

Ref. No. 1164/59E

November 12, 2021

Subject: Clarification on Operating Results for the 3rd Quarter 2021 and the First 9-Month Period of 2021

Attn: President
The Stock Exchange of Thailand

The Company wishes to report on the Company's operating results for the 3rd Quarter 2021 and the first 9-month period of 2021, having details as follows:

(1) Net profit of the Company and subsidiary companies in the 3rd Quarter 2021 totaled Baht 679.91 million, which increased from the same period last year by Baht 673.30 million and net earnings per share was Baht 1.30 per share, which increased from the same period last year by Baht 1.29 per share or 10,186.08 percent, due to the following reasons:

(1.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 668.31 million, which increased from the same period last year by Baht 669.30 million or 67,469.46 percent. This was due to the increase in coal sales volume and the average coal selling price from the same period last year of 50.94 and 111.84 percent;

(1.2) Net loss from ethanol business derived from shareholding proportion of the Company was Baht 14.10 million, resulting in a decrease in net profit from the same period last year of Baht 19.30 million or 370.95 percent. This was due to the decrease in ethanol sale volume of 37.24 percent and the molasses price, which is a major cost of ethanol production, increased by over 34.51 percent; and

(1.3) Share of income from associated companies was Baht 25.70 million, which increased from the same period last year by Baht 23.30 million or 970.83 percent. This was due to the share of income of Baht 23.47 from the operating results of PT. Pesona Khatulistiwa Nusantara ("PKN"), which is the associated company that the Company acquired new issued shares in PKN at 10 percent of the total number of paid-up shares on August 31, 2021.

(2) Net profit of the Company and subsidiary companies in the first 9-month period of 2021 totaled Baht 1,245.14 million, which increased from the same period last year by Baht 1,026.23 million and net earnings per share was Baht 2.37 per share, which increased from the same period last year by Baht 1.95 per share or 468.80 percent, due to the following reasons:

(2.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 1,223.24 million, which increased from the same previous year by Baht 1,061.94 million or 658.36 percent. This was due to the increase in coal sales volume and the average coal selling price from the same period last year of 22.54 and 53.62 percent;

(2.2) Net loss from ethanol business derived from shareholding proportion of the Company was Baht 6.91 million, resulting in a decrease in net profit from the same period last year of Baht 58.50 million or 113.40 percent. This was due to the decrease in ethanol sale volume of 20.23 percent and the molasses price, which is a major cost of ethanol production, increased by over 28.39 percent; and

(2.3) Share of income from associated companies was Baht 28.81 million, which increased from the same period last year by Baht 22.79 million or 378.57 percent. This was due to the share of income of Baht 23.47 from the operating results of PT. Pesona Khatulistiwa Nusantara ("PKN"), which is the associated company that the Company acquired new issued shares in PKN at 10 percent of the total number of paid-up shares on August 31, 2021.

Details of the changes and impacts are described in the Management Discussion and Analysis (MD&A).

Please be informed accordingly.

Yours faithfully,
For and on behalf of
Lanna Resources Public Company Limited

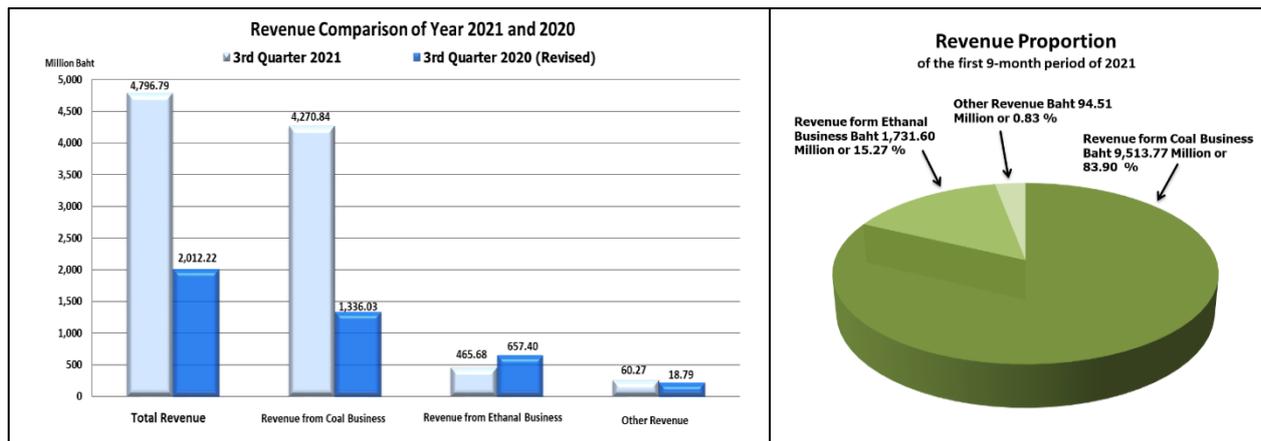
(Mrs. Petcharat Chayanon)
Chief Officer – Accounting and Finance

MANAGEMENT DISCUSSION AND ANALYSIS

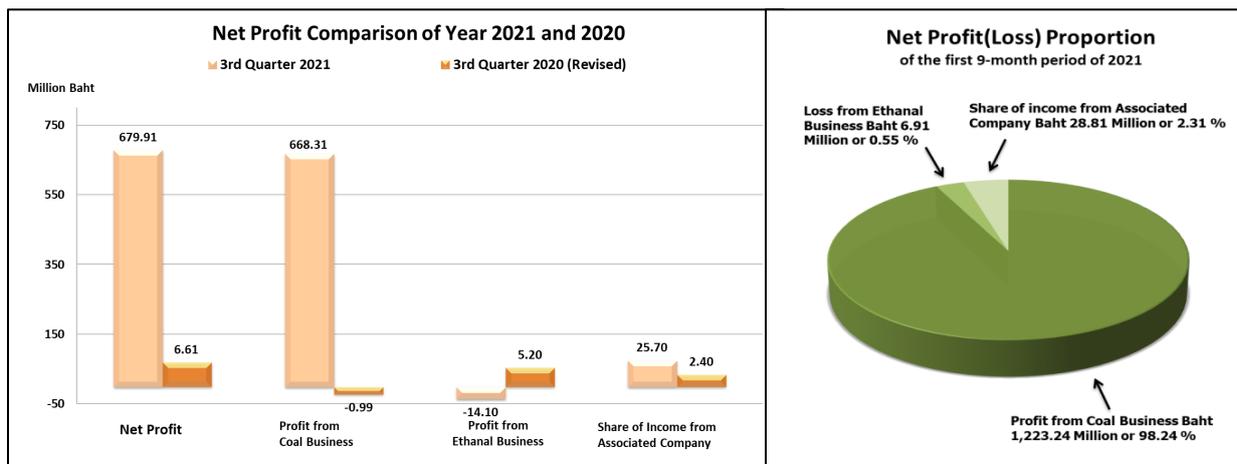
(For the Consolidated Financial Statements of the 3rd quarter 2021 and the first 9-month period of 2021)

OVERALL OPERATING RESULTS

The total revenue of the Company and subsidiary companies in the 3rd quarter 2021 and the first 9-month period of 2021 were Baht 4,796.79 million and Baht 11,339.88 million, which increased from the same period last year by Baht 2,784.57 million and Baht 4,349.07 million or 138.38 percent and 62.21 percent. The revenue proportion from coal business, ethanol business and other revenue in the first 9-month period of 2021 accounted for 83.90 percent, 15.27 percent and 0.83 percent, respectively.



The Company and subsidiary companies had total net profit in the 3rd quarter 2021 and the first 9-month period of 2021 of Baht 679.91 million and Baht 1,245.14 million or Baht 1.30 and 2.37 per share, which increased from the same period last year by Baht 673.30 million and Baht 1,026.23 million or Baht 1.29 and Baht 1.95 per share, accounted for 10,186.08 percent and 468.80 percent, which is the highest net profit the Company has recorded since its establishment in 1985. The net profit proportion from coal business, (net loss) from ethanol business, and share of income from associated companies in the first 9-month period of 2021 accounted for 98.24 percent, (0.55) percent and 2.31 percent, with the net profit margin of 18.04 percent, the EBITDA margin of 34.70 percent, and the return on equity of 24.64 percent.



The overall financial position and liquidity of the Company and subsidiary companies as at September 30, 2021 were considered in good standing. The current ratio was as high as 1.80 times and the quick ratio was at 1.28 times and the total debt to total assets ratio was only 35.53 percent with debt to equity ratio of only 55.12 percent.

Operating Results of the Coal Business or the Core Business: The Company and subsidiary companies had total revenue from coal business in the 3rd quarter 2021 and the first 9-month period of 2021 of Baht 4,270.84 million and Baht 9,513.77 million, which increased from the same period last year by Baht 2,934.81 million and Baht 4,459.85 million or 219.67 percent and 88.25 percent, due to the increase in coal sales volume from the same period last year of 50.94 percent and 22.54 percent, and the average coal selling price increased from the same period last year by 111.84 percent and 53.62 percent, respectively. The net profit derived from shareholding proportion of the Company in the 3rd quarter 2021 and the first 9-month period of 2021 were Baht 668.31 million and Baht 1,223.24 million, which increased from the same period last year by Baht 669.30 million and Baht 1,061.95 million or 67,469.46 percent and 658.36 percent, respectively, which is the highest net profit the Company has recorded since its establishment in 1985. This was due to the rising coal prices in the global market as a result of an increasing demand for coal, especially from China, which imports more coal from Indonesia.

Operating Results of the Ethanol-for-Fuel Business or the Secondary Core Business: The Company and subsidiary company had total revenue from ethanol business in the 3rd quarter 2021 and the first 9-month period of 2021 of Baht 465.68 million and Baht 1,731.60 million, which decreased from same period last year by Baht 191.72 million and Baht 172.89 million or 29.16 percent and 9.08 percent, due to the average ethanol selling price in the 3rd quarter 2021 and the first 9-month period of 2021 increased from the same period last year by 12.86 percent and 13.97 percent, respectively, but the ethanol sales volume in the 3rd quarter 2021 and the first 9-month period of 2021 decreased by 37.24 percent and 20.23 percent, respectively. The net loss derived from shareholding proportion of the Company in the 3rd quarter 2021 and the first 9-month period of 2021 were Baht 14.10 million and 6.91 million, with the net profit decreased from the same period last year by Baht 19.30 million and 58.50 million or 370.95 percent and 113.40 percent, respectively.

Operating Results Analysis

Revenue (Unit : Million Baht)	3 rd Quarter (Jul. – Sep.)		Increase (Decrease) (%)	First 9-month Period (Jan. - Sep.)		Increase (Decrease) (%)
	2021	2020 (Revised)		2021	2020 (Revised)	
Revenue from Coal Sales	4,270.84	1,336.03	219.67	9,513.77	5,053.92	88.25
Revenue from Ethanol Sales	465.68	657.40	(29.16)	1,731.60	1,904.49	(9.08)
Other Revenue	60.27	18.79	220.76	94.51	32.40	191.70
Total Revenue	4,796.79	2,012.22	138.38	11,339.88	6,990.81	62.21

REVENUE:

(1) Revenue of the Company and subsidiary companies in the 3rd quarter 2021 totaled Baht 4,796.79 million, which increased from the 3rd quarter 2020 by Baht 2,784.57 million or 138.38 percent due to the following reasons:

(1.1) Revenue from coal business, which is the core business, was Baht 4,270.84 million, which increased from the 3rd quarter 2020 by Baht 2,934.81 million or 219.67 percent. This was due to the increase in coal sales volume and average coal selling price from the same period last year of 50.94 and 111.84 percent as described above.

(1.2) Revenue from ethanol business, which is the secondary core business, was Baht 465.68 million, which decreased from the 3rd quarter 2020 by Baht 191.72 million or 29.16 percent. This was due to the decrease in ethanol sales volume from the same period last year of 37.24 percent as described above; and

(1.3) Other revenue totaled Baht 60.27 million, which increased from the 3rd quarter 2020 by Baht 41.48 million or 220.76 percent. This was due to the increase in foreign exchange gain and revenue from port services of the subsidiary company in Indonesia.

(2) Revenue of the Company and subsidiary companies in the first 9-month period of 2021 totaled Baht 11,339.88 million, which increased from the first 9-month period of 2020 by Baht 4,349.07 million or 62.21 percent due to the following reasons:

(2.1) Revenue from coal business, which is the core business, was Baht 9,513.77 million, which increased from the first 9-month period of 2020 by Baht 4,459.85 million or 88.25 percent. This was due to the increase in coal sales volume and the average coal selling price from the same period last year of 22.54 percent and 53.62 percent as described above.

(2.2) Revenue from ethanol business, which is the secondary core business, was Baht 1,731.60 million, which decreased from the first 9-month period of 2020 by Baht 172.89 million or 9.08 percent. This was due to the decrease in ethanol sales volume from the same period last year of 28.35 percent as described above; and

(2.3) Other revenue totaled Baht 94.51 million, which increased from the same period last year by Baht 62.11 million or 191.70 percent. This was due to the increase in foreign exchange gain and revenue from port services of the subsidiary company in Indonesia.

Expenses (Unit : Million Baht)	3 rd Quarter (Jul. – Sep.)		Increase (Decrease) (%)	First 9-month Period (Jan. – Sep.)		Increase (Decrease) (%)
	2021	2020 (Revised)		2021	2020 (Revised)	
Coal Business						
Cost of sales	1,583.27	931.74	69.93	3,892.75	3,132.90	24.25
Selling and administrative expenses	1,055.40	470.60	124.27	2,543.16	1,625.61	56.44
Financial expense	1.58	0.91	73.63	3.36	3.63	(7.44)
Corporate income tax	575.38	(23.92)	2,505.43	1,138.44	109.13	943.20
Ethanol Business						
Cost of sales	452.72	620.20	(27.00)	1,643.66	1,694.99	(3.03)
Selling and administrative expenses	30.00	18.90	58.73	73.06	65.94	10.80
Financial expense	9.11	9.39	(2.98)	27.73	32.21	(13.91)
Corporate income tax	1.53	(0.73)	309.59	1.24	11.79	(89.48)

COAL BUSINESS EXPENSES

(1) Coal business expenses of the Company and subsidiary companies in the 3rd quarter 2021 totaled Baht 3,215.63 million, which increased from the 3rd quarter 2020 by Baht 1,836.30 million or 133.13 percent, due to the following reasons:

(1.1) Cost of coal sales increased from the same period last year by Baht 651.53 million or 69.93 percent, due to the increase in coal sales volume of 50.94 percent as described above.

(1.2) Selling and administrative expenses increased from the same period last year by Baht 584.80 million or 124.27 percent in line with the increase in coal sales volume as described above.

(1.3) Financial expense increased from the same period last year by Baht 0.67 million or 73.63 percent due to the increase in interest expense; and

(1.4) Corporate income tax increased from the same period last year by Baht 599.30 million or 2,505.43 percent due to the increase in profit.

(2) Coal business expenses of the Company and subsidiary companies in the first 9-month period of 2021 totaled Baht 7,577.71 million, which increased from the first 9-month period of 2020 by Baht 2,706.44 million or 55.56 percent, due to the following reasons:

(2.1) Cost of coal sales increased from the same period last year by Baht 759.85 million or 24.25 percent, due to the increase in coal sales volume of 22.54 percent as described above.

(2.2) Selling and administrative expenses increased from the same period last year by Baht 917.55 million or 56.44 percent in line with the increase in coal sales volume as described above.

(2.3) Financial expense decreased from the same period last year by Baht 0.27 million or 7.44 percent due to the decrease in interest expense; and

(2.4) Corporate income tax increased from the same period last year by Baht 1,029.31 million or 943.20 percent due to the increase in profit.

ETHANOL BUSSINESS EXPENSES

(1) Ethanol business expenses of the subsidiary company in the 3rd quarter 2021 totaled Baht 493.36 million, which decreased from the 3rd quarter 2020 by Baht 154.40 million or 23.84 percent, due to the following reasons:

(1.1) Cost of ethanol sales decreased from the same period last year by Baht 167.48 million or 27.00 percent due to decrease in ethanol sales volume as described above.

(1.2) Selling and administrative expenses increased from the same period last year by Baht 11.10 million or 58.73 percent due to the cost of the temporary suspension of ethanol production in Production Line No. 1, which was recorded as an increase in administrative expense.

(1.3) Financial expense decreased from the same period last year by Baht 0.28 million or 2.98 percent due to the decrease in interest expense; and

(1.4) Corporate income tax increased from the same period last year by Baht 2.26 million or 309.59 percent due to the increase in deferred tax.

(2) Ethanol business expenses of the subsidiary company in the first 9-month period of 2021 totaled Baht 1,745.69 million, which decreased from the first 9-month period of 2020 by Baht 59.24 million or 3.28 percent, due to the following reasons:

(2.1) Cost of ethanol sales decreased from the same period last year by Baht 51.33 million or 3.03 percent due to decrease in ethanol sales volume as described above.

(2.2) Selling and administrative expenses increased from the same period last year by Baht 7.12 million or 10.80 percent due to the cost of the temporary suspension of ethanol production in Production Line No. 1, which was recorded as an increase in administrative expense.

(2.3) Financial expense decreased from the same period last year by Baht 4.48 million or 13.91 percent due to the decrease in interest expense; and

(2.4) Corporate income tax decreased from the same period last year by Baht 10.55 million or 89.48 percent due to the decrease in profit.

Gross Profit (Unit : Million Baht)	Coal Business		Ethanol Business		Total	
	Million Baht	%	Million Baht	%	Million Baht	%
3rd Quarter 2021 (July - September 2021)						
Revenue from sales	4,270.84	100.00	465.68	100.00	4,736.52	100.00
Less Cost of sales	1,583.27	37.07	452.72	97.22	2,035.99	42.98
Gross Profit	2,687.57	62.93	12.96	2.78	2,700.53	57.02
3rd Quarter 2020 (July - September 2020)						
Revenue from sales	1,336.03	100.00	657.40	100.00	1,993.43	100.00
Less Cost of sales	931.74	69.74	620.20	94.34	1,551.94	77.85
Gross Profit	404.29	30.26	37.20	5.66	441.49	22.15
First 9-month Period of 2021 (January - September 2021)						
Revenue from sales	9,513.77	100.00	1,731.60	100.00	11,245.37	100.00
Less Cost of sales	3,892.75	40.92	1,643.66	94.92	5,536.41	49.23
Gross Profit	5,621.02	59.08	87.94	5.08	5,708.96	50.77
First 9-month Period of 2020 (January - September 2020)						
Revenue from sales	5,053.92	100.00	1,904.49	100.00	6,958.41	100.00
Less Cost of sales	3,132.90	61.99	1,694.99	89.00	4,827.89	69.38
Gross Profit	1,921.02	38.01	209.50	11.00	2,130.52	30.62

GROSS PROFIT

(1) Gross profit of the Company and subsidiary companies in the 3rd quarter 2021 totaled Baht 2,700.53 million or 57.02 percent of the sales revenue, which increased from the 3rd quarter 2020 with the gross profit of Baht 441.49 million or 22.15 percent of the sales revenue, due to the following reasons:

(1.1) Gross profit from coal business in the 3rd quarter 2021 totaled Baht 2,687.57 million or 62.93 percent of the sales revenue from the increase in sale, which increased from the 3rd quarter 2020 with gross profit of Baht 404.29 million or 30.26 percent of the sales revenue. This was due to the increase in average coal selling price of 111.84 percent but the average cost of coal sales increased by only 9.58 percent; and

(1.2) Gross profit from ethanol business in the 3rd quarter 2021 totaled Baht 12.96 million or 2.78 percent of the sales revenue, which decreased from the 3rd quarter 2020 with gross profit of Baht 37.20 million or 5.66 percent of the sales revenue, due to the molasses price, which is a major cost of ethanol production, increased by over 34.51 percent.

(2) Gross profit of the Company and subsidiary companies in the first 9-month period of 2021 totaled Baht 5,708.96 million or 50.77 percent of the sales revenue, which increased from the first 9-month period of 2020 with the gross profit of Baht 2,130.52 million or 30.62 percent of the sales revenue, due to the following reasons:

(2.1) Gross profit from coal business in the first 9-month period of 2021 totaled Baht 5,621.02 million or 59.08 percent of the sales revenue from the increase in sale, which increased from first the 9-month period of 2020 with gross profit of Baht 1,921.02 million or 38.01 percent of the sales revenue. This was due to the increase in average coal selling price of 53.62 percent but the average cost of coal sales decreased by 28.98 percent; and

(2.2) Gross profit from ethanol business in the first 9-month period of 2021 totaled Baht 87.94 million or 5.08 percent of the sales revenue, which decreased from the first 9-month period of 2020 with gross profit of Baht 209.50 million or 11.00 percent of the sales revenue, due to the molasses price, which is a major cost of ethanol production, increased by over 28.39 percent.

Net Profit (Unit: Million Baht)	3 rd Quarter (Jul. – Sep.)		Increase (Decrease) (%)	First 9-month Period (Jan. – Sep.)		Increase (Decrease) (%)
	2021	2020 (Revised)		2021	2020 (Revised)	
Profit from Coal Business	668.31	(0.99)	67,469.46	1,223.24	161.30	658.39
Profit (Loss) from Ethanol Business	(14.10)	5.20	(370.95)	(6.91)	51.59	(113.40)
Share of income from associated company and other revenue	25.70	2.40	970.83	28.81	6.02	378.57
Net Profit	679.91	6.61	10,186.08	1,245.14	218.91	468.80
Net Earnings per Share (Baht per Share)	1.30	0.01	10,186.08	2.37	0.42	468.80
Remark: Registered par value of Baht 1 per share						

NET PROFIT

(1) The net profit of the Company and subsidiary companies in the 3rd quarter 2021 totaled Baht 679.91 million, which increased from the 3rd quarter 2020 by Baht 673.30 million and net earnings per share was Baht 1.30 per share, which increased from the same period last year by Baht 1.29 per share or 10,186.08 percent, due to the following reasons:

(1.1) Net profit from coal business and wood pellet business derived from shareholding proportion of the Company was Baht 668.31 million, which increased from the same period last year by Baht 669.30 million or 67,469.46 percent. This was due to the increase in coal sales volume and average coal selling price as described above.

(1.2) Net loss from ethanol business derived from shareholding proportion of the Company was Baht 14.10 million, with the net profit decreased from the same period last year by Baht 19.30 million or 370.95 percent due to the increase in molasses price, which is a major cost of ethanol production, as described above; and

(1.3) Share of income from associated companies was Baht 25.70 million, which increased from the same period last year by Baht 23.30 million or 970.83 percent. This was due to the share of income of Baht 23.47 from the operating results of PT. Pesona Khatulistiwa Nusantara ("PKN"), which is the associated company that the Company acquired new issued shares in PKN at 10 percent of the total number of paid-up shares on August 31, 2021.

(2) The net profit of the Company and subsidiary companies in the first 9-month period of 2021 totaled Baht 1,245.14 million, which increased from the first 9-month period of 2020 by Baht 1,026.23 million and net earnings per share was Baht 2.37 per share, which increased from the same period last year by Baht 1.95 per share or 468.80 percent, due to the following reasons:

(2.1) Net profit from coal business and wood pellet business derived from shareholding proportion of the Company was Baht 1,223.24 million, which increased from the same period last year by Baht 1,061.94 million or 658.36 percent. This was due to the increase in coal sales volume and average coal selling price as described above.

(2.2) Net Loss from ethanol business derived from shareholding proportion of the Company was Baht 6.91 million, which decreased from the same period last year by Baht 58.50 million or 113.40 percent due to the decrease in ethanol sales volume and the increase in molasses price, which is a major cost of ethanol production, as described above; and

(2.3) Share of income from associated companies was Baht 28.81 million, which increased from the same period last year by Baht 22.79 million or 378.57 percent. This was due to the share of income of Baht 23.47 from the operating results of PT. Pesona Khatulistiwa Nusantara (“PKN”), which is the associated company that the Company acquired new issued shares in PKN at 10 percent of the total number of paid-up shares on August 31, 2021.

EARNINGS EFFICIENCY

(1) EBITDA (Earnings before financial expenses, corporate income tax, depreciation and amortization) of the Company and subsidiary companies in the first 9-month period of 2021 was Baht 3,934.44 million, which increased from the same period last year by Baht 2,890.45 million or 276.87 percent and EBITDA margin was at 34.70 percent, which increased from the same period last year by 132.33 percent.

(2) Net profit margin of the Company and subsidiary companies in the first 9-month period of 2021 was at 18.04 percent, which increased from the same period last year by 293.25 percent.

(3) Return on equity of the Company and subsidiary companies in the first 9-month period of 2021 was at 24.64 percent, which increased from the same period last year by 398.34 percent.

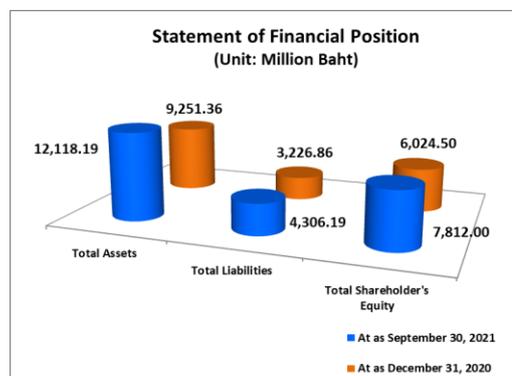
(4) Return on total assets of the Company and subsidiary companies in the first 9-month period of 2021 was at 19.14 percent, which increased from the same period last year by 473.47 percent. The return on fixed assets in the 3rd quarter 2021 was at 63.77 percent, which increased from the same period last year by 221.79 percent.

STATEMENTS OF FINANCIAL POSITION

Description	Unit: Million Baht		Increase (Decrease)	
	As at September 30, 2021	As at December 31, 2020 (Revised)	Million Baht	%
Total Assets	12,118.19	9,251.36	2,866.83	30.99
Total Liabilities	4,306.19	3,226.86	1,079.33	33.45
Total Shareholders' Equity	7,812.00	6,024.50	1,787.50	29.67
Book Value-Baht per Share	10.87	8.38	2.49	29.71

Remark: Registered par value of Baht 1 per share

ASSETS: The total assets of the Company and subsidiary companies as at September 30, 2021 was Baht 12,118.19 million, which increased from the end of year 2020 by Baht 2,866.83 million or 30.99 percent, due to (1) current assets increased by Baht 2,701.19 million or 72.56 percent, consisting of: (A) cash and cash equivalent increased by Baht 1,020.22 million or 73.73 percent; (B) trade accounts receivable and other accounts receivable increased by Baht 1,316.04 million or 140.63 percent; (C) inventories increased by Baht 451.97 million or 149.50 percent; and (D) other current assets most of which were prepaid corporate income tax, advance payment for goods, etc., decreased by Baht 87.04 million or 7.91 percent; and (2) non-current assets increased by Baht 165.64 million or 3.00 percent.



LIABILITIES: The total liabilities of the Company and subsidiary companies as at September 30, 2021 was Baht 4,306.19 million, which increased from the end of year 2020 by Baht 1,079.33 million or 33.45 percent, due to (1) trade accounts payable and other accounts payable increased by Baht 74.81 million or 15.55 percent (2) accrued expenses, most of which were overburden removal expenses and freight cost, etc., increased by Baht 990.81 million or 221.80 percent (3) other liabilities, most of which were the lease agreement on coal loading jetty acquisition and provision for mine rehabilitation of the subsidiary companies and allowance for long-term benefits of employees, etc., increased by Baht 73.61 million or 11.54 percent; and (4) short-term loan and long-term loan of the subsidiary companies decreased by Baht 59.90 million or 3.61 percent.

TOTAL SHAREHOLDERS' EQUITY: The total shareholders' equity of the Company and subsidiary companies as at September 30, 2021 was Baht 7,812.00 million, which increased from the end of year 2020 by Baht 1,787.50 million or 29.67 percent, resulting in an increase of the share's book value from Baht 8.38 per share to Baht 10.87 per share, an increase of Baht 2.49 per share or 29.71 percent. This was due to (1) an increase in retained earnings of Baht 1,092.03 million or 33.51 percent due to the net profit of Baht 1,245.14 million in the first 9-month period of 2021 and the adjustment to comprehensive income of Baht 4.39 million, but there was dividend payment of Baht 157.50 million (2) an increase in translation adjustment in financial of Baht 213.69 million or 328.75 percent; and (3) an increase in minority shareholders' equity of Baht 481.78 million or 29.65 percent.

CASH FLOWS

Description	Unit: Million Baht	
	First 9-month period of 2021	First 9-month period of 2020 (Revised)
Cash Flows from (used in) Operating Activities	2,179.59	1,796.00
Cash Flows from (used in) Investing Activities	(621.47)	(319.16)
Cash Flows from (used in) Financing Activities	(579.26)	(842.49)
Increase (Decrease) in Translation Adjustments in Financial Statements	41.37	(35.88)
Net Increase (Decrease) in Cash	1,020.23	598.47
Cash at the beginning of the period	832.70	477.62
Cash at the end of the period	1,852.93	1,076.09

(1) The net cash from operating activities of the Company and subsidiary companies in the first 9-month period of 2021 totaled Baht 2,179.59 million, consisting of (A) income before corporate income tax and interest expense of Baht 3,184.98 million (B) transactions that did not affect the cash such as depreciation and amortization of assets, most of which were mostly transactions concerning coal mining operations of the subsidiary companies in Indonesia of Baht 789.30 million (C) an increase in operating assets of Baht 1,734.11 million (D) an increase in operating liabilities of Baht 178.54 million (E) interest received of Baht 9.63 million; and (F) a net increase in interest expense and taxes of Baht 248.75 million.

(2) The net cash used in investing activities of the Company and subsidiary companies in the first 9-month period of 2021 totaled Baht 621.47 million, consisting of (A) properties, buildings and equipment, most of which were wood pellet production plant of the subsidiary company increased by Baht 121.46 million (B) an increase in expenses of coal mine projects of subsidiary companies in Indonesia of Baht 379.34 million (C) short-term capital investment and other items increased by Baht 128.42 million; and (D) income dividend from subsidiary companies of Baht 7.75 million.

(3) The net cash used in financing activities of the Company and subsidiary companies in the first 9-month period of 2021 totaled Baht 579.26 million, consisting of (A) a decrease in loan of Baht 102.87 million (B) dividend payment of Baht 605.81 million; and (C) an increase in minority shareholders' equity of Baht 129.42 million.

ASSET MANAGEMENT CAPABILITY

(1) The trade accounts receivable and other accounts receivable of the Company and subsidiary companies as at September 30, 2021 were 18.58 percent of total assets. The provisions of doubtful debts are considered based on review of receivable period and assessment of past debt collection experience. Accordingly, there was no provision of doubtful debt in the first 9-month period of 2021.

(2) Inventory of the Company and subsidiary companies as at September 30, 2021 was 6.22 percent of total assets without deterioration or impairment of the products. Therefore, there was no allowance for impairment loss of inventory in the first 9-month period of 2021.

(3) The Company's goodwill incurred from investment in the subsidiary company as at September 30, 2021 was accounted for 1.94 percent of total assets, by which the Company considered financial projection and impact in various aspects and found that it was not yet necessary for provision of goodwill impairment from investment in the first 9-month period of 2021.

LIQUIDITY AND SUFFICIENCY OF CAPITAL

(1) The total debt-to-equity ratio of the Company and subsidiary companies as at September 30, 2021 was as low as 0.55:1 with appropriate capital structure. The Company has cash generation and credit facilities sufficient for future investment projects.

(2) The current ratio of the Company and subsidiary companies as at September 30, 2021 was as high as 1.80 times despite the quick ratio was only 1.28 times. In addition, the Company and subsidiary companies have sufficient credit facilities for future working capital.

(3) The cash cycle of the Company and subsidiary companies in the first 9-month period of 2021 was 41 days, which decreased from the same period last year by 2 days. The average debt collection period was at 37 days, which increased from the same period last year by 9 days. The average inventory turnover was at 26 days, which decreased from the previous year by 11 days but the average debt repayment period was at 22 days, same as the previous year.

DEBT OBLIGATION

The subsidiary company in a business of ethanol production and distribution for fuel purpose has obligation according to the terms and conditions of the loan agreement with a local commercial bank, which is the lender as follows:

(1) The subsidiary company must maintain its D/E ratio (Debt to Equity Ratio) not exceeding 2.5 times and DSCR (Debt Service Coverage Ratio) of no less than 1.1 times until the expiration of the loan agreement. It appears that as at September 30, 2021, the abovementioned subsidiary company is unable to maintain the DSCR as required by the contractual obligation of the loan, in which the subsidiary company has classified a portion of long-term loan as long-term loan that is due to be paid within one year's time. Nevertheless, on October 27, 2021, the lending bank has issued a waiver letter regarding such conditions.

(2) The lending bank has stipulated that the Company must maintain its shareholding proportion in the subsidiary company of no less than 50 percent of the total number of shares during the whole duration of the loan agreement. Accordingly, the Company has no plan to sell or decrease its shareholding proportion in the subsidiary company to below 50 percent of the total number of shares.

(3) The lending bank has stipulated that the subsidiary company cannot pay dividend to its shareholders, including the Company, if the subsidiary company cannot comply with the conditions as stipulated within the loan agreement, such as the maintenance of D/E ratio, DSCR, and shareholding proportion of the Company in the abovementioned subsidiary company, etc. Accordingly, the subsidiary company has never breached the conditions of loan agreements and has been provided with good financial support from lending banks.

FUTURE TREND

Coal Business: It is expected that the operating results in the 4th quarter 2021 will continue to be profitable due to the rise in global coal prices combined with the amount of rainfall in Indonesia beginning to decrease, enabling the subsidiary companies to produce coal at full capacity. However, in late October 2021, the government of China has announced an increase in coal production capacity from 10 to 12 million metric tons to keep coal prices from getting too high, which the Company expects that coal prices will still continue to remain stable at the high level. Nevertheless, the Company is still closely monitoring the pandemic situation of the coronavirus disease 2019 ("COVID-19"), even though the situation has improved. In this regard, the Company and subsidiary companies will endeavor to manage and resolve problems with prudence in order to maintain good operating results.

Ethanol Business: The molasses price outlook in the 4th quarter 2021, by which molasses is the by-product from sugar production process and the main raw material for the ethanol production, is expected to increase due to sugarcane product that is anticipated to reduce due to drought situation. Accordingly, the subsidiary company has made strategic adjustment by procuring other types of raw materials to substitute the molasses. Moreover, as the COVID-19 outbreak situation has improved since late August 2021, with the relaxation of lockdown measures by the Government, which enable people to return to normal life, as well as implementation of policies to open up the country starting from November 1, 2021 onwards, the demand for fuel is therefore expected to increase. Nevertheless, the Company will endeavor to effectively and efficiently manage the cost of ethanol production in order to have as best operating results as possible considering the current situation.

Overall Business: The COVID-19 pandemic situation is expected to have significant impact on the global economy including Thailand, affecting the performance of the Company and subsidiary companies in 2021. Nevertheless, the overall operating results of the Company and subsidiary companies in 2021 should be able to generate profits with significant increase from 2020 and enable the Company to proceed with regular dividend payments to shareholders according to the established policy at a higher rate than previous years.
