting an increase of 19.52 million baht, which constitutes an 11% rise compared to the same period last year. Considering the COGS to revenue, there is a reduction of 32%, decreasing from 92% to 60%. The Group has **a gross profit of 134.08 million baht, an increase of 118.33 million baht (+751%)** and gross profit margin has a substantial increase of 32% from 8% to 40% compared to the same period last year.

Selling and Administrative Expenses

The Group had selling and administrative expenses of 52.70 million baht, an increase of 17.14 million baht (+48%) compared to the same period last year. However, since the 4th 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 9-month period, the selling and administrative expenses equal to 155.48 million baht, an increase of 52.68 million baht (+51%) compared to the same period last year. Nonetheless, the proportion of selling, general, and administrative expenses to revenue has shown a reduction of 6%, decreasing from 53% to 47%

Net Profit

In the third quarter of 2023, the Group achieved a net profit from operations amounting to 2.47 million baht compared to the same period last year, during which there was a net loss from operations of 25.17 million baht. This marks a remarkable improvement in net profit from operations, with a substantial increase of 27.64 million baht (+110%). This improvement can be attributed to the increase in revenue and effective expense management, the Group has better performance consecutively.

For the 9-month period, the Group had a net loss from operations of 13.42 million baht, reflecting a decrease of 10.89 million baht (+45%). This decline in losses is attributed to the company's ability to generate increased sales and the effective management of expenses, therefore, the losses tend to decrease over time. Moreover, there is a profit from selling shares of The Megawatt Co., Ltd of 14.40 million baht and other transactions in the other comprehensive income, as a result, the Group's total comprehensive income for the 9-month period remained at only 0.48 million baht.

Statement of Financial Position

Unit : Baht

Balance Sheet	30-Sep-23	31-Dec-22	Change	% Δ
Current Assets	852.23	845.83	6.40	1%
Non-Current Assets	323.45	364.13	(40.69)	-11%
Total Assets	1,175.68	1,209.97	(34.29)	-3%
Current Liabilities	269.16	311.64	(42.48)	-14%
Non-Current Liabilities	36.50	30.64	5.86	19%
Total Liabilities	305.67	342.29	(36.62)	-11%
Accumulated Loss	(309.73)	(310.21)	0.48	0%
Equity	1,179.74	1,177.89	1.85	0%
Total Equity	870.01	867.68	2.33	0%
Total Liabilities and Equity	1,175.68	1,209.97	(34.29)	-3%

Assets

As of 30 September 2023, the Company's total assets amounted to 1,175.68 million baht, a decrease of 34.29 million baht (-3%) 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 observed a notable increase of 385.44 million baht (Increasing from the 2nd quarter of 2023 210.86 million baht from 174.58 million baht to 385.44 million baht). This expansion aligns with the vision of the Group, aims to support organizations in Thailand and Southeast Asia in enhancing their global competitiveness by working towards Carbon Neutrality. The Group strives to achieve this goal by providing comprehensive climate solutions and becoming the largest warehouse of Carbon Credits in both Thailand and Southeast Asia. Consequently, the Group has undertaken the purchase of Carbon Credits to fortify and advance its business endeavors in this regard.

Liabilities

The Group has total liabilities of 305.67 million baht, a decrease of 36.62 million baht (-11%) from December 31, 2022 due to the payment to account payables, accrued expenses and other payables.



Equity

As of 30 September 2023, the Group has shareholder's equity amounted to 870.01 million baht, an increase of 2.33 million baht. The changes are from the total comprehensive income for the period of 0.48 million baht and the increasing of paid-up capital 1.85 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