

SE-EDUCATION PUBLIC COMPANY LIMITED

And its subsidiaries

Management Discussion and Analysis

Performance Report As of March 31,2024

Overview

For the Quarter 1/2024, the overall of Thai economy was slowed down and the rate of expansion remained low compared to the previous year. Although there were factors that support purchasing power through the Easy E-receipt tax reduction measures from the government to stimulate the economy and convince people to spend more. Meanwhile, the core inflation remained stable and the labor market continuously recovered from the previous quarter. However, the employment in the manufacturing sector was beginning to slow down. The retail stores and the bookstores were affected, and also the release of new books by various publishers that decreased significantly. The company has adapted to better align with the current situation by prioritizing products with higher gross margins, particularly those produced in-house and imported items. Additionally, it has implemented measures to streamline branch-related expenses, including rent and employee compensation, for improved efficiency. This includes the strategic closure of unprofitable branches.

- **Branch Closing** The Company closed 12 unprofitable branches, allowing the Company to control expenses more efficiently. The Company recently had 211 branches that are still in operation as of March 31, 2024.
- **Opening new branches** The Company opened Three new branches In Q1'2024 as follows:
 1. Phatthalung, Ramesuan Road
 2. The Mall Bangkhae (Relocate)
 3. Central Nakhon Pathom

However, revenue from the wholesale business group increased by 3% compared to the previous year. The company has broadened its customer base to include new clients, particularly private school groups, through initiatives such as teacher training programs aimed at aligning Thai education curriculum with international standards. Consequently, both the Book and Digital Product groups have continued to grow as projected.

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 Q1'2024 is THB 2.97 million.

In Q1'2024, the Company had a net profit according to the consolidated financial statements equal to THB 2.97 million. decreased by THB 4.62 million, accounting for 60.90%, caused by net profit according to the separate financial statements equal to THB 5.27 million. decreased by THB 1.25 million, accounting for 19.20% from The main income according to the separate financial statements decreased.

The summary of key performance results was as follows:

- **The total revenue** Total revenue according to the consolidated financial statements was THB 524.70 million, decreased by THB 29.38 million or 5.30% which according to the separate financial statements, the income decreased by 7.30%.
- **Selling and administrative expenses** were THB 175.34 million, an decrease of THB 5.31 million or 2.90% due to effective control costs. especially improving product turnover rate.
- **Financial expenses** were THB 5.88 million, increased by THB 0.37 million in with a increase of the principal burden.

Table 1 : Operation results for the three-month period ended 31 March of 2024 and 2023

(Unit : Million Baht)

	Consolidated financial statement			
	Q1'2024	Q1'2023	Increase (decrease)	%
Revenue from sales of goods	514.60	545.34	(30.74)	-5.60%
Cost of sales	335.70	358.71	(23.01)	-6.40%
Gross profit	178.90	186.63	(7.73)	-4.10%
Gross profit margin	34.80%	34.20%		0.60%
EBITDA	26.66	31.38	(4.72)	-15.00%
Profit (loss) attributable to				
Equity holders of the Company	2.97	7.59	(4.62)	-60.90%
Net earnings per share (Unit : Baht)	0.008	0.019	(0.011)	-57.90%

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

**Margin increased
or 0.60%**

In Q1'2024, gross profit amounted to THB 178.90 million, an decrease of THB 7.73 million from the previous year or 4.10%, with a gross profit margin of 34.80%, increased by 0.60% compared to the previous year.

The gross profit margin of the separate financial statements was 35.99 %, increased by 0.24% compared to the previous year due to adjusting the product ratio of the imported products and house-brand products.

**cost of sales and
services decreased by
THB 23.01 million**

Cost of sales of goods and services according to the consolidated financial statements was THB 335.70 million, decreased by THB 23.01 million or 6.40%, which related to an decrease in sales.

**EBITDA decreased by
THB 4.72 million or 15%**

EBITDA was THB 26.66 million, decreased by THB 4.72 million or 15%, according to the decreased operating results.

Table2: Statement of financial position As at 31 March 2024 and 31 December 2023

(Unit : Million Baht)

	Consolidated financial statement			
	31 March 2024	31 December 2023	Increase (decrease)	%
Current assets	509.47	428.13	81.34	19.00%
Non-current assets	2,197.10	2,188.41	8.69	0.40%
Total assets	2,706.57	2,616.54	90.03	3.40%
Current liability	966.47	864.93	101.54	11.70%
Non-current liability	393.28	405.46	(12.18)	-3.00%
Total liability	1,359.75	1,270.39	89.36	7.00%
Total shareholder's equity	1,346.82	1,346.15	0.67	0.05%
Total liability and shareholder's equity	2,706.57	2,616.54	90.03	3.40%

**Current assets
increased by THB
81.34 million or 19%**

Current assets increased by THB 81.34 million as follows:

- Trade accounts receivable and other receivables increased by THB 54.15 million or 92.60%. Most of them were receivable from educational institutes, preparing for the new semester as usual.
- Inventories increased by THB 66.52 million or 29.30% from orders for the new semester.

- Cash and cash equivalents decreased by THB 47.36 million or 39.90%.

Non-current assets increased by THB 8.69 million or 0.40%

Non-current assets increased by THB 8.69 million due to

- Land, buildings, and equipment increased by THB 9.95 million or 0.60% from expanding the school building for the upper primary level and renovating the Subsidiary's library which is under construction.
- Intangible assets increased by THB 4.87 million or 60.60% from the working-in-progress development of program systems and websites which aimed to increase work efficiency and better services.
- Withholding tax awaiting refund from the Revenue Department decreased by THB 6.65 million baht or 35.70%.

Current liability increased by THB 101.54 million or 11.70%

Current liability increased by THB 101.54 million as follows:

- Trade accounts payable and other payables increased by THB 121.02 million due to purchasing goods for a new semester.
- Current portion of long-term loans decreased by THB 15.01 million from subsidiaries.

Non-current liability decreased by THB 12.18 million or 3%

Non-current liabilities decreased by THB 12.18 million due to:

- Long-term loans decreased by THB 14.96 million due to loan repayment under the contract.

Shareholder's equity increased by THB 0.67 million or 0.05%

Shareholders' equity increased by THB 0.67 million from increased operating results of subsidiaries.

Table 3 : Statement of cash flows the three-month period 31 March 2024 and 2023

(Unit : Million Baht)

	Consolidated financial statement			
	Q1'2024	Q1'2023	Increase (decrease)	%
Cash flows from (used) operation activities	16.34	5.47	10.87	198.70%
Cash flows from (used) investing activities	(35.40)	(5.73)	(29.67)	-517.80%
Cash flows from (used) financing activities	(28.30)	(20.20)	(8.10)	-40.10%
Net Cash flows (decreased)	(47.36)	(20.46)	(26.90)	-131.50%

Cash flows from operation activities in Q1'2024 was THB 16.34 million.

The net cash flows from operation in the amount of THB 16.34 million came from:

- Profit in the form of cash from operation was THB 40.96 million.
- From changes in operating assets increased by THB 119.86 million, most of which were products sold to institutional and school debtors during the opening of the semester every year.
- Operation liabilities increased by THB 96.36 million, from trade payables ordered products for selling to educational institutes that prepared for the new semester.
- Cash decreased by THB 1.05 million from reconditioning of closed branches and renovating branches.
- Cash decreased by THB 5.84 million from paying an interest of the long-term loans.
- Cash received from tax refunds from the Revenue Department increased THB 7.07 million.

Cash flows use in investing activities in Q1'2024 was THB (35.40) million.

- Cash decreased by THB 23.72 million from expanding school building and purchasing the school supplies of the subsidiary company.
- Cash decreased by THB 5.70 million from the purchase of rights-of-use assets under lease agreements.
- Cash decreased by THB 4.98 million, from the purchase of intangible assets.

Cash flows used in financing activities in Q1'2024 was THB (28.30) million.

- Cash decreased from due long-term loans of THB 29.97 million.
- Cash decreased by THB 10.24 million due to paying liabilities under lease agreements.
- Cash increased from short-term loans from financial institutions of THB 13.99 million.
- Cash decrease from the subsidiary companies' dividend payment of THB 6.05 million.

Table 4 : Financial ratio of Q1'2024 and Q1'2023

Financial ratios		Consolidated financial statement	
		Q1'2024	Q1'2023
Return On Equity (ROE)	%	2.77	1.35
Return on Asset (ROA)	%	3.29	1.98
Debt to Equity Ratio	times	1.01	1.14
Interest Coverage Ratio	times	8.07	10.13

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 2.77% increased by 1.42% while ROA was 3.29% increased by 1.31%

Return on Equity (ROE) was 2.77% increased by 1.42% and Return on Assets (ROA) was 3.29% increased by 1.31% from increased operating results of subsidiaries.

Debt to Equity Ratio was 1.01 times, decreased by 0.13 times

Debt to Equity Ratio decreased by 0.13 times due to loan repayment.

Interest Coverage Ratio was 8.07 times, decreased by 2.06 times

Interest Coverage Ratio decreased 2.06 times due to lower operating results.

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(Mr. Rungkan Paisitpanichtrakul)

Managing Director