

## SE-EDUCATION PUBLIC COMPANY LIMITED

### And its subsidiaries

### Management Discussion and Analysis

### Performance Report for the Year period ended 31 December, 2022

#### Overview

In the year 2022, the Thai economy continued to improve due to the recovery of tourism in a certain extent. Further, the domestic consumption, private investment, and exports continued to expand. As a result, the trade and service sectors had improved in line with the economic recovery. In term of publishing business, the market showed a sign of recovery and publishers were increasing the power of producing new books getting for both non-fiction and fiction and gaining more feedback from the readers. Not only the growth of books was showing, other product groups that promote learning or enhancing skills for children, and product groups of teenagers, students, and working people's lifestyles also began to show the recovery signs too. However, it was not the same level as before the outbreak of COVID-19. The Thai economy had expanded; yet it was under pressure from inflation that affects the household sector and yielded a limitation on consumer spending. In addition, the service businesses had been affected by an increase of minimum wage rate, which has increased by more than 5.02%, and the rise of financial costs from interest rates that steadily increased. However, the Company had adapted itself to be more in line with the current situation. It continued to control expenses in every dimension, including closing branches that were not profitable, although the Company received a rental discount from shopping malls, which helped the Company cut some expense.

- Branch Closing The Company closed 22 unprofitable branches, allowing the Company to control expenses more efficiently. The Company recently had 240 branches that are still in operation as of December 31, 2022.
- Branch Expansion The Company had opened a new branch in October (Seacon Bangkae Branch)

However, the income from due to an increase of 14.3% from the retail business group and the wholesale business raised a growth rate of approximately 9% from the previous year due to the government's policy to study on-site (teaching and learning at schools). Apart from adapting itself, the Company had also been an adjusted in terms of cost control and improving books and products selection to meet the needs of customers.

In addition, the Company was improving its online channels to be more convenient and faster to facilitate the changes of customer behavior which tended to shop online more. The Company structure had been revised to increase efficiency, reduce costs, and generate new sources of income. The Company also attached great importance to new

digital businesses. Currently, the Company was under products & services development with collaboration from alliances specialized in education, content providers, and international technology leaders in order to strengthen and maintain its premier position in book industry and the greatest book store chain store of Thailand. This would embark a new era of learning centers on online and offline platforms.

**SE-ED's Loss  
In 2022 is THB 2.95  
million.**

In 2022, the Company's net loss according to the consolidated financial statements of THB 2.95 million, an decrease of THB 54.13 million, or 94.83%, resulting from a net profit according to the separate financial statements of THB 2.36 million. Net profit increased by THB 62.91 million due to main revenue from the separate financial statements increased by THB 168.98 million, due to an increase of 14.3% from the retail business group, an increase of 9% from the wholesale business, and the termination of last year's lockdown from the COVID-19 pandemic situation. As a result, the overall performance was improving. In addition, the Company also received dividends from subsidiaries for THB 3.92 million and from adjusting trade accounts payable to be current.

The summary of key performance results was as follows:

- The total revenue Total revenue according to the consolidated financial statements was THB 2,056.70 million, increased by THB 240.04 million or 13.21% which according to the separate financial statements, the income increased by 11.77%.
- The sales and administrative expenses is THB 734.31 million, increased by THB 30.31 million or 4.31% due to the lockdown in the third quarter of 2022.
- Financial expenses were THB 22.25 million, decreased by THB 0.12 million in with a decrease of the principal burden.

Table 1 : Operation results of 2022 and 2021

	(Unit : Million Baht)			
	Consolidated financial statement			
	2022	2021	Increase (decrease)	%
Revenue from sales of goods	1,986.94	1,772.66	214.28	12.09%
Cost of sales	1,288.49	1,140.22	148.27	13.00%
Gross profit	698.45	632.44	66.01	10.44%
Gross profit margin	35.15%	35.68%		(0.53%)
EBITDA	78.47	69.66	8.81	12.65%
Profit (loss) attributable to				
Equity holders of the Company	(2.95)	(57.08)	54.13	94.83%
Net earnings per share (Unit : Baht)	(0.008)	(0.146)	0.138	94.83%

Note: EBITDA is earnings before Interest and Tax, plus Depreciation& Amortization and Allowance for loss of inventories, dilapidated and slow moving.

**Margin decreased  
or 0.53%**

In 2022, gross profit was THB 698.45 million, increased by THB 66.01 million or 10.44% from the previous year. A gross profit margin of 35.15%, decreased by 0.53% compared to the previous year. This was because the cost of imported goods from abroad increased due to the fluctuation of the British pound currency exchange rate. However, the Company was able to remain the gross margin due to the in-house brand books, which some titles were trending and in demand. This resulted in several reprinting and helped slightly reduce gross profit margin.

**cost of sales and  
services increased by  
THB 148.27 million**

Cost of sales of goods and services according to the consolidated financial statements was THB 1,288.49 million, increased by THB 148.27 million or 13%, which related to an increase in sales.

**EBITDA increased by  
THB 8.81 million or  
12.65%**

EBITDA was THB 78.47 million, increased by THB 8.81 million or 12.65% according to the improved performance.

Table2: Statement of financial position As at 31 December 2022 and 2021

(Unit : Million Baht)				
Consolidated financial statement				
	31 December 2022	31 December 2021	Increase (decrease)	%
Current assets	403.54	488.83	(85.29)	(17.45%)
Non-current assets	2,027.71	2,058.39	(30.68)	(1.49%)
<b>Total assets</b>	<b>2,431.25</b>	<b>2,547.22</b>	<b>(115.97)</b>	<b>(4.55%)</b>
Current liability	803.91	849.13	(45.22)	(5.33%)
Non-current liability	466.74	571.05	(104.31)	(18.27%)
<b>Total liability</b>	<b>1,270.65</b>	<b>1,420.18</b>	<b>(149.53)</b>	<b>(10.53%)</b>
Total shareholder's equity	1,160.60	1,127.04	33.56	2.98%
<b>Total liability and shareholder's equity</b>	<b>2,431.25</b>	<b>2,547.22</b>	<b>(115.97)</b>	<b>(4.55%)</b>

**Current assets**

**decreased by THB  
85.29 million or 17.45%**

Current assets decreased by THB 85.29 million as follows:

- Trade accounts receivable and other receivables decreased by THB 2.96 million or 5.89%. Most of them were receivable from educational institutes and receiving payment.
- Inventories decreased by THB 3.47 million or 1.55% from sales to educational institutes in preparation for the new semester.
- Other current financial assets decreased by THB 43.97 million or 77.60% due to the sale of temporary investments to use as working capitals and repayment of long-term loans.

**Non-current assets**

**decreased by THB  
30.68 million or 1.49%**

Non-current assets decreased by THB 30.68 million due to:

- The right-of-use assets lease agreements decreased by THB 68.86 million due to amortization over the lease period and from the reduction of the head office area by 33% at the end of the first quarter of 2022.
- Property, plant, and equipment increased by THB 50.30 million from the appraisal of the land of the subsidiary by THB 33.16 million and the school building for primary student was finished.

<b>Current liability decreased by THB 45.22 million or 5.33%</b>	Current liability decreased by THB 45.22 million as follows: <ul style="list-style-type: none"> <li>- Trade accounts payable and other payables decreased by THB 68.50 million from paying and reducing the order quantity according to the sales.</li> </ul>
<b>Non-current liability decreased by THB 104.31 million or 18.27%</b>	Non-current liabilities decreased by THB 104.31 million due to: <ul style="list-style-type: none"> <li>- Non-current lease liabilities decreased by THB 38.92 million due to the due rental payment of bookstores under the lease agreement.</li> <li>- Long-term loans decreased by THB 80.18 million due to loan repayment under the contract.</li> </ul>
<b>Shareholder's equity increased by THB 33.56 million or 2.98%</b>	Shareholder's equity increased by THB 33.56 million due to the increase in operating results.

Table 3 : Statement of cash flows for 31 December 2022 and 2021

(Unit : Million Baht)

	Consolidated financial statement			
	2022	2021	Increase (decrease)	%
Cash flows from (used) operation activities	108.85	85.07	23.78	27.95%
Cash flows from (used) investing activities	(37.70)	20.58	(58.28)	(283.19%)
Cash flows from (used) financing activities	(104.76)	(90.06)	(14.70)	(16.32%)
Net Cash flows (decreased)	(33.61)	15.59	(49.20)	(315.59%)

<b>Cash flows from operation activities in 2022 was THB 108.85 million.</b>	The net cash flows from operation in the amount of THB 108.85 million came from: <ul style="list-style-type: none"> <li>○ Profit in the form of cash from operation was THB 156.84 million.</li> <li>○ Operating assets decreased by THB 8.07 million from rental guarantees and deposits of THB 8.82 million and trade receivables of THB 1.44 million.</li> <li>○ Operational liabilities decreased by THB 24.14 million from paying the due payment to the accounts payable.</li> <li>○ Cash decreased by THB 4 million from reconditioning of closed branches and renovating branches.</li> <li>○ Cash decreased by THB 22.15 million from paying an interest of the long-term loans.</li> </ul>
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**Cash flows use in investing activities in 2022 was THB (37.70) million.**

- Cash decreased by THB 76.87 million from expanding school building and purchasing the school supplies of the subsidiary company.
- Cash increased from selling the investment capitals of THB 48.61 million to be used for internal circulation and repayment of long-term loans.

**Cash flows used in financing activities in 2022 was THB (104.76) million.**

- Cash decreased from the subsidiary company paying due long-term loans of THB 62.30 million.
- Cash decreased by THB 61.84 million due to paying liabilities under lease agreements.
- Cash decreased from subsidiary companies' dividend payment of THB 3.46 million.

Table 4 : Financial ratio of 2022 and 2021

Financial ratios		Consolidated financial statement	
		2022	2021
Return On Equity (ROE)	%	(0.28)	(5.38)
Return on Asset (ROA)	%	1.36	(1.03)
Debt to Equity Ratio	times	1.09	1.26
Interest Coverage Ratio	times	8.15	7.89

Note:

- ROE (Return on Equity) = Net profit (Parent Company only) divided by shareholder's equity (averaged) from Parent Company only
- ROA (Return on Assets) = Net profit before financial and tax expenses divided by total assets (averaged)
- Debt to Equity Ratio = total debts divided by shareholder's equity (minor shareholder's equity included)
- Debt service Coverage Ratio = Profit from operating activities before changes in operating assets and liabilities + interest + income tax expenses divided by interest from operation and investment

**ROE was (0.28%) increased by 5.10% while ROA was 1.36% increased by 2.39%**

Return on Equity (ROE) was (0.28%) increased by 5.10% and Return on Assets (ROA) was 1.36% increased by 2.39% according to the improving performance comparing from the same period last year.

**Debt to Equity Ratio was 1.09 times, decreased by 0.17 times**

Debt to Equity Ratio decreased by 0.17 times due to loan repayment.

**Interest Coverage  
Ratio was 8.15 times,  
increased by 0.27  
times**

Interest Coverage Ratio increased 0.27 times in line with the increased principal burden.

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(Mr. Rungkan Paisitpanichtrakul)

Managing Director