



Management Discussion & Analysis

KHON KAEN SUGAR INDUSTRY Public Company Limited

Earning Results

For the 2 st Quarter Period Ended

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Sugar Ethanol Electricity Fertilizer

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Executive Summary

For the 2025/2026 production season, the nationwide crushing operations have been completed. Total cane output reached 105.9 million tons, representing an increase of 15% compared to the previous year. Sugar production totaled 12 million tons, reflecting a year-on-year increase of 19%. The Office of the Cane and Sugar Board (OCSB) has actively implemented policies to promote the use of fresh cane and reduce burning, as part of a systematic effort to mitigate PM 2.5 air pollution. As a result, the proportion of fresh cane supplied increased to approximately 96% of total cane production nationwide.

And production of KSL Group for the year 2025/2026 recorded total cane crushed of 8.4 million tons, representing an increase of 26% from the previous year. Sugar production reached 0.9 million tons, up 33% year-on-year. The increase in cane crushed contributed to a higher production share for the Group, ranking third in Thailand, accounting for approximately 7.9% of total national cane output.

Global sugar consumption remains stable, while prices have started to decline due to increased production volumes. In Thailand, domestic sugar consumption has remained relatively constant at 2.3 – 2.4 million tons per year. The main factors behind this stability are the implementation of the sugar tax, growing health-conscious trends, and evolving consumer behavior. On the export side, cross-border shipments have declined significantly due to partial border closures. However, exports via maritime routes continue as usual. Thailand's key export markets include Indonesia, the Philippines, South Korea, and Taiwan.

For the second quarter of 2026, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries (the “Group”) reported operating results for the period from 1 February 2026 to 30 April 2026. The Group recorded net profit attributable to the parent of Baht 314 million, an increase of Baht 166 million, or 113% year-on-year. Gross profit amounted to Baht 566 million, representing a decrease of 14% year-on-year, while the gross profit margin stood at 12%. The decline was primarily attributable to a 30% decrease in the average sugar selling price across all sales channels, as well as the sale of inventory carried over from the previous production season, which incurred higher raw material costs.

Group Business Performance

For the second quarter of 2026, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries (the “Group”) reported operating results for the period from 1 February 2026 to 30 April 2026. The Group recorded net profit attributable to the parent of Baht 314 million, an increase of Baht 166 million, or 113% year-on-year. For the six-month period (from 1 November 2025 to 30 April 2026), the Group reported net profit attributable to the parent of Baht 432 million, representing an increase of Baht 165 million, or 62% year-on-year. The key drivers of the changes in operating performance are summarized as follows:

Unit : THB Million	Q2/2026	Q2/2025	YoY	6M2026	6M2025	YoY
Revenues from sales and services	4,804	3,904	23%	7,464	7,374	1%
Cost of good sold and cost of services	(4,238)	(3,243)	31%	(6,584)	(6,252)	5%
Gross profit	566	661	-14%	880	1,122	-22%
Net profit to owners of parent	314	148	113%	432	267	62%

For the second quarter of 2026, revenue from sales and services totaled Baht 4,804 million, representing an increase of 23% year-on-year. Gross profit amounted to Baht 566 million, decreasing by 14% year-on-year. The decline was primarily attributable to lower average selling prices of sugar, despite higher sales volume, as well as the impact of higher production costs associated with raw materials from the previous season.

- (1) Revenue from the sale of sugar and molasses in the second quarter of 2026 amounted to Baht 3,985 million, an increase of Baht 857 million, or 27% year-on-year. This growth was primarily driven by a 92% increase in sugar sales volume, despite a 30% decline in the average sugar selling price across all distribution channels.
- (2) Revenue from electricity sales decreased from Baht 419 million to Baht 373 million, representing a decline of 11% year-on-year. The decrease was mainly due to a 6% reduction in both sales volume and the average selling price of electricity.
- (3) Revenue from support businesses and services increased from Baht 356 million to Baht 446 million, an increase of Baht 90 million, or 25% year-on-year. This was primarily attributable to higher sales of fuel to farmers.

Gross Profit

Gross profit decreased from Baht 661 million in the second quarter of 2025 to Baht 566 million in the second quarter of 2026, representing a decline of 14% year-on-year. The gross profit margin also decreased from 17% in the second quarter of 2025 to 12% in the current period. The decline was primarily attributable to the decrease in the average global sugar price. In addition, during the first six months of the year, the Group primarily sold sugar inventory produced in the previous season, which was associated with higher raw material costs

Other Income

Other income increased by Baht 121 million, or approximately threefold compared to the previous year. The increase was primarily attributable to the recognition of estimated licensing income from domestic sugar sales, as well as gains from foreign exchange.

Administrative Expense

The Group reported administrative expenses of Baht 167 million, representing an increase of Baht 25 million, or 18% year-on-year compared to the second quarter of 2025. The increase was primarily attributable to higher personnel-related expenses.

Finance Costs

The Group recorded finance costs of Baht 143 million, representing a decrease of Baht 50 million, or 26% year-on-year compared to the second quarter of 2025. The decline was primarily attributable to a reduction in outstanding principal following debt repayments, as well as lower interest rates.

Financial Position

Statement of financial position (MB)	30 April 2026	31 October 2025	Changes
Total Assets	52,106	45,528	6,578
Total Liabilities	29,862	23,490	6,372
Total Equity	22,244	22,038	206

- Assets

As of April 30, 2026, the Group's total assets amounted to THB 52,106 million, representing an increase of THB 6,578 million. The increase was primarily driven by a rise in inventories of THB 7,276 million, mainly due to higher production volumes during the sugarcane crushing season. Inventories are expected to gradually decline as deliveries are made to customers. Meanwhile, property, plant and equipment decreased by THB 555 million, primarily as a result of depreciation recognized during the period

- Liabilities

As of April 30, 2026, the Group's total liabilities amounted to THB 29,862 million, an increase of THB 6,372 million. The increase was mainly attributable to higher short-term borrowings from financial institutions to fund payments to cane suppliers during the crushing season, as well as an increase in cane payables resulting from higher cane deliveries from farmers.

- Shareholders' Equity

As of April 30, 2026, the Group's total shareholders' equity amounted to THB 22,244 million, representing an increase of THB 206 million. The increase was primarily driven by net profit generated during the second quarter of 2026, partially offset by decreases in other components of equity.

Key Financial Ratios

Key Financial Ratios	Q2/2026	Q2/2025
Gross Profit Margin (%)	11.78%	16.93%
Current Ratio (Times)	0.79	0.68
Debt to Equity (D/E) (Times)	1.34	1.32
Interest Bearing Debt to Equity (IBD/E) (Times)	1.10	1.07

Sustainability Management

Khon Kaen Sugar Industry Public Company Limited operates under the vision of creating “Sustainable Happiness”, guided by the Philosophy of Sufficiency Economy and the Bio-Circular-Green Economy (BCG Model). The Group has set a clear target to achieve Net Zero Emissions by 2050. The roadmap includes utilization of by-products converting by-products into renewable energy to enhance resource efficiency. Water and waste management: Implementing effective practices aligned with the zero-waste principle. Air quality improvement collaborating with farmers and local communities to systematically reduce and address PM 2.5 dust pollution. Farmer income stability is promoting sustainable agricultural practices to strengthen income security for sugarcane farmers. Through these initiatives, the Group aims to balance business growth with environmental stewardship, social responsibility, and long-term value creation for stakeholders.

For the 2025/2026 production season, the Group has actively campaigned and collaborated with farmer groups to reduce the intake of burnt cane. The Group has increased investments in agricultural machinery to support farmers in cane harvesting, as well as expanded financial incentive programs to encourage the delivery of fresh, clean cane. These initiatives reflect the Group’s strong commitment to addressing PM 2.5 air pollution in a concrete and systematic manner. As a result, the proportion of burnt cane received for crushing significantly decreased from 14% in the previous year to only 5% in the current season. Despite the continued downward trend in burnt cane, the Group remains firmly committed to mitigating PM 2.5 pollution on an ongoing basis. For the years 2026 - 2027, the Group plans to further increase investment and allocate additional agricultural machinery to support farmers in areas with high demand.