SE-EDUCATION PUBLIC COMPANY LIMITED

And its subsidiaries

Management Discussion and Analysis

Performance Report for six-month period ended 30 June, 2026

Overview

Thai economy in the second quarter of 2026 showed signs of slowing from the previous quarter, pressured by the conflict in the Middle East, which led to higher energy prices and operating costs. Meanwhile, the tourism sector and private consumption were affected by higher living costs and cautious household spending. Exports and private investment, particularly in technology and artificial intelligence-related sectors, continued to be key drivers supporting the Thai economy.

For the publishing and book retail industry, consumer behavior continued to change due to the increasing use of digital media and online shopping. As a result, businesses needed to adapt their strategies to meet market demand, focusing on managing high-potential and popular book categories, such as comics and manga, novels, children's and young adult books, educational books, and psychology and self-development books, along with increasing the diversity of non-book products that cater to consumer lifestyles, and expanding online sales channels to increase opportunities to reach customers and support sales growth.

The Company had adjusted its strategy to align with these trends by focusing on the product mix management and increasing the proportion of high-potential non-book products, coupled with developing online channels to accommodate changing purchasing behavior, including managing branches and costs appropriately according to the potential of each area.

In addition, it had also more efficiently controlled branch-related expenses, rent, and employee compensation, including closing unprofitable branches.

- **Branch Closing** The Company closed 17 unprofitable branches, allowing the Company to control expenses more efficiently. The Company recently had 159 branches that are still in operation as of June 30, 2026.

SE-ED's Profit In 1H'2026 is THB 18.27 million.

For the first half of 2026, the Company had a net profit according to the consolidated financial statements of THB 18.27 million, a decrease of 10.39 million or 36.24%, resulting from a net profit according to the separate financial statements of THB 12.92 million, a decrease of THB 8.73 million from the previous year. The main reason was the decline in sales revenue, which was affected by economic conditions and the continued weakness in consumer purchasing power, resulting in a decrease in overall sales. However, the Company adjusted the product sales mix by focusing on products with higher gross profit margins, particularly non-book products and reprinted titles published by the Company. As a result, the overall gross profit margin improved, although the improvement was not sufficient to offset the impact of the decline in revenue. Consequently, net profit decreased compared with the same period of the previous year.

Nevertheless, the Company was able to maintain the gross profit performance through effective product mix management and continuous control of operating expenses, which helped mitigate the impact of the economic slowdown and declining purchasing power to some extent.

The summary of key performance results was as follows:

- **Total income** according to the consolidated financial statements was THB 1,021.22 million, decreased by THB 85.61 million or 7.73% with income from sales according to the separate financial statements of the company decreasing by 8.86%.
- **Selling and administrative expenses** were THB 336.22 million, an decrease of THB 16.25 million or 4.61%. 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 14.63 million, increased by THB 1.77 million
  in with a increase of the principal burden.

Table 1 : Operation results for the six-month period ended 30 June of 2026 and 2025

(Unit : Million Baht)

	Consolidated financial statement			
	1H'2026	**1H'2025**	**Increase (decreas)**	**%**
Revenue from sales of goods	999.41	1,085.35	(85.94)	-7.92%
Cost of sales	641.60	698.04	(56.44)	-8.09%
Gross profit	357.81	387.31	(29.50)	-7.62%
Gross profit margin	**35.80%**	**35.69%**		**0.11%**
EBITDA	**83.29**	**95.33**	**(12.04)**	**-12.63%**
Profit (loss) attributable to				
Equity holders of the Company	18.27	28.66	(10.39)	-36.25%
Net earnings per share (Unit : Baht)	0.047	0.073	(0.026)	-35.61%

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

Margin increased or 0.11%

For the first half of 2026, gross profit was THB 357.81 million, down THB 29.50 million or 7.62% from the previous year. The gross profit margin was 35.80%, increased by 0.11% from the previous year. Because of the fluctuations in foreign exchange rates, the gross profit of imported products has increased and SE-ED's published products, particularly reprinted titles such as text book, exam preparation guides, and dictionaries.

cost of sales and services decreased by THB 56.44 million

Cost of sales of goods and services according to the consolidated financial statements was THB 641.60 million, decreased by THB 56.44 million or 8.09%, which related to an decrease in sales.

EBITDA decreased by THB 12.04 million or 12.63%

EBITDA was THB 83.29 million, decreased by THB 12.04 million or 12.63%, due to the decline in operating revenue, although the Company was able to effectively manage and reduce the operating expenses, the reduction in expenses was not sufficient to offset the impact of lower revenue. As a result, operating profit and EBITDA decreased.

Table2: Statement of financial position As at 30 June 2026 and 31 December 2025

(Unit : Million Baht)

	Consolidated financial statement			
	30 June 2026	**31 December 2025**	**Increase (decrease)**	**%**
Current assets	581.69	451.41	130.28	28.86%
Non-current assets	2,229.40	2,247.69	(18.29)	-0.81%
Total assets	**2,811.09**	**2,699.10**	**111.99**	**4.15%**
Current liability	1,065.27	934.04	131.23	14.05%
Non-current liability	418.37	462.90	(44.53)	-9.62%
Total liability	1,483.64	1,396.94	86.70	6.21%
Total shareholder's equity	1,327.45	1,302.16	25.29	1.94%
Total liability and shareholder's equity	**2,811.09**	**2,699.10**	**111.99**	**4.15%**

Current assets increased by THB 130.28 million or 28.86%

Current assets increased by THB 130.28 million as follows:

- Trade accounts receivable and other receivables increased by THB 150.63 million or 235.80%. Most of them were receivable from educational institutes, preparing for the new semester as usual.
- Inventories increased by THB 16.92 million or 6.53% from orders for the new semester.

Non-current assets decreased by THB 18.29 million or 0.81%

Non-current assets decreased by THB 18.29 million due to

- Right-of-use assets decreased by THB 23.38 million or 14.68%
- Land, buildings, and equipment increased by THB 4.59 million or 0.25%, from the recognition of the value of construction and decoration costs for the kindergarten school building of a subsidiary company, which was completed and ready for use during the period.
- Intangible assets decreased by THB 3.14 million or 11.34% due to regular amortization

Current liability increased by THB 131.23 million or 14.05%

Current liability increased by THB 131.23 million as follows:

- Trade accounts payable and other payables increased by THB 103.16 million due to purchasing goods for a new semester.

- Overdraft and short-term loan from financial institution increased by THB 43.08 million.

Non-current liability decreased by THB 44.53 million or 9.62%

Non-current liabilities decreased by THB 44.53 million due to:

- Long-term loans decreased by THB 31.13 million due to loan repayment under the contract.
- The unearned income waiting to be recognized as income within one year of the subsidiary decreased by THB 8.94 million.

Shareholder's equity increased by THB 25.29 million or 1.94%

- Shareholders' equity increased by THB 25.29 million from operating profit, due to the comprehensive income for the period, the parent company's shareholders' equity increased by 18.32 million baht and non-controlling interests increased by 6.97 million baht, resulting from the profits of subsidiaries and less dividends paid to non-controlling shareholders.

Table 3 : Statement of cash flows the six-month period 30 June 2026 and 2025

(Unit : Million Baht)

	Consolidated financial statement			
	1H'2026	**1H'2025**	**Increase (decrease)**	**%**
Cash flows from (used) operation activities	11.51	87.99	(76.48)	-86.92%
Cash flows from (used) investing activities	(26.18)	(78.62)	52.44	66.70%
Cash flows from (used) financing activities	(23.17)	(31.78)	(8.61)	-27.09%
Net Cash flows (decreased)	**(37.84)**	**(22.41)**	**(15.43)**	**-68.85%**

Cash flows from in operation activities in 1H'2026 was THB 11.51 million.

The net cash flows from in operation in the amount of THB 11.51 million came from:

Profit in the form of cash from operation was THB 105.73 million.

- From changes in operating assets increased by THB 176.83 million from trade and other current receivables THB 157.27 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 85.76 million, from trade payables ordered products for selling to educational institutes that prepared for the new semester.
- Cash decreased by THB 1.54 million from reconditioning of closed branches and renovating branches.

Cash flows used in investing activities in 1H'2026 was THB 26.18 million.

- Cash deceased by THB 28.59 million from the construction and renovation of secondary school buildings and administrative buildings of subsidiary companies.

Cash flows used in financing activities in 1H'2026 was THB 23.17 million.

- Cash decreased from due long-term loans of THB 32.26 million.
- Cash decreased by THB 15.02 million due to paying liabilities under lease agreements.
- Cash decreased by THB 14.64 million due to interest payments on borrowings from financial institutions.
- Cash decreased from the subsidiary companies' dividend payment of THB 4.32 million.
- Cash increased by THB 43.08 million from short-term loans obtained from financial institutions and related parties.

Table 4 : Financial ratio of 1H'2026 and 1H'2025

Financial ratios		Consolidated financial statement	
		1H'2026	**1H'2025**
Return On Equity (ROE)	%	-3.63	-2.19
Return on Asset (ROA)	%	-0.04	0.54
Debt to Equity Ratio	times	1.12	1.05
Interest Coverage Ratio	times	8.27	10.61

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 -3.63% decreased by 1.43% while ROA was -0.04% decreased by 0.57%

Return on Equity (ROE) was -3.63%, decreased by 1.43%, and Return on Assets (ROA) was -0.04%, decreased by 0.57%, following the lower operating performance, resulting in a decreased ability to generate returns from shareholders and assets.

Debt to Equity Ratio was 1.12 times, increased by 0.07 times	Debt to equity ratio increased by 0.07 times due to increased debt burden.
Interest Coverage Ratio was 8.27 times, decreased by 2.34 times	Interest Coverage Ratio decreased 2.34 times due to a decrease in operating profit before changes in operating assets and liabilities, the Company's ability to pay interest has decreased compared to the same period of the previous year.

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(Mr. Rungkan Paisitpanichtrakul)

Managing Director