

3. Risk Factors

In year 2020, the Company's core business were (i) television program producer and distributor, (ii) English language school business under the trade name of "Wall Street English", and (iii) restaurant business under the trade name of "Jeffer Steak & Seafood".

Risk factors of the year 2020 can be summarized as follows:

1. Financial stability and ability to borrow and comply with conditions of loan agreement

Apart from expansion of existing business, Wave Group may want additional funding to invest in new projects or acquire other businesses. Therefore, it has to maintain liquidity and reserve sufficient fund as working capital. Long-term financing must be obtained and source of financing should be diversified for highest benefits to the Company although Wave Group has outstanding long-term and short-term loans however, the well operating result and financial management, Wave Group can continue to comply with the conditions of loan agreements.

2. Risk from the spread of Coronavirus 2019 (COVID-19).

From the situation of the spread of coronavirus 2019, it is a dangerous contagious disease under the Communicable Disease Act B.E. 2558 and has declared a state of emergency in every district throughout the Kingdom from March 26, 2020 to April 30, 2020 and later announced the period of extension of enforcement and easing measures. Which impacts the business of Wave Group to help reduce the effects of this situation. Wave Group has issued various measures such as

As for the office, some employees have been switched to work at home, to reduce the congestion in the office. Employees entering office spaces must wear a mask at all times.

Restaurant business, also focus on selling food delivery more on branch. When customers enter the store, they need to measure the temperature. When customers have finished their meal, tables and chairs are cleaned immediately with alcohol spray.

English language school business has developed a comprehensive online learning technology system to support and meet students' needs during covid-19 pandemics that took place in 2020 effectively. In addition, to fulfill extra needs for certain groups of students.

Television program production business has reduce the size of the drama set. All staff members are registered on the set before entering and exiting the set.

3. Business Risks

3.1 Restaurant business

With the current economic and competitive of the business market, new entrants are increasingly competing in the market. Together with the eating habits of many groups of people began to change. Causing the company group has to adjust to keep up with the strong change. The company group will focus more on Viral Marketing and focus on the competition in the delivery market that has grown steadily and continuously during the past 1-2 years.

As people's spending habits begin to require more review. Big-sized companies will use the strategy to attract customers fiercely, using more media and giving discounts. It has more power to negotiate with trading partners, causing high competition in the market. In addition, medium-sized companies have to be in a state of cost savings, makes the ability to compete with big-sized companies even less effective. Including more behavior of using delivery service, the medium-sized companies have to become secondary to two aspects: 1.) Taking advantage of the senders, which provides delivery service that charges 20% delivery fee as the minimum rate. 2.) Competition for media space on each application that is often bought by big-sized companies. Also, big-sized companies have their own delivery service as well.

Another medium-sized food business risk is in this economic crisis, having non-discounted rental costs. Or rental reduced cannot comparable with lost of sales. Causing the company has high expenses and resulted in a loss to occur. Therefore, one solution is to adjust the sales model in accordance with the current situation. Currently, plans for shop expansion must beware rental cost that is not very high. To change from opening shops in shopping centers to commercial building or a house with a sitting area in the community, in order to reduce costs, easy access and convenient to sell and delivery. Including more emphasis on shop expansion in the form of franchise in order to expand the customer base by having the franchisee to be the co-investor and the company group provides guidelines and recommendations for doing business, in order to increase market sharing.

The company group still has to continually improve the store's appearance. Coupled with the develop of food quality and service standards. Be accepted and has consistently won the hearts of general customers especially the quality of food. The company group still emphasizes and gives top priority suitable in terms of quality and quantity, worth the price.

3.2 English language school business

English language school business is highly competitive due to the low barrier to entry. However, the Company provides unique English courses which are acceptable worldwide. The Company aims to become a leading private school which offers English language courses and training by having the right personnel with suitable qualifications, having good and appropriate locations, building a strong sales team, organizing up-to-date campaigns which are suitable for target customers and adaptive to current circumstances. Moreover, the Company uses innovative marketing to publicize the brand and to promote the sale through marketing strategy and to continue to focus on the existing customers by providing campaign that has attractive to the target and for encourage the sale volume.

3.3 Television program production business

As the Company produces and distributes television drama series only to Bangkok Entertainment Public Co., Ltd., it must carefully source high quality contents that match the audience's needs in order to ensure that the productions presented will receive the approval to be broadcasted.

The growth in digital TV has resulted in an increase in the number of television channels, each of which attempt to produce more drama series causing the lack of personnel in TV production. To avoid business disruptions from suck risk, the Company has changed methods from hiring on a freelance basis to hiring on a Long Term Contract basis.

4. Risks relating to procurement of the right locations for conducting businesses

Selecting the right location, whether in department stores or other lease areas, is a critical factor to success of Wave Group's business. In this respect, the Company faces risks such as lease term of any center not being extended or changes to conditions of lease agreement. However, Wave Group conducts various business and is well known among teenagers, people who just starts working, and other consumers, which attracts consumers to use other services in department stores or lease areas. In addition, Wave Group is expanding its restaurant business by opening new stores in leading department stores every year. Therefore, it has a bargaining power with department stores and/or owners of lease areas in reserving suitable locations over other competitors and is able to enter into long-term lease agreements at reasonable expenses.

5. Risks from shortage of personnel

Human resources are important factor for sustainable growth of Wave Group. Wave Group has continuously given importance to risk in this area by promoting its staffs to have passion and bond with the organization. Wave Group also ensure that its staffs develop understanding and knowledge in business through continuous training and skill development. There is regular assessment of staffs. In addition, Wave Group also ensures appropriate employee compensation and provides other benefits such as medical expenses, group insurance, and provident funds.

6 Risk from economic and political instability, natural disasters, and force majeure on the business

Wave Group's revenues and profits rely on consumers' spending, and therefore may be negatively affected by external factors beyond the control of Wave Group such as economic slowdown, political instability or natural disaster (e.g. flood and earthquake). Such risks are faced by all companies and the Company has risk management measures to lower the negative impact on the business and manage force majeure events. Such measures include taking out insurances over assets to cover for events such as flood and fire etc

7. Risk of business interruption due to malfunction of information technology system

Wave Group, including its back office and business units, uses information technology system in conducting its business. Wave Group understands importance of maintaining business continuity in the event that any unexpected circumstance or disaster arises and causes failure of the computer system.

To lower such risk which may affect business continuity, Wave Group has back-up its information including accounting system and customer information by storing information and keeping them up-to-date within designated area.