

SE-EDUCATION PUBLIC COMPANY LIMITED

And its subsidiaries

Management Discussion and Analysis

Performance Report for the Year period ended 31 December, 2024

Overview

For 2024, the overall Thai economy continued to slow down from the previous year. The labor market remained stable in both the service and manufacturing sectors. Despite the recovery in some areas of major tourist, high household debt and economic uncertainty have prevented employment from expanding as expected. In addition, the retail business was affected by the major flooding in both the North and the South in the second half of the year, which reduced consumer consumption and raised concerns about rising living costs.

However, the Company had adjusted itself to be more in line with the current situation by pushing for a higher proportion of products with high gross profit margins, especially self-produced products and imported products. In addition, it had also more efficiently controlled branch-related expenses, rent, and employee compensation, including closing unprofitable branches.

- **Branch Closing** The Company closed 27 unprofitable branches, allowing the Company to control expenses more efficiently. The Company recently had 200 branches that are still in operation as of December 31, 2024.
- **Opening new branches** The Company opened 7 new branches
In 2024 as follows:
 1. Phatthalung, Ramesuan Road
 2. The Mall Bangkhae (Relocate)
 3. Central Nakhon Pathom
 4. Trat (New road)
 5. Big C Yala
 6. Big C Pattani
 7. Taweekit Buriram

However, revenue from the wholesale business group increased by 6.5% from the customer group that is an educational institution, 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 English language skills in 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 Loss
In 2024 is THB
25.31 million.**

For 2024, the Company had a net loss according to the consolidated financial statements of THB 25.31 million, an increase of THB 61.37 million or 170.20%, resulting from a net loss according to the separate financial statements of THB 27.53 million, an increase of THB 52.31 million or 211.11%, due to a 17% decrease in retail business revenue in line with consumer behavior that had shifted to online shopping more due to discounts from each platform that uses fiercely competitive pricing strategies, and due to the major flooding in both the North and the South. In addition, the cost of imported goods increased due to foreign exchange rates compared to the previous year by approximately 6.8%.

Including the recognition losses from exchange rate of THB 2.64 million. Moreover, there was a profit from the fair value measurement of investment properties of THB 22.50 million from the previous year. However, the Company still able to increased sales from wholesale channels 6.5% from the previous year.

The summary of key performance results was as follows:

- **The total revenue** :Total revenue according to the consolidated financial statements was THB 2,012.66 million, decreased by THB 158.29 million or 7.29% which according to the separate financial statements, the income decreased by 7.56%. and other income decreased THB 32.03 million from the fair value measurement of investment properties in the previous year.
- **Selling and administrative expenses** were THB 709.62 million, an decrease of THB 13.50 million or 1.87%. This was due to more efficient cost control, especially the reduction of expenses from branches that were closed due to non-profits and better product turnover management.
- **Financial expenses** were THB 22.70 million, increased by THB 1 million in with a increase of the principal burden.

Table 1 : Operation results of 2024 and 2023

(Unit : Million Baht)

	Consolidated financial statement			
	2024	2023	Increase (decreas)	%
Revenue from sales of goods	1,971.45	2,096.40	(124.95)	-5.96%
Cost of sales	1,289.18	1,361.11	(71.93)	-5.28%
Gross profit	682.27	735.29	(53.02)	-7.21%
Gross profit margin	34.61%	35.07%		-0.46%
EBITDA	68.50	138.88	(70.38)	-50.68%
Profit (loss) attributable to				
Equity holders of the Company	(25.31)	36.05	(61.36)	-170.20%
Net earnings per share (Unit : Baht)	(0.065)	0.092	(0.157)	-170.65%

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

**Margin decreased
or 0.46%**

For 2024, gross profit was THB 682.27 million, down THB 53.02 million or 7.21% from the previous year. The gross profit margin was 34.61%, decreased by 0.46% from the previous year. Because of the subsidiary's gross profit decreased 6.01%, due to the increased cost of compensation for educational personnel.

**cost of sales and
services decreased by
THB 71.93 million**

Cost of sales of goods and services according to the consolidated financial statements was THB 1,289.18 million, decreased by THB 71.93 million or 5.28%, which related to an decrease in sales.

**EBITDA decreased by
THB 70.38 million or
50.68%**

EBITDA was THB 68.50 million, decreased by THB 70.38 million or 50.68%, according to the decreased operating results.

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

(Unit : Million Baht)

	Consolidated financial statement			
	31 December 2024	31 December 2023	Increase (decrease)	%
Current assets	402.66	428.14	(25.48)	-5.95%
Non-current assets	2,216.32	2,188.41	27.91	1.28%
Total assets	2,618.98	2,616.55	2.43	0.09%
Current liability	798.05	888.43	(90.38)	-10.17%
Non-current liability	498.33	381.97	116.36	30.47%
Total liability	1,296.38	1,270.40	25.98	2.05%
Total shareholder's equity	1,322.60	1,346.15	(23.55)	-1.75%
Total liability and shareholder's equity	2,618.98	2,616.55	2.43	0.09%

Current assets
decreased by THB
25.48 million or 5.95%

Current assets decreased by THB 25.48 million as follows:

- Cash and cash equivalents decreased by THB 12.12 million or 10.20%.
- Trade accounts receivable and other receivables decreased by THB 13.73 million or 23.48%. Most of them were receivable from educational institutes and receiving payment.
- Other current financial assets decreased by THB 1.20 million from the sale of temporary investments to use as working capitals.

Non-current assets
increased by THB
27.91 million or 1.28%

Non-current assets increased by THB 27.91 million due to

- Right-of-use assets increased by THB 24.39 million or 15.14% from the renewal of the head office building lease contract
- Intangible assets increased by THB 15.06 million or 187.36% from the working-in-progress development of program systems and websites which aimed to increase work efficiency and better services.
- Prepaid book copyright and translation fee increased by THB 6.74 million or 27.80%
- Other non-current assets increased by THB 3.58 million or 38.42% from the construction deposit for the subsidiary's school building.
- Property, plant, and equipment decreased by THB 9.55 million or 0.55% from periodic depreciation by THB 57.89 million. The cost of assets increased from the

upper primary level school's expansion and the improvement of the subsidiary's library.

- Withholding tax awaiting refund from the Revenue Department decreased by THB 6.65 million or 35.72%.
- Rental guarantee and deposit decreased by THB 3.08 million or 4.36%.

**Current liability
decreased by THB
90.38 million or 10.17%**

Current liability decreased by THB 90.38 million as follows:

- Current portion of long-term loans decreased by THB 62.23 million from the subsidiary's promissory note extension.
- Trade accounts payable and other payables decreased by THB 28.08 million from paying and reducing the order quantity according to the sales.
- Overdraft and short-term loan from financial institution decreased by THB 2.45 million.
- Other current liabilities increased by THB 3.41 million, or 14.37%, from educational institutions service income received in advance.
- The unearned income waiting to be recognized as income within one year of the subsidiary increased by THB 2.30 million or 2.95%.

**Non-current liability
increased by THB
116.36 million or
30.47%**

Non-current liabilities increased by THB 116.36 million due to:

- Long-term loans increased by THB 79.84 million from the Company's financial institutions loans by THB 36.11 million, to adjust the short-term liability structure, while the subsidiary borrowed from external parties THB 51.05 million to construct additional primary school buildings, according to the classification from the Current portion of long-term loans.

**Shareholder's equity
decreased by THB
23.55 million or 1.75%**

Shareholders' equity decreased by THB 23.55 million from operating profit.

Table 3 : Statement of cash flows for 31 December 2024 and 2023

(Unit : Million Baht)

	Consolidated financial statement			
	2024	2023	Increase (decrease)	%
Cash flows from (used) operation activities	103.69	146.80	(43.11)	-29.36%
Cash flows from (used) investing activities	(85.10)	(53.68)	(31.42)	-58.54%
Cash flows from (used) financing activities	(30.70)	(76.49)	45.79	59.86%
Net Cash flows (decreased)	(12.11)	16.63	(28.74)	-172.84%

Cash flows from operation activities in 2024 was THB 103.69 million.

The net cash flows from operation in the amount of THB 103.69 million came from:

Profit in the form of cash from operation was THB 119.86 million.

- From changes in operating assets decreased by THB 22.14 million, most of them are inventories that are reduced from sales to institutional and school debtors during the opening of the semester every year.
- Operating liabilities decreased by THB 17.24 million due to payment of trade accounts payable and recognized advance income from subsidiary companies.
- Cash decreased by THB 2.34 million from reconditioning of closed branches and renovating branches.
- Cash decreased by THB 22.45 million from paying an interest of the long-term loans.

Cash flows use in investing activities in 2024 was THB (85.10) million.

- Cash decreased by THB 69.44 million from expanding school building and purchasing the school supplies of the subsidiary company.
- Cash decreased by THB 15.89 million, from the purchase of intangible assets to develop new businesses related to digital and online sales channels.

Cash flows used in financing activities in 2024 was THB (30.70) million.

- Cash increased by THB 5.83 million from bank overdraft.
- Cash increased from short-term loans and long-term loans from financial institutions of THB 181.72 million.
- Cash decreased from due short-term loans and long-term loans of THB 172.39 million.
- Cash decreased by THB 39.81 million due to paying liabilities under lease agreements.

- Cash decrease from the subsidiary companies' dividend payment of THB 6.05 million.

Table 4 : Financial ratio of 2024 and 2023

Financial ratios		Consolidated financial statement	
		2024	2023
Return On Equity (ROE)	%	(2.10)	3.19
Return on Asset (ROA)	%	0.42	3.44
Debt to Equity Ratio	times	0.98	0.94
Interest Coverage Ratio	times	6.43	9.10

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 (2.10%) decreased by 5.29% while ROA was 0.42% decreased by 3.02%

Return on Equity (ROE) was (2.10%), decreased by 5.29%, and Return on Assets (ROA) was 0.42%, decreased by 3.02%, following the lower operating performance.

Debt to Equity Ratio was 0.98 times, increased by 0.04 times

Debt to Equity Ratio increased by 0.04 times due to loan repayment.

Interest Coverage Ratio was 6.43 times, decreased by 2.67 times

Interest Coverage Ratio decreased 2.67 times due to lower cash operating profit.

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(Mr. Rungkan Paisitpanichtrakul)

Managing Director