Management Discussion & Analysis

KHON KAEN SUGAR INDUSTRY

Public Company Limited

Earning Results

For the 3rd Quarter Period Ended

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Sugar Ethanol Electricity Fertilizer

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Executive Summary

The current sugar market conditions reflect an industry cycle transitioning into a rebalancing phase between supply and demand, following a period of high global production output. As a result, global sugar prices have declined compared to the previous year. However, current price levels have already largely priced in these supply-side negative factors. Looking ahead, fundamental factors still hold potential support from a recovery in demand from importing nations- particularly in the Asian region. Additional support stems from weather risks, energy costs, and ethanol production policies among major producing countries, which could periodically tighten the supply of sugar available for export. These factors help support global sugar price levels, mitigate downside risk, and increase the likelihood of prices gradually recovering toward a more sustainable level in the future- serving as a positive driver for the average selling price outlook in the near term.

For Thailand, the sugar industry is poised to benefit from an increase in sugarcane crushing volumes and sugar yield, driven by favorable weather conditions for cultivation. This will enhance flexibility in managing sales volumes and executing deliveries to overseas customers. Although current average selling prices remain affected by global market volatility, the Group views this situation as part of the normal industry cycle. Value creation opportunities remain achievable through strategic sales timing, export market diversification, strict control of raw material and production costs, and close management of foreign exchange risks. If global sugar prices gradually adjust toward a more balanced level in the coming period, it will serve as a supporting factor for the Group's average selling prices, profit margins, and cash flow generation capacity- providing a positive outlook for performance.

For the third quarter of 2026, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries (the “Group”) reported operating results for the period from 1 May 2026 to 31 July 2026. The Group recorded net loss attributable to the parent of Baht 74 million, a decrease of Baht 102 million, or 366% year-on-year. Gross profit amounted to Baht 191 million, representing a decrease of 63% year-on-year, while the gross profit margin stood at 4%. The decline was primarily attributable to a 23% decrease in the average sugar selling price across all sales channels, as a result of the decline in global sugar prices. While the Group's remaining sugar inventory has increased compared to the previous year and will be gradually delivered to customers in the upcoming quarters in alignment with an upward trend in selling prices.

Group Business Performance

For the third quarter of 2026, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries (the "Group") reported operating results for the period from 1 May 2026 to 31 July 2026. The Group recorded net loss attributable to the parent of Baht 74 million, a decrease of Baht 102 million, or 366% year-on-year. For the nine-month period (from 1 November 2025 to 31 July 2026), the Group reported net profit attributable to the parent of Baht 358 million, representing an increase of Baht 63 million, or 21% year-on-year. The key drivers of the changes in operating performance are summarized as follows:

Unit : THB Million	Q3/2026	Q3/2025	YoY	9M2026	9M2025	YoY
Revenues from sales and services	4,661	4,961	-6%	12,125	12,336	-2%
Cost of good sold and cost of services	(4,471)	(4,440)	1%	(11,054)	(10,692)	3%
Gross profit	191	521	-63%	1,071	1,643	-35%
Net profit (loss) to owners of parent	(74)	28	-366%	358	295	21%
Gross profit margin	4%	11%	-61%	9%	13%	-34%

For the third quarter of 2026, revenue from sales and services totaled Baht 4,661 million, representing a decrease of 6% year-on-year. Gross profit amounted to Baht 191 million, decreasing by 63% year-on-year.

- Revenue from the sale of sugar and molasses in the third quarter of 2026 amounted to Baht 4,029 million, a decrease of Baht 265 million, or 6% year-on-year. This growth was primarily driven by a 21% increase in sugar sales volume, despite a 23% decline in the average sugar selling price across all distribution channels.
- Revenue from electricity sales decreased from Baht 374 million to Baht 325 million, representing a decline of 13% year-on-year. The decrease was mainly due to a 14% reduction in sales volume of electricity.
- Revenue from support businesses and services increased from Baht 293 million to Baht 307 million, an increase of Baht 14 million, or 5% year-on-year. This was primarily attributable to higher sales of fuel and fertilizer to farmers.

Gross Profit

Gross profit decreased from Baht 521 million in the third quarter of 2025 to Baht 191 million in the third quarter of 2026, representing a decline of 63% year-on-year. The gross profit margin also decreased from 11% in the third quarter of 2025 to 4% in the current period. The decline was primarily attributable to the decrease in the average global sugar price.

Other Income

Other income increased by Baht 84 million, or approximately double compared to the third quarter of 2025. The increase was primarily attributable to the recognition of estimated licensing income from domestic sugar sales, as well as gains from foreign exchange.

Finance Costs

The Group recorded finance costs of Baht 139 million, representing a decrease of Baht 20 million, or 12% year-on-year compared to the third quarter of 2025. The decline was primarily attributable to a reduction in outstanding principal following debt repayments, as well as lower interest rates.

For the nine-month period of year 2026, revenue from sales and services totaled Baht 12,125 million, representing a decrease of 2% year-on-year. Gross profit amounted to Baht 1,071 million, decreasing by 35% year-on-year.

- Revenue from the sale of sugar and molasses for the nine-month period of year 2026 amounted to Baht 10,136 million, a decrease of Baht 161 million, or 1% year-on-year. The primary cause was a 32% increase in sugar sales volume, while the overall average sugar selling price across all distribution channels decreased by 25%.
- Revenue from electricity sales decreased of Baht 131 million, or 12% year-on-year. The decrease was mainly due to a 9% reduction in sales volume of electricity.
- Revenue from support businesses and services increased of Baht 78 million, or 10% year-on-year. This was primarily attributable to higher sales of fuel and fertilizer to farmers.

Gross Profit

Gross profit decreased from Baht 1,643 million to Baht 1,071 million, or 35% year-on-year, with the gross profit margin also decreased 34%. Thae main reasons were lower average global sugar selling price and the fact that sugar sales during the first half of the year included inventory produced in the previous season, which carried higher raw material costs.

Financial Position

Statement of financial position (MB)	31 July 2026	31 October 2025	Changes
Total Assets	48,704	45,528	3,176
Total Liabilities	26,568	23,490	3,078
Total Equity	22,136	22,038	98

- Assets

  As of July 31, 2026, the Group’s total assets amounted to THB 48,704 million, representing an increase of THB 3,176 million. The increase was primarily driven by a rise in inventories of THB 3,554 million, mainly due to higher production volumes resulting from a rise in the quantity of sugarcane crushed in 2026, as well as the processing of remelted sugar. Inventories are expected to gradually decline as deliveries are made to customers. Meanwhile, property, plant and equipment decreased by THB 646 million, primarily as a result of depreciation recognized during the period

- Liabilities

  As of July 31, 2026, the Group’s total liabilities amounted to THB 26,568 million, an increase of THB 3,078 million. The increase was mainly attributable to higher short-term borrowings from financial institutions, obtained to fund payments for sugarcane for the 2026/2027 production season.

- Shareholders' Equity

  As of July 31, 2026, the Group’s total shareholders’ equity amounted to THB 22,136 million, representing an increase of THB 98 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	Q3/2026	Q3/2025	Q4/2025
Gross Profit Margin (%)	4.09%	10.50%	-1.34%
Current Ratio (Times)	0.72	0.66	0.58
Debt to Equity (D/E) (Times)	1.20	1.16	1.07
Interest Bearing Debt to Equity (IBD/E) (Times)	0.98	0.96	0.91

Sustainability Management

The Group has planned implementation of greenhouse gas (GHG) reduction and absorption projects to support environmental goals, lower GHG emissions, and transition toward clean energy under the organization's sustainable development framework through the following key initiatives:

Solar Cell Installation Project, the Wang Saphung branch was registered under the Thailand Voluntary Emission Reduction Program (T-VER) by the Greenhouse Gas Management Organization (Public Organization) (TGO) for its solar power generation project on September 23, 2025. The project is expected to reduce or sequester approximately 442 tonnes of carbon dioxide equivalent (tCO_2e) per year.

Biomass Power Plant Project, the Watthana Nakhon branch was registered under the T-VER program by TGO for its thermal biomass power generation project on March 18, 2026. The project is expected to reduce or sequester approximately 304,047 tonnes of carbon dioxide equivalent (tCO_2e) per year.

The Group continue to focus on systematically addressing PM 2.5 dust issues alongside sugarcane farmers, with plans to further increase investment and allocate agricultural machinery to additionally support farmers in areas with high demand.