

SE-EDUCATION PUBLIC COMPANY LIMITED

And its subsidiaries

Management Discussion and Analysis

Performance Report for the Year period ended 31 December, 2023

Overview

In 2023, the Thai economy as a whole grew at a slower pace, which was in line with the slow recovery of export and revenues of tourism. Government spending shrank due to capital expenditures of both the central government and state enterprises. However, private consumption indicators and the service sector continued to expand and were important driving forces of the Thai economy. Meanwhile, core inflation remained stable. The labor market continued to recover from the previous quarter. Signs of employment in the manufacturing sector were to be slowing down. For the publishing industry, the market was beginning to recover. Various publishing houses increased the production capacity of new publications. Book categories, especially the applied psychology, self-development, business techniques, and entertainment encouraged the atmosphere for producing, reading, and consumers' response better. In addition, other products that promote learning or enhancing skills for children and the lifestyle groups of teenagers, students, and working people are starting to show signs of improvement as well; yet, it was still not the same level as before COVID-19. 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 expenses.

- **Opening new branches** The Company opened four new branches

In the Year 2023 as follows:

- ICONSIAM (March 2023)
- Nong Khai, Mittraphap Road (June 2023)
- Big C Su-ngai Kolok Narathiwat (August 2023)
- Big C Saraburi (November 2023)
- **Branch Closing** The Company closed 24 unprofitable branches, allowing the Company to control expenses more efficiently. The Company recently had 220 branches that are still in operation as of December 31, 2023.

However, the income from the wholesale business raised a growth rate of approximately 14.8% from the previous year and due to an increase of 0.6% from the retail business group. With the Same Store Sale group having a growth rate of 6.7%. The company has collaborated with the Office of Basic Education Commission (OBEC), the Ministry of Education, and partners to seek endorsement approval of the 4-skill EduSynch CEFR

Level Test from the Secretariat Office of the Teachers Council of Thailand. This accreditation allows all test-taking teachers to submit their passing scores to the Ministry of Education for academic status advancement.

The company recognizes potential opportunities presented by the CEFR Level Test. In response, the Academic Development and International Business Division has developed the EduSynch test into a house brand under the name SE-ED Academy CEFR Level Test. This test continuously meets the needs of educational institutions at both the school and university levels.

In 2023, the company conducted the exam for 4,000 OBEC teachers nationwide by closely collaborating with 185 Human Capital Excellence Centers (HCEC) to assess the knowledge and language proficiency of English teachers across the country.

However, 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 Profit
In 2023 is THB 36.05
million.***

In 2023, the Company had a net profit according to the consolidated financial statements equal to THB 36.05 million. Profit increased by THB 39 million, accounting for 1322%, caused by net profit according to the separate financial statements equal to THB 24.78 million. Profit increased by THB 22.42 million, mainly due to realizing a profit from measuring the fair value of investment properties net of taxes in the amount of THB 18 million and from the main operating results of THB 6.78 million (loss in 2022 was THB 2.9 million). The main income of the wholesale business increased by 14.8% from selling to educational institutions during preparation for the new semester and selling high-gross margins products like non-book products, resulting in the profit condition of the retail business group improving.

These resulted in better profitability of the retail business group.

The summary of key performance results was as follows:

- **The total revenue** Total revenue according to the consolidated financial statements was THB 2,170.95 million, increased by THB 114.25 million or 5.60% which according to the separate financial statements, the income increased by 5%.
- **Selling and administrative expenses** were THB 723.13 million, an decrease of THB 11.18 million or 1.50% due to effective control costs. especially improving product turnover rate.
- **Financial expenses** were THB 21.70 million, decreased by THB 0.55 million in with a decrease of the principal burden.

Table 1 : Operation results of 2023 and 2022

(Unit : Million Baht)

	Consolidated financial statement			
	2023	2022	Increase (decrease)	%
Revenue from sales of goods	2,096.40	1,986.95	109.46	5.50%
Cost of sales	1,361.12	1,288.49	72.63	5.60%
Gross profit	735.28	698.45	36.83	5.30%
Gross profit margin	35.10%	35.20%		(0.10%)
EBITDA	135.69	78.47	57.22	72.90%
Profit (loss) attributable to				
Equity holders of the Company	36.05	(2.95)	39.00	1322.00%
Net earnings per share (Unit : Baht)	0.092	(0.008)	0.100	1250.00%

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

**Margin decreased
or 0.10%**

In 2023, gross profit amounted to THB 735.28 million, an increase of THB 36.83 million from the previous year or 5.30%, with a gross profit margin of 35.10%, decreased by 0.10% compared to the previous year.

The gross profit margin of the separate financial statements was 36.07%, decreased by 0.27% compared to the previous year due to giving more discounts to stimulate sales of retail businesses.

**cost of sales and
services increased by
THB 72.63 million**

Cost of sales of goods and services according to the consolidated financial statements was THB 1,361.12 million, increased by THB 72.63 million or 5.60%, which related to an increase in sales.

**EBITDA increased by
THB 57.22 million or
72.90%**

EBITDA was THB 135.69 million, increased by THB 57.22 million or 72.90% according to improving operating results and realized a profit from the appraisal of investment real estate of THB 18 million.

Table2: Statement of financial position As at 31 December 2023 and 2022

(Unit : Million Baht)

	Consolidated financial statement			
	31 December 2023	31 December 2022	Increase (decrease)	%
Current assets	428.13	403.54	24.59	6.10%
Non-current assets	2,188.41	2,027.71	160.70	7.90%
Total assets	2,616.54	2,431.25	185.29	7.60%
Current liability	864.93	803.91	61.02	7.60%
Non-current liability	405.46	466.74	(61.28)	(13.10%)
Total liability	1,270.39	1,270.65	(0.26)	(0.02%)
Total shareholder's equity	1,346.15	1,160.60	185.55	16.00%
Total liability and shareholder's equity	2,616.54	2,431.25	185.29	7.60%

**Current assets
increased by THB
24.59 million or 6.10%**

Current assets increased by THB 24.59 million as follows:

- Cash and cash equivalents increased by THB 16.63 million or 16.29%.
- Trade accounts receivable and other receivables increased by THB 11.21 million or 23.70%. Most of them were the major receivables.
- Inventories increased by THB 6.89 million or 3.10%.

- Other current financial assets decreased by THB 11.39 million or 89.80% due to the sale of temporary investments to use as working capitals and repayment of long-term loans.

Non-current assets increased by THB 160.70 million or 7.90%

Non-current assets increased by THB 160.70 million due to additional assessment of land and buildings used for operations and investment properties by an independent appraiser.

Current liability increased by THB 61.02 million or 7.60%

Current liability increased by THB 61.02 million as follows:

- Bank overdrafts and short-term loans increased by THB 64.96 million.
- Long-term loans due within one year of subsidiary increased by THB 23.99 million.
- Current portion of long-term employee benefits obligations which was due within one year increased by THB 4.10 million due to a decrease in employee turnover.
- Current portion of lease liabilities decreased by THB 20.40 million.
- Trade and other current payables decreased by THB 16.35 million.

Non-current liability decreased by THB 61.28 million or 13.10%

Non-current liabilities decreased by THB 61.28 million due to:

- Long-term loans decreased by THB 106.17 million due to loan repayment under the contract.
- Provision for decommissioning costs decreased by THB 9.83 million.
- Deferred tax liabilities increased by THB 46.57 million.
- The subsidiary's education insurance money increased by THB 10.80 million due to a policy during the year to collect insurance money for school development.

Shareholder's equity increased by THB 185.55 million or 15.16%

Shareholder's equity increased by THB 185.55 million because an increase in property and investment property appraisals by an independent appraiser and better operating results of the Company.

Table 3 : Statement of cash flows for 31 December 2023 and 2022

(Unit : Million Baht)

	Consolidated financial statement			
	2023	2022	Increase (decrease)	%
Cash flows from (used) operation activities	146.80	106.42	40.38	37.90%
Cash flows from (used) investing activities	(53.68)	(35.27)	(18.41)	(52.20%)
Cash flows from (used) financing activities	(76.49)	(104.75)	28.26	26.27%
Net Cash flows (decreased)	16.63	(33.60)	50.23	149.50%

Cash flows from operation activities in 2023 was THB 146.80 million.

The net cash flows from operation in the amount of THB 146.80 million came from:

- Profit in the form of cash from operation was THB 173.56 million.
- From changes in operating assets increased by THB 9.35 million from trade accounts receivable.
- Operation liabilities increased by THB 3.71 million from the education insurance money and realizing the advance income of the subsidiary.
- Cash decreased by THB 4.80 million from reconditioning of closed branches and renovating branches.
- Cash decreased by THB 21.63 million from paying an interest of the long-term loans.

Cash flows use in investing activities in 2023 was THB (53.68) million.

- Cash decreased by THB 49.76 million from expanding school building and purchasing the school supplies of the subsidiary company.
- Cash decreased by THB 18.18 million from the purchase of rights-of-use assets under lease agreements.

Cash flows used in financing activities in 2023 was THB (76.49) million.

- Cash decreased from due long-term loans of THB 82.18 million.
- Cash decreased by THB 54.94 million due to paying liabilities under lease agreements.
- Cash increased from short-term loans from financial institutions of THB 60 million.
- Cash decrease from the subsidiary companies' dividend payment of THB 4.32 million.

Table 4 : Financial ratio of 2023 and 2022

Financial ratios		Consolidated financial statement	
		2023	2022
Return On Equity (ROE)	%	3.19	(0.28)
Return on Asset (ROA)	%	3.44	1.36
Debt to Equity Ratio	times	0.94	1.09
Interest Coverage Ratio	times	9.10	8.15

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 3.19% increased by 3.47% while ROA was 3.44% increased by 2.08%

Return on Equity (ROE) was 3.19% increased by 3.47% according to the improving performance comparing and Return on Assets (ROA) was 3.44% increased by 2.08% from the revaluation of assets.

Debt to Equity Ratio was 0.94 times, decreased by 0.15 times

The debt to equity ratio decreased by 0.15 times from the loan repayment that were due and an increase of shareholder equity from the appraisal of land and buildings by an independent appraiser.

Interest Coverage Ratio was 9.10 times, increased by 0.95 times

Interest Coverage Ratio increased 0.95 times in line with the decreased principal burden.

Signature.....

(Mr. Rungkan Paisitpanichtrakul)

Managing Director