

## SE-EDUCATION PUBLIC COMPANY LIMITED

### And its subsidiaries

### Management Discussion and Analysis

### Performance Report for the nine-month period ended 30 September, 2023

#### Overview

In the 9-month period of 2023, 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 in fiction and nonfiction, especially self-development, and business books, 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.

- Opening new branches The Company opened three new branches

In the 9-month period of 2023 as follows:

- ICONSIAM (21 March 2023)
- Nong Khai, Mittraphap Road (16 June 2023 )
- Big C Su-ngai Kolok Narathiwat (3 August 2023)
- Branch Closing The Company closed 22 unprofitable branches, allowing the Company to control expenses more efficiently. The Company recently had 221 branches that are still in operation as of September 30, 2023.

However, the income from the wholesale business raised a growth rate of approximately 13.6% from the previous year and due to an increase of 4.4% from the retail business group. 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 Profit  
in 9-month period of  
2023 in the amount of  
THB 31.63 million.**

For the 9-month period of 2023, the Company's net profit according to the consolidated financial statements was THB 31.63 million, an increase of THB 28.69 million or 975.85%, resulting from a net profit according to the separate financial statements of THB 22.73 million, an increase of THB 28.16 million due to main income from a wholesale business group increased by 13.6%, resulting of sales to educational institutions during the preparation for the start of the new semester and selling high-margin products, especially the non-book products. 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 1,671.33 million, increased by THB 103.64 million or 6.61% which according to the separate financial statements, the income increased by 6.16%.
- Selling and administrative expenses were THB 545.27 million, an decrease of THB 3.35 million or 0.61% due to effective control costs. especially improving product turnover rate.
- Financial expenses were THB 16.19 million, decreased by THB 2.24 million in with a decrease of the principal burden.

Table 1 : Operation results for the nine-month period ended 30 September of 2023 and 2022

	(Unit : Million Baht)			
	Consolidated financial statement			
	9M'2023	9M'2022	Increase (decrease)	%
Revenue from sales of goods	1,640.95	1,528.49	112.46	7.36%
Cost of sales	1,059.90	986.10	73.80	7.48%
Gross profit	581.05	542.39	38.66	7.13%
Gross profit margin	35.41%	35.49%		(0.08%)
EBITDA	103.23	80.04	23.19	28.97%
Profit (loss) attributable to				
Equity holders of the Company	31.63	2.94	28.69	975.85%
Net earnings per share (Unit : Baht)	0.081	0.007	0.074	1057.14%

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

**Margin decreased  
or 0.08%**

For the 9-month period of 2023, gross profit amounted to THB 581.05 million, an increase of THB 38.66 million from the previous year or 7.13%, with a gross profit margin of 35.41%, decreased by 0.08% compared to the previous year. The subsidiary's gross profit margin decreased by 0.88% due to the start of depreciation of the completed primary school building to support the increasing number of students. The gross profit margin of the separate financial statements was 36.17%, increased by 0.04% from the previous year due to the adjustment of product mix, especially non-book products.

**cost of sales and  
services increased by  
THB 73.80 million**

Cost of sales of goods and services according to the consolidated financial statements was THB 1,059.90 million, increased by THB 73.80 million or 7.48%, which related to an increase in sales.

**EBITDA increased by  
THB 23.19 million or  
28.97%**

EBITDA was THB 103.23 million, increased by THB 23.19 million or 28.97% according to the improved performance.

Table2: Statement of financial position As at 30 September 2023 and 31 December 2022

	(Unit : Million Baht)			
	Consolidated financial statement			
	30 September 2023	31 December 2022	Increase (decrease)	%
Current assets	375.35	403.54	(28.19)	(6.99%)
Non-current assets	1,975.53	2,027.71	(52.18)	(2.57%)
<b>Total assets</b>	<b>2,350.88</b>	<b>2,431.25</b>	<b>(80.37)</b>	<b>(3.31%)</b>
Current liability	797.53	803.91	(6.38)	(0.79%)
Non-current liability	351.26	466.74	(115.48)	(24.74%)
<b>Total liability</b>	<b>1,148.78</b>	<b>1,270.65</b>	<b>(121.87)</b>	<b>(9.59%)</b>
Total shareholder's equity	1,202.09	1,160.60	41.49	3.57%
<b>Total liability and shareholder's equity</b>	<b>2,350.88</b>	<b>2,431.25</b>	<b>(80.37)</b>	<b>(3.31%)</b>

**Current assets**

**decreased by THB  
28.19 million or 6.99%**

Current assets decreased by THB 28.19 million as follows:

- Trade accounts receivable and other receivables increased by THB 29.14 million or 61.66%. Most of them were receivable from educational institutes, preparing for the new semester as usual.
- Inventories decreased by THB 8.59 million or 3.90% from sales to educational institutes in preparation for the new semester.
- Other current financial assets decreased by THB 12.07 million or 95.11% due to the sale of temporary investments to use as working capitals and repayment of long-term loans.

**Non-current assets**

**decreased by THB  
52.18 million or 2.57%**

Non-current assets decreased by THB 52.18 million due to:

- The right-of-use assets lease agreements decreased by THB 20.77 million due to amortization over the lease period and closed branches.
- Property, plant, and equipment decreased by 19.37 million baht from periodic depreciation. However, there was an increase in land appraisal of the subsidiary by THB 33.16 million and the new building for primary students.

**Current liability decreased by THB 6.38 million or 0.79%**      Current liability decreased by THB 6.38 million as follows:

- The unearned income waiting to be recognized as income within one year of the subsidiary decreased by THB 53.18 million.
- Other current liabilities decreased by THB 2.42 million, most of which were income received in advance from other services.
- Long-term loans due within one year of subsidiary increased by THB 49.10 million.

**Non-current liability decreased by THB 115.48 million or 24.74%**      Non-current liabilities decreased by THB 115.48 million due to:

- Non-current lease liabilities decreased by THB 9.64 million due to the due rental payment of bookstores under the lease agreement and from the decrease in the number of branches.
- Long-term loans decreased by THB 117.21 million due to loan repayment under the contract.

**Shareholder's equity increased by THB 41.49 million or 3.57%**      Shareholder's equity increased by THB 41.49 million due to the increase in operating results.

Table 3 : Statement of cash flows for the nine-month period 30 September 2023 and 2022 (Unit : Million Baht)

	Consolidated financial statement			
	9M2023	9M2022	Increase (decrease)	%
Cash flows from (used) operation activities	88.50	54.95	33.55	61.06%
Cash flows from (used) investing activities	(20.09)	4.61	(24.70)	(535.79%)
Cash flows from (used) financing activities	(109.97)	(113.11)	3.14	2.78%
Net Cash flows (decreased)	(41.56)	(53.55)	11.99	22.39%

**Cash flows from operation activities in 9M/2023 was THB 88.50 million.**      The net cash flows from operation in the amount of THB 88.50 million came from:

- Profit in the form of cash from operation was THB 156.35 million.
- From changes in operating assets increased by THB 19.33 million from trade accounts receivable THB 31.07 million, most of which were products sold to institutional and school debtors during the opening of the semester every year.
- Operation liabilities decreased by THB 35.18 million due to recognizing the unearned income of the Company's subsidiary.

- Cash decreased by THB 3.83 million from reconditioning of closed branches and renovating branches.
  - Cash decreased by THB 16.15 million from paying an interest of the long-term loans.
- Cash flows use in investing activities in 9M/2023 was THB (20.09) million.**
- Cash decreased by THB 24.69 million from expanding school building and purchasing the school supplies of the subsidiary company.
  - Cash decreased by THB 10.77 million from the purchase of rights-of-use assets under lease agreements.
- Cash flows used in financing activities in 9M/2023 was THB (109.97) million.**
- Cash decreased from due long-term loans of THB 68.11 million.
  - Cash decreased by THB 44.30 million due to paying liabilities under lease agreements.
  - Cash increased from short-term loans from financial institutions of THB 15 million.
  - Cash decrease from the subsidiary companies' dividend payment of THB 4.32 million.

Table 4 : Financial ratio of 9M'2023 and 9M'2022

Financial ratios		Consolidated financial statement	
		9M/2023	9M/2022
Return On Equity (ROE)	%	2.44	(2.50)
Return on Asset (ROA)	%	(0.04)	0.58
Debt to Equity Ratio	times	0.96	1.09
Interest Coverage Ratio	times	10.76	8.76

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 2.44% increased by 4.94% while ROA was (0.04%) decreased by 0.62%** Return on Equity (ROE) was 2.44% increased by 4.94% according to the improving performance comparing and Return on Assets (ROA) was (0.04%) decreased by 0.62%

**Debt to Equity Ratio** Debt to Equity Ratio decreased by 0.13 times due to loan repayment.  
**was 0.96 times,**  
**decreased by 0.13**  
**times**

**Interest Coverage** Interest Coverage Ratio increased 2 times in line with the decreased principal burden.  
**Ratio was 10.76 times,**  
**increased by 2 times**

Signature.....

(Mr. Rungkan Paisitpanichtrakul)

Managing Director