

# **Part 3**

## **Financial Position and Operating Performance**

**13. Financial Information****13.1 Summary of the audit reports over the past three years**

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

1. Auditor for the consolidated and company financial statements in three years.

Financial Statements as at 30 September, 2018.  
Vilailak Laohasrisakul  
Certified Public Accountant (Thailand) No. 6140  
EY Office Ltd.

Financial Statements as at 30 September, 2019.  
Vilailak Laohasrisakul  
Certified Public Accountant (Thailand) No. 6140  
EY Office Ltd.

Financial Statements as at 30 September, 2020.  
Vilailak Laohasrisakul  
Certified Public Accountant (Thailand) No. 6140  
EY Office Ltd.

2. Auditor's Reports for three years.

Auditor's opinion for financial statements as at 30 September 2018

I have audited the accompanying consolidated financial statements of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the period from 1 January 2018 to 30 September 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Kaset Thai International Sugar Corporation Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries and of Kaset Thai International Sugar Corporation Public Company Limited as at 30 September 2018, their financial performance and cash flows for the period from 1 January 2018 to 30 September 2018 in accordance with Thai Financial Reporting Standards.

Auditor's opinion for financial statements as at 30 September 2019

I have audited the accompanying consolidated financial statements of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the period from 1 October 2018 to 30 September 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Kaset Thai International Sugar Corporation Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries and of Kaset Thai International Sugar Corporation Public Company Limited as at 30 September 2019, their financial performance and cash flows for the period from 1 October 2018 to 30 September 2019 in accordance with Thai Financial Reporting Standard.

Auditor's opinion for financial statements as at 30 September 2020

I have audited the accompanying consolidated financial statements of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the period from 1 October 2019 to 30 September 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Kaset Thai International Sugar Corporation Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries and of Kaset Thai International Sugar Corporation Public Company Limited as at 30 September 2020, their financial performance and cash flows for the period from 1 October 2019 to 30 September 2020 in accordance with Thai Financial Reporting Standard.

### 13.2 Summary of financial statements of the Company and its subsidiaries.

#### Financial Statement

	For the year end					
	31-Dec-18 Consolidated		30-Sep-19 Consolidated		30-Sep-20 Consolidated	
	Million Baht	% <sup>1</sup>	Million Baht	% <sup>1</sup>	Million Baht	% <sup>1</sup>
<b>Current assets</b>						
Cash and cash equivalents	300.87	1.73	294.96	1.54	277.74	1.80
Trade and other receivables	991.00	5.71	1,309.67	6.85	398.37	2.59
Planter receivables	574.82	3.31	391.46	2.05	342.88	2.23
Inventories	3,191.03	18.38	3,417.24	17.87	1,887.93	12.26
Biological assets	57.85	0.33	47.48	0.25	44.55	0.29
Factory overhaul costs	558.53	3.22	742.01	3.88	626.07	4.07
Amounts due from the Office of the Cane and Sugar Fund - net of current portion	1,169.11	6.74	1,419.85	7.43	528.02	3.43
Other current assets	125.17	0.72	86.09	0.45	79.41	0.52
<b>Total current assets</b>	<b>6,968.39</b>	<b>40.14</b>	<b>7,708.77</b>	<b>40.32</b>	<b>4,184.97</b>	<b>27.18</b>
<b>Non-current assets</b>						
Investments in joint venture	-	-	280.62	2.46	932.20	8.32
Other long-term investments	0.26	0.00	0.26	0.00	0.26	0.00
Amounts due from the Office of the Cane and Sugar Fund	472.15	2.72	576.80	3.02	-	-
Investment properties	322.32	1.86	323.74	1.69	327.04	2.12
Property, plant and equipment	9,941.64	57.27	9,526.81	49.83	9,299.68	60.41
Intangible assets	271.75	1.57	257.81	1.35	245.49	1.59
Deferred tax assets	206.91	1.19	217.23	1.14	195.58	1.27
Other non-current assets	175.00	1.01	227.65	1.19	209.75	1.36
<b>Total non-current assets</b>	<b>11,390.03</b>	<b>65.62</b>	<b>11,410.91</b>	<b>59.68</b>	<b>11,209.99</b>	<b>72.82</b>
<b>Total assets</b>	<b>17,358.42</b>	<b>100.00</b>	<b>19,119.68</b>	<b>100.00</b>	<b>15,394.96</b>	<b>100.00</b>

Remark 1-Percentage of Total Assets

**Financial Statement (Continued)**

	For the year end					
	31-Dec-18 Consolidated		30-Sep-19 Consolidated		30-Sep-20 Consolidated	
	Million Baht	% <sup>1</sup>	Million Baht	% <sup>1</sup>	Million Baht	% <sup>1</sup>
<b>Current liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	3,560.51	19.39	3,848.50	20.13	2,438.98	15.84
Trade and other payables	1,377.88	7.51	1,672.44	8.75	1,354.43	8.80
Short-term loans from the Office of the Cane and Sugar Fund	268.49	1.46	1,170.92	6.12	-	-
Current portion of liabilities under finance lease agreements	8.68	0.05	9.63	0.05	10.69	0.07
Current portion of long-term loans from financial institutions	848.57	4.62	748.45	3.91	599.30	3.89
Current portion of long-term loans from related party	4.85	0.03	4.85	0.03	4.85	0.03
Current portion of long-term loans from the Office of the Cane and Sugar Fund	94.94	0.52	12.54	0.07	8.41	0.05
Income tax payable	63.95	0.35	59.32	0.31	27.74	0.18
Other current liabilities	85.92	0.47	65.75	0.34	83.66	0.54
<b>Total current liabilities</b>	<b>6,313.79</b>	<b>34.39</b>	<b>7,592.40</b>	<b>39.71</b>	<b>4,528.06</b>	<b>29.41</b>
<b>Non-current liabilities</b>						
Liabilities under finance lease agreements - net of current portion	782.42	4.26	772.78	4.04	762.09	4.95
Long-term loans from financial institutions - net of current portion	2,097.47	11.43	1,349.02	7.06	749.72	4.87
Long-term loans from related party - net of current portion	67.90	0.37	63.05	0.33	58.20	0.38
Long-term loans from the Office of the Cane and Sugar Fund - net of current portion	20.95	0.11	8.41	0.04	-	-
Provision for long-term employee benefits	342.86	1.87	481.44	2.52	442.56	2.87
Provision for decommissioning costs	30.16	0.16	31.28	0.16	32.44	0.21
Other non-current liabilities	508.86	2.77	479.15	2.51	449.31	2.92
<b>Total non-current liabilities</b>	<b>3,850.63</b>	<b>20.97</b>	<b>3,185.14</b>	<b>16.66</b>	<b>2,494.33</b>	<b>16.20</b>
<b>Total liabilities</b>	<b>10,164.42</b>	<b>55.37</b>	<b>10,777.55</b>	<b>56.37</b>	<b>7,022.39</b>	<b>45.61</b>
<b>Shareholders' equity</b>						
Share capital						
Registered						
3,888,000,010 ordinary shares of Baht 1 each	3,888.00	21.18	3,888.00	20.34	3,888.00	25.26
Issued and fully paid up						
3,860,000,010 ordinary shares of Baht 1 each	3,860.00	21.03	3,860.00	20.19	3,860.00	25.07
Share premium	5,202.88	28.34	5,202.88	27.21	5,202.88	33.80
Capital deficit from business combination under common control	(3,577.17)	(19.49)	(3,577.17)	(18.71)	(3,577.17)	(23.24)
Capital surplus on share-based payment	170.54	0.93	200.20	1.05	200.20	1.30
Retained earnings						
Appropriated - statutory reserve	305.53	1.66	324.48	1.70	347.44	2.26
Unappropriated	2,232.21	12.16	2,331.73	12.20	2,339.22	15.19
<b>Total shareholders' equity</b>	<b>8,193.99</b>	<b>44.63</b>	<b>8,342.13</b>	<b>43.63</b>	<b>8,372.57</b>	<b>54.39</b>
<b>Total liabilities and shareholders' equity</b>	<b>18,358.42</b>	<b>100.00</b>	<b>19,119.68</b>	<b>100.00</b>	<b>15,394.96</b>	<b>100.00</b>

Remark 1 - Percentage of total liabilities and shareholders' equity

**Financial Statement**

	For the year end					
	31-Dec-18 Consolidated		30-Sep-19 Consolidated		30-Sep-20 Consolidated	
	Million Baht	% <sup>1</sup>	Million Baht	% <sup>1</sup>	Million Baht	% <sup>1</sup>
Sales and services income	17,305.67	100.00	16,130.02	100.00	13,355.30	100.00
Cost of sales and services	14,423.06	83.34	12,784.61	79.26	11,441.28	85.67
<b>Gross Profit</b>	<b>2,882.61</b>	<b>16.66</b>	<b>3,345.41</b>	<b>20.74</b>	<b>1,914.03</b>	<b>14.33</b>
Other income	761.47	4.40	755.95	4.69	666.45	4.99
Selling expenses	1,249.07	7.22	1,481.10	9.18	453.33	3.39
Administrative expenses	1,289.58	7.45	1,452.41	9.00	1,233.24	9.23
Loss on exchange	-	-	-	-	8.83	0.07
Share of loss of a joint venture	-	-	5.63	0.03	22.92	0.17
Finance cost	262.45	1.52	303.18	1.88	213.09	1.60
<b>Profit (loss) before income tax expenses</b>	<b>842.98</b>	<b>4.87</b>	<b>859.04</b>	<b>5.33</b>	<b>649.07</b>	<b>4.86</b>
Income tax benefits (expenses)	(213.71)	(1.23)	(118.96)	(0.74)	(80.36)	(0.60)
<b>Profit (loss) for the year</b>	<b>629.27</b>	<b>3.64</b>	<b>740.08</b>	<b>4.59</b>	<b>568.71</b>	<b>4.26</b>
<b>Earnings per share</b>						
Basic earnings (loss) per share	0.16		0.19		0.15	

Remark 1- Percentage of revenue from sales to service.

**Cash flows**

	For the year end		
	31-Dec-18 Consolidated	30-Sep-19 Consolidated	30-Sep-20 Consolidated
<b>Cash flows from operating activities</b>			
Profit (loss) before tax	842.98	859.04	649.07
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	964.82	1,270.36	1,283.53
Gain on realised discount from transferring right of planter receivables	(5.90)	(7.60)	(4.67)
Allowance for doubtful accounts	85.96	(37.77)	(28.28)
Reduction cost of inventory to net realisable value (reversal)	(242.53)	121.70	(309.52)
Loss (Gain) arising from change in fair value of biological assets	(10.53)	(5.39)	0.74
Unrealised loss on exchange	(0.18)	(0.71)	0.26
Share of loss from the joint venture	-	5.63	22.92
Loss on dissolution of company which classify as other long-term investment	0.10	-	-
Loss on impairment of investment properties (reversal)	1.29	1.59	0.00
Loss on impairment of property plant and equipment	8.21	24.40	33.07
Loss on sales of investment properties	-	(0.07)	(0.02)
Gain on sales of plant and equipment	(4.52)	(4.31)	(0.69)
Loss on write-off of equipment	0.01	0.03	-
Long-term employee benefits expenses	18.79	115.20	29.62
Share-based payment	33.37	29.66	-
Interest income	(30.71)	(61.01)	(36.39)
Interest expense	262.45	303.18	213.09

<b>Profit (loss) from operating activities before changes in operating assets and liabilities</b>	<b>1,923.61</b>	<b>2,613.94</b>	<b>1,852.73</b>
Trade and other receivables	(418.85)	(318.94)	911.46
Planter receivables	(102.70)	208.09	65.47
Inventories	1,098.96	(347.90)	1,838.83
Biological assets	(19.84)	15.76	2.19
Other current assets	(1,641.26)	(352.61)	(42.97)
Amounts due from the Office of the Cane and Sugar Fund	(24.58)	(144.40)	122.61
Other non-current assets	27.32	(48.54)	23.53
Trade and other payables	(1,067.08)	350.56	79.14
Other current liabilities	2.44	(20.19)	17.89
Cash paid for long-term employee benefits	(11.32)	(20.82)	(18.61)
<b>Cash flows from operating activities</b>	<b>(233.30)</b>	<b>1,934.94</b>	<b>4,852.26</b>
Cash paid for interest expenses	(190.66)	(249.79)	(167.79)
Cash paid for income tax	(124.68)	(136.41)	(105.07)
<b>Net cash flows from operating activities</b>	<b>(548.63)</b>	<b>1,548.74</b>	<b>4,579.40</b>

**Cash flows (Continued)**

	For the year end		
	31-Dec-18 Consolidated	30-Sep-19 Consolidated	30-Sep-20 Consolidated
<b>Cash flows from investing activities</b>			
Cash received from dissolution of company which classify as other long-term investment	0.03	-	-
Cash paid for investment in joint venture	-	(286.25)	-
Acquisition of investment properties	-	(1.38)	(0.55)
Proceed from sales of investment properties	-	0.19	0.36
Acquisition of property, plant and equipment	(312.62)	(867.15)	(1,051.05)
Proceed from sales of equipment	5.75	48.41	2.39
Cash paid for payable from purchases of property, plant and equipment	(70.24)	(67.74)	(21.23)
Acquisition of intangible assets	(0.09)	(2.87)	(4.55)
Interest income	30.64	58.21	3.98
<b>Net cash flows from (used in) investing activities</b>	<b>(346.53)</b>	<b>(1,118.58)</b>	<b>(1,070.64)</b>
<b>Cash flows from financing activities</b>			
Increase(Decrease) in bank overdrafts and short-term loans from financial institutions	1,194.91	287.99	(1,409.52)
Increase in short-term loans from the Office of the Cane and Sugar Fund	268.48	902.43	-
Decrease in long-term loans from financial institutions	199.52	(850.00)	(749.52)
Decrease in long-term loans from related party	(4.85)	(4.85)	(4.85)
Increase (decrease) in long-term loans from the Office of Cane and Sugar Fund	(117.05)	(96.97)	(12.91)
Payment of liabilities under finance lease agreements	(95.70)	(95.70)	(95.70)
Cash paid for increase share capital of joint venture	-	-	(674.50)
Dividend paid	(578.95)	(578.97)	(578.98)
<b>Net cash flows from (used in) financing activities</b>	<b>866.37</b>	<b>(436.07)</b>	<b>(3,525.98)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(28.79)</b>	<b>(5.90)</b>	<b>(17.23)</b>
Cash and cash equivalents at beginning of year	329.66	300.87	294.96
<b>Cash and cash equivalents at end of year</b>	<b>300.87</b>	<b>294.96</b>	<b>277.74</b>

**Financial Ratios**

	Unit	For the year end		
		31-Dec-18 Consolidated	30-Sep-19 Consolidated	30-Sep-20 Consolidated
<b>Liquidity Ratio</b>				
Current Ratio	Times	1.10	1.02	0.92
Quick ratio	Times	0.21	0.21	0.15
Operating Cash Flow Ratio	Times	-0.09	0.22	0.76
Accounts receivable turnover ratio	Times	21.48	14.02	15.64
Average Collection Period	Days	16.99	26.03	23.34
Inventory Turnover	Times	3.99	3.87	4.31
Average Sale (Inventory) Period	Days	91.59	94.33	84.62
Account Payable Turnover	Times	7.55	8.38	7.56
Average Payment Period	Days	48.31	43.54	48.28
Cash Cycle	Days	60.27	76.82	59.68
<b>Profitability Ratio</b>				
Gross Profit Margin	%	16.66	20.74	14.33
Operating Profit Margin	%	4.72	2.52	1.47
Net Profit Margin	%	3.64	4.59	4.26
Return on Equity	%	7.72	8.95	6.80
<b>Efficiency Ratio</b>				
Return on Asset	%	6.29	6.37	5.00
Return on Fixed Assets	%	10.81	11.94	9.16
Total Asset Turnover	Times	1.00	0.93	0.81
Fixed Asset Turnover	Times	1.72	1.73	1.49
<b>Financial Policy Ratio</b>				
D/E Ratio	Times	1.24	1.29	0.84
Interest Coverage Ratio	Times	4.21	3.83	4.05
Dividend Payout 3	%	92.01	78.23	101.81

Remark SET calculation formula

**14. Management Discussion and Analysis**
Overall operation of 2020

The total income composes of income from sale and service, income from the return of sugar production and sale, income from sugar cane farmers and sugar mill supporting project and other income. For 2020 financial year ended on 30th September 2020, the company has the total income of 14,021.8 million Baht, while in 2019 financial year ended on 30th September 2019 the company has the total income of 16,886.0 million Baht.

Income from sale and services in 2020 is 13,355.3 million Baht, decreased for 2,774.7 million Baht or 17.2 % from 2019 which is 16,130.0 million Baht. Since the decline of sugarcane amount in the production year 2019/2020 and Covid-19 pandemic that caused the continuing decrease of income in sugar and bio business sectors. The detail is explained as follows:

Production year		2018/2019	2019/2020	
Thailand	Sugarcane	131.0	74.9	Million tons
	Sugar	145.8	82.9	Million sacks (100 kilograms per sack)
	Molasses	5.9	3.4	Million tons
Company	Sugarcane	9.9	5.7	Million tons
	Sugar	10.3	6.0	Million sacks (100 kilograms per sack)
	Molasses	0.5	0.3	Million tons

Source: Office of Sugar and Cane Committee date 16th April 2020

- An income in sugar business decreased for 14.0% from the decrease of export sale.
- An income from bagasse pulp business decreased for 46.7 % due to the decrease of total amount of paper pulp and bagasse pulp and the decrease of average bagasse pulp price.
- An income from ethanol business decreased for 16.0 % due to the decrease of total amount of ethanol.
- An income from electricity decreased for 21.2 % due to the decrease of total amount of electricity and the decrease of sale price.
- An income from other sale and service decreased for 6.4% due to the decrease of the variety of agricultural machine services, sale of fertilizer, pesticide and others.

An income from the compensation of sugar production and distribution in 2019 is 101.9 million Baht and is expected to be 12.4 million Baht in 2020. This compensation is expected to be paid to the company by the Cane and Sugar Fund since the production year 2017/2018 and 2018/2019 the final cane price and return from sugar production and distribution is expected to be lower than the preliminary price. The cane and sugar act designated the fund to compensate such difference to the Company and sugarcane farmers do not have to return the surplus of their sugarcane price. In between the end of year of 30<sup>th</sup> September 2019 and 30<sup>th</sup> September 2020, the company has adjusted such compensation to decrease the production cost, and adjust the income derived from such compensation.

An income from sugar cane farmers and sugar mill supporting program in 2019 is 162.1 million Baht and in 2020 is 282.3 million Baht , this income is paid from the Cane and Sugar Fund according to sugar cane farmers and sugar mill supporting program of the production year 2018/2019 and year 2019/2020.

Other income composes of interest received, gain from exchange and profit for future contract of sugar sale decreased 120.3 million Baht or decreased 24.4% from last year due to the decrease of interest received, gain from exchange and profit for future contract of sugar sale.

Cost of sale and services in 2020 decreased 1,343.3 million Baht or decreased for 10.5 % from 2019.

Expense for sale and services in 2020 decreased 1,246.9 million Baht or decreased for 42.5 % from 2020 due to the decrease of money delivered to the office of Cane and Sugar Fund, logistic expense, storage expense for sugar and molasses, human resources expenses and others.

Financial expense in 2020 decreased 90.1 million Baht or decreased for 29.7%

Tax expense in 2020 decreased 38.6 million Baht or decreased for 32.4 % due to the decrease of profit from the operation.



According to the aforementioned factors, in 2020 the company gained the net profit of 568.7 million Baht decreased for 23.2 % compared with the net profit in 2019 which is 740.1 million Baht.

#### The analysis of the operation

Income	2019 (million Baht) Baht)	2019 (million Baht) Baht)	change (million Baht) Baht) Baht) Baht)	change (Percnt age))
Income from sale and services	16,130.0	13,355.3	(2,774.7)	(17.2%)
Sugar production and distribution business	<b>11,107.5</b>	<b>9,552.8</b>	<b>(1,554.6)</b>	<b>(14.0%)</b>
Income from sugar distribution	10,484.4	8,628.5	(1,855.9)	(17.7%)
Income from molasses distribution	623.1	924.3	301.2	48.3%
Downstream business	<b>5,022.5</b>	<b>3,802.4</b>	<b>(1,220.1)</b>	<b>(24.3%)</b>
Income from bagasse pulp	1,309.5	698.3	(611.2)	(46.7%)
Income from ethanol	1,619.4	1,359.5	(259.9)	(16.0%)
Income from electricity	1,456.8	1,148.4	(308.3)	(21.2%)
others	636.9	596.2	(40.7)	(6.4%)
Income from the return of sugar production and sale	101.9	12.4	(89.4)	(87.8%)
Income from sugar cane farmers and sugar mill supporting program	<b>162.1</b>	<b>282.3</b>	<b>120.2</b>	<b>74.1%</b>
Other income	<b>492.0</b>	<b>371.7</b>	<b>(120.3)</b>	<b>(24.4%)</b>
Total	<b>16,886.0</b>	<b>14,021.8</b>	<b>(2,864.2)</b>	<b>(17.0%)</b>

Source: the company

#### Total income

The company's total income in 2020 is 14,021.8 million Baht decreased for 17.0 % from total income in 2019 which is 16,886.0 million Baht with following detail.

#### Sugar production and distribution business

Income of sugar production and distribution business in 2020 and 2019 is 9,552.8 million Baht and 11,107.5 million Baht accordingly and decreased for 14.0% due to these following factors:

- The domestic sale amount of sugar in 2020 is 229,866.4 tons decreased 37.0 % from 2019. And the international sale amount of sugar in 2020 is 538,302.8 tons decreased 31.7 % from 2019.
- The domestic average sale price of sugar in 2020 is 17,325.5 Baht per ton increased 2.5 % from 2019. And, the international average sale price of sugar in 2019 is 9,810.6 Baht per ton increased 0.3 % from 2019 due the increase of international sugar price.
- The molasses sale amount in 2020 is 133,469.7 tons decreased 32.5 % from 2019 due to increase of international sale of 54,000.0 tons
- The average sale price of molasses in 2020 is 4,184.3 Baht per ton increased 32.7 % from 2019 due to the competitive market caused by the surplus of molasses.

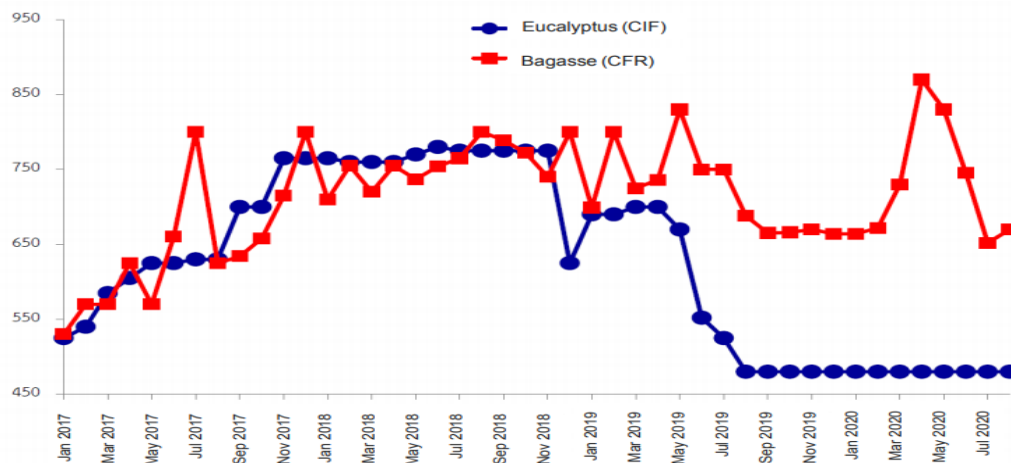
#### Downstream business

The company's income of downstream business in 2020 is 3,802.4 million Baht decreased 24.3 % from 2019 which is 5,022.5 million Baht with is the consequence of

- (1) Income from electricity sale in 2020 and 2019 is 1,148.4 million Baht and 1,456.8 million Baht accordingly, decreased 21.2% due to the amount of electricity sold by the company's 3 powerplants increased, meanwhile the average electricity price per unit in 2020 is 3.11 Baht decreased 0.3% compared to the average electricity price per unit in 2019 is 3.12 Baht
- (2) Income from bagasse pulp in 2020 is 698.3 million Baht decreased 46.7 % from 2019 which is 1,309.5 million Baht due to these following factors,

- The sale amount of bagasse pulp in 2020 and 2019 is 32,512.8 tons and 57,342.5 tons accordingly or decreased 43.3% from the increase of domestic and international sale amount.
- The domestic average sale price of bagasse pulp decreased to 23,750.8 Baht per ton from the price 23,608.5 Baht per ton in 2019, the international average sale price of bagasse pulp dropped to 21,030.6 Baht per ton in 2020 from the price 22,613.3 Baht per ton in 2019.

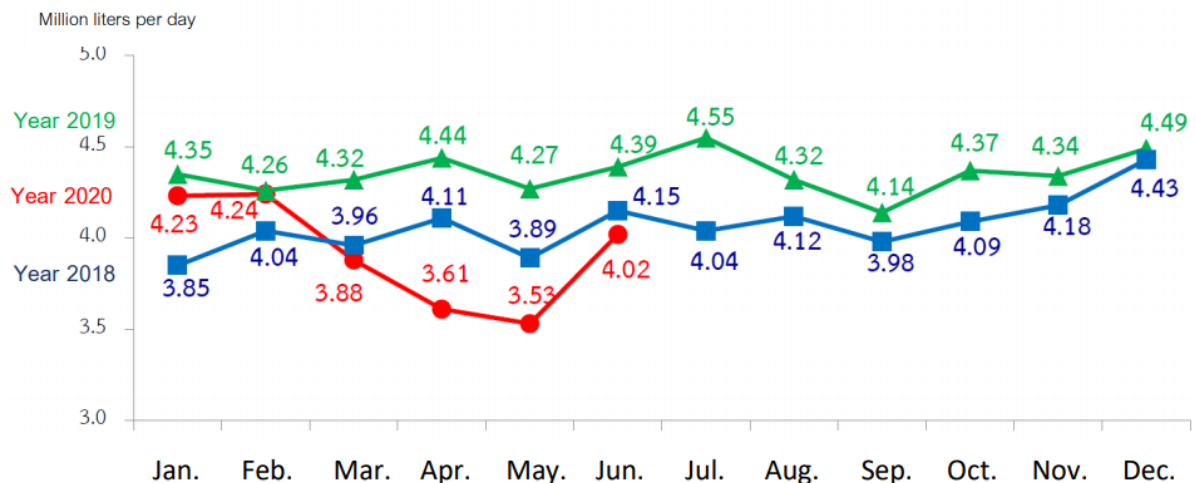
The graph exhibiting the previous change of bagasse pulp price



Source : RISI+Company

- (3) Income from ethanol in 2020 and 2019 is 1,359.5 million Baht and 1,619.4 million Baht accordingly, decreased 16.0 % due to these following factors
- The sale amount of ethanol in 2020 and 2019 is 60.6 million liters and 73.6 million liters accordingly or increased 17.7%
  - The domestic average sale price bagasse pulp in 2020 is 22.42 Baht per liter increased 2.0 % from 2019 which is 21.99 Baht per liter.

The graph exhibiting the previous change of ethanol



Source : Ministry of energy

- (4) Income from other services and others in 2020 and 2019 is 596.2 million Baht and 636.9 million Baht accordingly decreased 6.4% due to the decrease of the variety of agricultural machine services, sale of fertilizer, pesticide and others

#### Income from the compensation of sugar production and distribution

An income from the compensation of sugar production and distribution in 2019 is 101.9 million Baht and in 2020 is 12.4 million Baht. This compensation is expected to be paid to the company by the Cane and Sugar Fund since the

production year 2017/2018 and 2018/2019 the final cane price and return from sugar production and distribution is expected to be lower than the preliminary price. The cane and sugar act designated the fund to compensate such difference to the Company and sugarcane farmers do not have to return the surplus of their sugarcane price. In between the end of year of 30<sup>th</sup> September 2019 and 30<sup>th</sup> September 2020, the company has adjusted such compensation to decrease the production cost, and adjust the income derived from such compensation.

Income from sugar cane farmers and sugar mill supporting program

An income from sugar cane farmers and sugar mill supporting program in 2019 is 162.1 million Baht and in 2020 is 282.3 million Baht, this income is paid from the Cane and Sugar Fund according to sugar cane farmers and sugar mill supporting program of the production year 2018/2019 and year 2019/2020.

Other income

The company has interest received in 2020 and 2019 which is 36.4 million Baht and 61 million Baht.

Gain from exchange in 2019 is 85.2 million Baht, while in 2020 loss occurred from exchange is 8.8 million Baht due to Thai Baht appreciation

Profit for future contract of sugar sale in 2020 is 17.8 million Baht or decreased for 70 % from 2019 which is 59.3 million Baht

Other income in 2020 is 317.5 million Baht increased for 10.8 % from 2019 which is 286.4 million Baht due to insurance claim, damages compensation, quota B fee and the sale of scrap.

Cost of sale and services and gross profit margin

Cost of sale and services in 2020 is 11,441.3 million Baht decreased for 10.5 % from 2019 which 12,784.6 million Baht

Cost of sale and services and gross profit margin of 2020 and 2019 comparison is exhibited in below table

<b>Income</b>	<b>2019 (million Baht)</b>	<b>2020 (million Baht)</b>	<b>Changes (million Baht)</b>	<b>Changes (Percentage)</b>
Income from sale and services	<b>16,130.0</b>	<b>13,355.3</b>	<b>(2,774.7)</b>	<b>(17.2%)</b>
Sugar production and distribution business	11,107.5	9,552.8	(1,554.6)	(14.0%)
Downstream business	5,022.5	3,802.4	(1,220.1)	(24.3%)
Cost of sale and services	<b>12,784.6</b>	<b>11,441.3</b>	<b>(1,343.3)</b>	<b>(10.5%)</b>
Sugar production and distribution business	9,506.9	8,402.2	(1,104.6)	(11.6%)
Downstream business	3,277.8	3,039.1	(238.7)	(7.3%)
Gross profit	<b>3,447.3</b>	<b>1,926.4</b>	<b>(1,520.8)</b>	<b>(44.1%)</b>
Sugar production and distribution business	1,702.5	1,163.0	(539.5)	(31.7%)
Downstream business	1,744.8	763.4	(981.4)	(56.2%)
Gross profit margin	<b>21.2%</b>	<b>14.4%</b>		<b>(6.8%)</b>
Sugar production and distribution	15.2%	12.2%		(3.0%)
Downstream business	34.7%	20.1%		(14.7%)

Source: the Company

The gross profit in 2020 is 1,926.4 million Baht decreased from the gross profit of 2019 which is 3,447.3 million Baht or decreased 44.1% due to the decrease of gross profit of sugar production and distribution business and downstream business

The gross profit from industrial business decreased due to

- The amount of sold electricity in 2020 is 368,854,007 units decreased 21.0% from 2019 which is 466,688,087 units. The sale price also decreased from 2019 from 3.12 Baht per unit in 2019 to 3.11 Baht per unit in 2020
- The sale amount of bagasse pulp in 2020 is 32,512.8 tons increased 43.3% from 2019 which is 57,342.5 tons, although the average sale price bagasse pulp in 2020 decreased for 5.9 % from 2019 which is 22,836.9 Baht per ton to 21,478.1 Baht per ton in 2020.

- The sale amount of ethanol in 2020 is 60.6 million liters increased 17.7% from 2019 which is 73.6 million liters accordingly. Although the domestic average sale price of ethanol in 2020 increased 2.0% from 2019 which is 21.99 Baht per liter to 22.42 Baht per liter in 2020.

The gross profit of sugar production and distribution business increased due to the decline of sugarcane amount in the production year 2019/2020 which also cause the increase of cost per unit of sale and service of the sugar production and business distribution increased.

#### The expense of sale and management

The expense of sale and management in 2020 is 1,686.6 million Baht decreased 42.5 % from 2019 which is 2,933.5 million Baht due to the money delivered to the office of the Cane and Sugar Fund, logistic expense, storage expense for sugar and molasses, human resources expenses and others.

#### The financial expense

The financial expense in 2020 is 213.1 million Baht decreased 90.1 million Baht or decreased 29.7%.

#### Income tax

Tax expense in 2020 decreased 80.4million Baht , while Tax expense in 2019 is 119.0 million Baht or decreased for 32.4 % due to the increase of the profit from the operation.

#### Net profit and net profit margin

In 2020 the Company has the net profit of 568.7 million Baht compared with 2019 which is 740.1 million Baht. The net profit margin in 2020 and 2019 is 4.25 % and 4.56%.

#### Financial Analysis

##### Asset

On 30th September 2020 the non-current asset of company is 15,395.0 million Baht increased 19.5 % from 2019 which is 19,119.7 million Baht

- The current asset of 30th September 2020 is 4,185.0 million Baht decreased 3,523.8 million Baht or 45.7 % from 2019 which is 7,708.8 million Baht with following factors
  - The inventory in stock decreased 1,529.3 million Baht
  - Account receivable and other receivable decreased 911.3 million Baht
  - Receivable of Cane and Sugar Fund which shall due within a year decreased 891.8 million Baht
  - Deferred repair expenses decreased for 115.9 million Baht
- the non-current asset of company at 30th September 2020 is 11,210.0 million Baht decreased for 200.9 million Baht or increased for 1.8 % from 2019 which is 11,410.9 million Baht with following factors
  - Receivable of Cane and Sugar Fund which shall due after a year decreased 576.8 million Baht
  - Deferred tax decreased for 21.7 million Baht
  - Land, building and equipment decreased 227.1 million Baht
  - Non-current asset decreased 17.9 million Baht

##### Debt

On 30th September 2020 debt of the company is 7,022.4 million Baht increased 34.8 % from 2019 which is 10,777.5 million Baht.

- The current liability at 30th September 2020 is 4,528.1 million Baht decreased for 3,064.3 million Baht or decreased 40.4% from 2019 which is 7,592.4 million Baht with following factors
  - The current liability from the Cane and Sugar Fund decreased for 1,170.9 million Baht
  - The overdraft and the short-term loan from banks decrease for 1,409.5 million Baht
  - Deferred tax decreases for 31.6 million Baht
  - Account payable and other payable decreases for 318.0 million Baht
- The non-current liability at 30th September 2020 is 2,494.3 million Baht decreased for 690.9 million Baht or decreased 21.7% from 2019 which is 3,185.1 million Baht from the repayment of long-term loan with banks and long term loan with the Cane and Sugar Fund include the decrease of other non-current liability.

**Equity**

On 30th September 2020 equity of the company is 8,372.6 million Baht increased 0.4 % from 2019 which is 8,342.1 million Baht from the profit return in 2020

**Liquidity and sufficiency of fund**

The company has elevated the relationship and cooperation with financial institutions by focusing on strategic partner as the growing partners. The company has been partnering to develop financial products and services such as comprehensive cash management, online sale cheque. Therefore, the company gained trust from financial institutions and gain the support of sufficient capital and the cooperation to support the company's investment in future.

**Cashflow**

In 2020, the company has the net profit of 568.7 million Baht. The depreciation and amortization is 1,283.5 million Baht. After the adjustment of non-cash items, the company has the profit from operation before changes in asset and debt at 1,852.7 million Baht. After the calculation of changes in asset and debt, the net cash from operation after interest and tax is 4,579.4 million Baht. The net cash for investment activities is 1,070.6 million Baht and the net cash for financing activities is 3,526.0 million Baht, so the net cash and cash equivalent decrease is 17.2 million Baht. The cash and cash equivalent at the beginning period is 295.0 million Baht and the cash and cash equivalent at the end period is 277.7 million Baht.

**Financial Liquidity**

The liquidity ratio under consolidated financial report at 30<sup>th</sup> September 2020 is 0.92 which slightly decreased from the last year which was 1.02, and the quick ratio is 0.51 which slightly decreased from the last year which was 0.57.

The company has developed the cash management system with financial institutions in the whole group basis, which helps the company to use the surplus cash of each day to repay working capital. In the case that the company needs to use cash, it could also withdraw from daily working capital as well. Such management helps the company to save the financial cost which includes the option of capital market of working capital financing through short term bills of exchange that result in good liquidity and proper financial cost with the short term and long-term competitiveness.

**Source of and uses of capital and the appropriateness of capital structure**

The company has implemented the appropriate financial structure to support business operation and to create the value to the shareholders by taking a concern of financial risk prevention

After the company began to restructure its and its subsidiaries' financial structure since 2015 by long term loan from financial institutions. Currently the company has the remaining long-term loan with financial institutions after the loan due within 1year for 749.7 million Baht.

The debt to equity ratio at 30<sup>th</sup> September 2020 is 0.84 increased from 2019 which is 1.29. Such ration shall not cause any significant financial risk. Further, the company still has the capability to leverage for the operation of the company and its subsidiaries which includes the opportunity for future project.

**Investment expense and source of fund**

In 2020 the company has the net cashflow spent for investment at 1,070.6 million Baht. The majority of the investment is the investment in land, building and equipment and also includes the debt repayment for the debtors of land building and equipment purchase.

**The situations that shall affect the company's future financial status or operation**

Last year's severe drought crisis in Thailand has affected that the sugarcane amount highly decreased, and Covid-19 pandemic has affected the construction of investment project since the delay of machinery import which shall affect the operation in future.

Currently, the company has a plan to overcome such problems by implementing measures to gain trust from sugarcane farmers and support them to grow more sugarcane to secure sufficient raw material. As the situation of Covid-19 has recovered, all machinery import is expected to be completed within 2021.

Furthermore, the risk management committee has reviewed the policy, monitored the risk frequently to ensure that the implementation of measure and risk management shall control risk to be in risk appetite level and acceptable as mentioned in risk factors topic.