

11 November 2020

Subject : Management's Discussion and Analysis for the nine-month period ending 30 September 2020 operating results that varied more than 20% compared to the same period of 2019

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 2020 from the reviewed consolidated financial statements of Wave Entertainment Plc. as follows:

**Q3/2020**

	Q3/2020		Q3/2019		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
<b>Revenue Segment Information</b>						
Language institute	102.37	57%	148.19	53%	(45.82)	-31%
Restaurant	70.55	40%	123.27	44%	(52.72)	-43%
Entertainment	4.88	3%	6.73	3%	(1.85)	-27%
<b>Total Revenue</b>	<b>177.80</b>	<b>100%</b>	<b>278.19</b>	<b>100%</b>	<b>(100.39)</b>	<b>-36%</b>
Cost	92.62	52%	155.45	56%	(62.83)	-40%
Gross profit	85.19	48%	122.74	44%	(37.55)	-31%
Other Revenues & Profit Sharing	6.65	4%	23.70	9%	(17.05)	-72%
Selling and admins expenses	(104.95)	-59%	(148.00)	-53%	(43.05)	-29%
Financial cost	(13.36)	-8%	(11.12)	-4%	2.24	20%
Tax	0.26	0%	(4.06)	-1%	4.32	106%
<b>Net Profit (loss)</b>	<b>(26.21)</b>	<b>-15%</b>	<b>(16.74)</b>	<b>-6%</b>	<b>9.47</b>	<b>57%</b>
<b>Profit (loss) attributable to</b>						
<b>Owner of the parent</b>	<b>(26.21)</b>	<b>-15%</b>	<b>(16.44)</b>	<b>-6%</b>	<b>9.77</b>	<b>59%</b>
Non-controlling interest	-	0%	(0.30)	0%	(0.30)	-100%
<b>Profit (loss)</b>	<b>(26.21)</b>	<b>-15%</b>	<b>(16.74)</b>	<b>-6%</b>	<b>9.47</b>	<b>57%</b>
<b>EBITDA</b>	<b>37.00</b>		<b>32.07</b>		<b>4.93</b>	<b>15%</b>

The Corona Virus (COVID-19) outbreak that started at end of 2019 made its way into Thailand in early 2020, forcing the Thai government to declare Royal Emergency Decree 2020 to contain the epidemic. The Group performance was impacted from operational closure between late Q1 until Q2 of this year. Although the government has relaxed the controls for some businesses to reopen with safety measures in the 3<sup>rd</sup> quarter, consumer spending remains negatively affected. As a result, the Group's total revenue for Q3 2020 was THB 177.80 million, down by THB 100.39 million or 36% compared to the same period of last year. Details of revenue in each business are as follows: language institute business recognized THB 102.37 million of revenue, down by THB 45.82 million or 31% compared to the same period last year; restaurant business earned THB 70.55 million, down by THB 52.72 million or 43% compared to the same period last year resulting from the closure of 5 non-profitable branches; and Entertainment business earned THB 4.88 million, down from THB 6.73 million compared to the same period of last year with the production of one soap opera which was delivered and broadcasted in this quarter.

The Group's total cost for Q3/2020 was at Baht 92.62 million, a decrease of Baht 62.83 million or 40% from the same period of last year which is better than the 36% decrease in revenue. As a result, the Group's gross profit was Baht 85.19 million, a 48% gross margin on total revenue surpassing last year's 44%.

Due to the cost cutting and effective management control in all expenses, total selling and administrative expenses for Q3/2020 were at Baht 104.95 million, down by Baht 43.05 million, or 29% below the same period of last year. Share of profit from an associate was Baht 6.65 million, down by Baht 17.05 million from the same period of last year due to the reduction of investment shares in an associate. 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 Q3/2020 net loss of Baht 26.21 million, down by Baht 9.47 million compared to the same period of last year.

### 9M/2020

	9M/2020		9M/2019		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
<b>Revenue Segment Information</b>						
Language institute	346.37	63%	435.42	51%	(89.05)	-20%
Restaurant	180.39	33%	394.73	47%	(214.34)	-54%
Entertainment	19.95	4%	18.64	2%	1.31	7%
<b>Total Revenue</b>	<b>546.71</b>	<b>100%</b>	<b>848.79</b>	<b>100%</b>	<b>(302.08)</b>	<b>-36%</b>
Cost	293.11	54%	479.44	56%	(186.33)	-39%
Gross profit	253.60	46%	369.35	44%	(115.75)	-31%
Other Revenues & Profit Sharing	36.93	7%	78.76	9%	(41.83)	-53%
Selling and admin expenses	(341.41)	-62%	(461.23)	-54%	(119.82)	-26%
Financial cost	(34.86)	-6%	(34.90)	-4%	(0.04)	0%
Tax	0.74	0%	(6.75)	-1%	7.49	111%
<b>Net Profit (loss)</b>	<b>(85.00)</b>	<b>-16%</b>	<b>(54.77)</b>	<b>-6%</b>	<b>30.23</b>	<b>55%</b>
<b>Profit (loss) attributable to</b>						
<b>Owner of the parent</b>	<b>(59.33)</b>	<b>-11%</b>	<b>(64.35)</b>	<b>-7%</b>	<b>(5.02)</b>	<b>-8%</b>
Non-controlling interest	(25.67)	-5%	9.58	1%	(35.25)	-368%
<b>Profit (loss)</b>	<b>(85.00)</b>	<b>-16%</b>	<b>(54.77)</b>	<b>-6%</b>	<b>30.23</b>	<b>55%</b>
<b>EBITDA</b>	<b>100.00</b>		<b>69.73</b>		<b>30.27</b>	<b>43%</b>

The Group's total revenue for the nine months of 2020 was at Baht 546.71 million, down by Baht 302.08 million as the businesses were impacted by COVID-19 situation. Revenue contribution from business units are as follows:

- THB 346.37 million from language institute business, dropping by 20% from the same period of last year. The Group has adjusted the service model to focus on online classes during the mentioned closure.
- THB 180.39 million from restaurant business, dropping by 54% compared to the same period of last year. The Group focus more on delivery activity and
- THB 19.95 million from Entertainment business, slightly up by 7% from the same period of last year.

The Group's total costs for the nine-month period was at Baht 293.11 million, a decrease of Baht 186.33 million or 39% 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 253.60 million (46% of total revenue), slightly up from the same period of 2019 (44% of total revenue).

Total selling and administrative expenses for the nine-month period were at Baht 341.41 million, down by Baht 119.82 million or 26% drop from the same period of last year. Share of profit from an associate was Baht 36.93 million, a decrease of Baht 41.83 million from the same period of last year due to the reduction of investment shares in an associate. Overall, the Group had a 9-month net loss of Baht 85 million, THB 59.33 million of which was loss under Owner of the Parent Company, slight down by Baht 5.02 million or 8% compared to the same period of last year.

As of 30 September 2020, the Group's total assets were at Baht 2,036.97 million, decreasing by Baht 1,343.44 million. Total liabilities were at Baht 1,287.97 million, decreasing by Baht 562.17 million. Total equity was at Baht 749 million, decreasing by 781.28 million compared to the previous year due to the exclusion of Index Creative Village PLC financial statements from the Group starting from Q2/2020 in accordance to the IFRS 5 : "Non-current Assets Held for Sale and Discontinued Operations".

Please be informed accordingly,

Yours sincerely,

*-Mr. Matthew Kichodhan-*

Mr. Matthew Kichodhan

Chairman and CEO