



บริษัท น้ำตาลขอนแก่น จำกัด (มหาชน)  
坤敬糖廠有限公司 (大眾)  
KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED

No. AC 073/2021

22 December 2021

SUBJECT MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL PERFORMANCE  
FOR THE YEAR 2021  
ATTENTION PRESIDENT, THE STOCK EXCHANGE OF THAILAND

Khon Kaen Sugar Industry Public Company Limited and its subsidiaries ("KSL") would like to report our financial performance for the fiscal year 2021 (from November 1, 2020 to October 31, 2021). The company had a net profit attributed to owners of the parent of THB 616 million which increased in the amount of THB 699 million in comparison with the net loss for the fiscal year 2020 of THB 83 million.

The company's earnings before finance costs, taxes, depreciation and amortization (EBITDA) for FY2021 of THB 2,223 million was increased in the amount of THB 811 million from the previous year.

The operating performance and major changes are summarized as follows:

Revenues from Sales and Rendering of Services

For the year 2021, the company's total revenues from sale and service of THB 10,470 was decreased in the amount of THB 1,383 or 12% decrease and summarized as follows:

(Unit : Million THB)

Structure of Revenues	Year 2021	Year 2020	Increase (decrease)
Revenues from sales	10,326	11,672	(1,346)
Sugar and molasses	8,720	10,043	(1,323)
Electricity	1,178	1,253	(75)
Fertilizer, fuels and others	428	376	52
Revenues from services	144	181	(37)
Total revenues from sales and services	10,470	11,853	(1,383)

- (i) For FY2021, total revenues from sugar sale decreased in the amount of THB 1,323 million or dropped by 13% was mainly due to lower sugar sale volume in the number of 180,860 tons or 27% decrease compared with the previous year's. It was resulted from declining in volume of sugarcane output in the production year 2020/2021 and lower volume of sugar stock carried from the previous year that had

been affected from Thailand drought during the past two consecutive production years. Whereas the average sugar sale price for the current year increased by 23% due to inclining of world sugar price compared with the previous year's price.

- (ii) Revenue from sale of electricity was decreased in the amount of THB 75 million or 6% decrease due to decrease in electricity volume.
- (iii) Increase in revenues from other sugar-related businesses of THB 52 million or 14% increase was mainly due to enhancing farmer activities to support sugar cane output improvement in the upcoming crop harvests.

### Gross Profit

Gross profit decreased from THB 1,771 million to THB 1,240 million, 30% decrease, was mainly due to a drop in sugar sale volume.

The average selling prices of sugar and molasses were increased by 23% and 41%, respectively, whereas average cost of sugar increased by approximate 22% as resulted from a rise in material costs from driven from low sugarcane supplies (sugar cane price for 10 ccs in FY2021 was in the range of THB 975.43 - THB 1,019.62 per ton, while FY2020 price range was THB 813.85 - THB 825.93 per ton). Gross profit margin per the financial statements dropped from 15% in FY2020 to 12% in FY2021 was mainly from change in Thai Financial Reporting Standards that required change in measurement and classification of financial instruments in FY2021 but restatement was not required for FY2020 financial statements. For the current year, the realized loss from commodity (sugar) hedge and realized loss from foreign currency hedge in the total amount of THB 215 million is classified as part of revenue from sugar sale, whereas those types of expenditures were classified as part of administrative expense in FY2020. If such difference practice is diluted, the gross profit margin of both years were similar due to that increase in sugar and molasses sale prices was compensated with higher sugar costs.

Gross profit margin of electricity business decreased from 31% to 13% was mainly from higher raw material cost caused from insufficient of bagasse and other alternative bio-fuels with higher cost were replaced.

### Other Incomes

Gains from fair value adjustments of investment property was increased by THB 86 million.

### Distribution Costs

Decrease in distribution costs in the amount of THB 157 million or 35% decrease was resulted from decrease in total sale volume, especially decrease in export sale, that caused a significant reduction of transportation costs, sugar storage and other related shipping costs.

### Administrative expense and other expenses

Significant changes in administrative expenses and other expenses are as follows:

- Employee and director costs decreased by 21% or THB 93 million.
- The contributions to the Cane and Sugar Fund was decreased in the amount of THB 292 million since the contribution to the Fund of THB 330 million recognized as one-time transaction in FY2020 financial statement that charged for the previous production year 2017/2018 and year 2018/2019 according to the Royal Gazette dated in May 2020. While a stabilization cost paid to the Fund in the amount of THB 38 million that charged for the production year 2019/2020 was recognized in FY2021 financial statements. The contribution to the Fund for production year 2019/2020 and 2020/2021 and stabilization cost for the production year 2020/2021 had been recognized as part of production costs in appropriate production years.
- Net foreign exchange losses was THB 15 million in FY2021, whereas gain on foreign exchange rate of THB 29 million was recognized in FY2020.
- Hedging loss for commodity (sugar) hedge of THB 394 million was wholly decreased since the loss from sugar hedging for FY2021 was classified as part of revenue from sugar sale.
- Bad debts and provision for bad debts increased in the amount of THB 127 million was partly from change in Thai Financial Reporting Standards that requires estimate of provision for doubtful debts using the expected credit loss model.
- Impairment of asset was decreased by THB 96 million.
- Loss from sugar sale contract cancellation was wholly decreased in the amount of THB 171 million (FY2021: Nil).

### Financial Costs

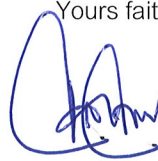
Financial costs decreased from THB 497 million to THB 425 million, 14% decrease, was mainly due to repayment of long-term loans and debenture, and declining in average interest rate of short term loans.

### Share of gains of associates

Share of gains of associates increased from THB 323 million to THB511million, 58% increase, was mainly from profit in bio fuel and other bio-product businesses through operation of BBGI Plc.

For the year 2021 financial status overview, the company had total assets of THB 41,521 million, total liabilities of THB 21,410 million and total shareholders' equity of THB 20,111 million. Interest bearing debt to equity ratio (IBD/E ratio) as at October 31, 2021 represented at 0.92.

Yours faithfully,

A handwritten signature in blue ink, consisting of a large, stylized initial 'C' followed by several loops and a final horizontal stroke.

Mr. Chalush Chinthammit

President

Khon Kaen Sugar Industry Public Company Limited