

L-WAVE ENT 59/2022

10 November 2022

Subject : Management's Discussion and Analysis for the nine-month period ending 30 September 2022

To : The President of the Stock Exchange of Thailand

The Company would like to provide details of the changes in Profit and Loss as shown in the nine-month period ending 30 September 2022 reviewed consolidated financial statements of Wave Entertainment Plc. as follows:

Q2/2022

	Q3/2022		Q3/2021		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue	77.79	100%	72.45	100%	5.34	7%
Cost	64.16	82%	42.74	59%	21.42	50%
Gross Profit	13.63	18%	29.71	41%	(16.08)	-54%
Other Revenues & Profit Sharing	0.69	1%	(13.18)	-18%	13.87	-105%
Selling and admin expenses	(35.56)	-46%	(32.51)	-45%	(3.05)	9%
Financial cost	(3.90)	-5%	(5.68)	-8%	1.78	-31%
Tax	(0.03)	0%	(0.00)	0%	(0.03)	21585%
Net Profit (Loss)	(25.17)	-32%	(21.66)	-30%	(3.51)	16%

9M/2022

	9M/2022		9M/2021		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue	195.06	251%	231.04	319%	-35.98	-16%
Cost	179.31	231%	167.00	231%	12.31	7%
Gross Profit	15.75	20%	64.0	88%	(48.29)	-75%
Other Revenues & Profit Sharing	147.02	189%	28.11	39%	118.91	423%
Selling and admin expenses	(174.94)	-225%	(104.59)	-144%	(70.36)	67%
Financial cost	(12.09)	-16%	(17.72)	-24%	5.62	-32%
Tax	(0.05)	0%	(0.00)	0%	(0.05)	1907%
Net Profit (Loss)	(24.31)	-31%	(30.16)	-42%	5.84	-19%

With the easing of the coronavirus disease 2019 (COVID-19), the company's institute of language customers returned to use more services in the third quarter. In the third quarter, the Group had a revenue of 77.79 million baht, an increase of 5.34 million baht or 7% up from the same period last year. However, for the 9-month period, revenue was 195.06 million baht, a decrease of 35.98 million baht or 16% compared to the same period of the previous year. Due to the government's measures for educational institutions to provide teaching via online methods. And from the closure of certain branches. As a result, sales declined at the beginning of the year.

The total costs in the third quarter increased by 21.42 million baht or 50% compared to the previous year. Due to certain costs that have been discounted during the coronavirus disease 2019 (COVID-19) epidemic in the past 2 years, these costs have now been adjusted as per usual. However, considering the 9-month period, costs slightly increased by 12.31 million baht or 7% compared to the same period last year. As a result in the third quarter, the Group's gross profit was only 13.63 million baht, a decrease of 16.08 million baht or 54% compared to the same period last year. The gross profit of 15.75 million baht in the 9-month period of 2022, a 75% decrease compared to the same period last year. In the third quarter, the Group had total expenses of 35.56 million baht, an increase of 3.05 million baht or 9% compared to the same period last year. While the 9-month period had total expenses of 174.94 million baht, an increase of 70.36 million baht or 67% compared to the same period last year.

As of September 30, 2022, the Group had total assets of 676.26 million baht, a decrease of 200.97 million baht. Total liabilities 567.37 million baht, a decrease of 179.59 million baht compared to the previous year. The decrease was mainly due to the write-off of investments in subsidiaries. Owner's equity 108.88 million baht, a decrease of 21.39 million baht compared to the previous year. The reason is due to the company recognising the increase in loss in the 9-month period.

In order to rectify the C sign (shareholders' equity lower than 50% of the paid-up capital), the Company has increased the capital of 784.41 million baht as of October 21, 2022. The company will be able to rectify the C sign when the company issues the financial statements for the year ending December 31, 2022 and the Company's shareholders' equity is more than 50% of the paid-up capital.

Please be informed accordingly,

Yours sincerely,

-James Andrew Moore-

James Andrew Moore

CEO