

**Opinion of the Independent Financial Advisor on
the Connected Transaction in Providing Financial Assistance to
Thai Union Group Public Company Limited**

Presented to Shareholders of



i-Tail Corporation Public Company Limited

Prepared by



Jay Capital Advisory Limited

30 August 2024

This English report of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of i-Tail Corporation Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

Table of Contents

	Page
Executive summary	6
Part 1 Characteristics and details of the Transaction	10
1.1 Background and Purpose of the Transaction	10
1.2 Date, Month and Year of the Transaction	10
1.3 Contract Parties and Their Relationship	10
1.4 Type and Size of the Transaction	11
1.5 Key Terms and Conditions of Entering into the Transaction	11
1.6 Source of Funds for Providing Financial Assistance	13
1.7 Meeting Attendance and Voting by Directors Having Conflicts of Interest	13
1.8 Shareholders Having Conflicts of Interest	14
Part 2 Reasonableness of the Transaction	15
2.1 Objective and Necessity of the Transaction	15
2.2 Track Record of Financial Assistance Provided and Received	15
2.3 Repayment Plan for Entering into this Transaction	16
2.4 Impact of Financial Assistance and the Company's Financial Position	16
2.5 Operating Results and Financial Position of TU	21
2.6 Appropriateness of the Interest Rate for Entering into the Transaction	25
2.7 Reasonableness of the Terms and Conditions	27
2.8 Advantages and Disadvantages of the Transaction	30
2.9 Advantages and Disadvantages of the Transaction with Connected Person Compared to External Parties	31
2.10 Risks of Entering into the Transaction	32
Part 3 Summary of IFA's Opinion	33
Appendix 1: Information of i-Tail Corporation Public Company Limited	35
Appendix 2: Information of Thai Union Group Public Company Limited	53

Opinion of the Independent Financial Advisor on the Connected Transaction
(For the purpose of translation only)

Abbreviation

The Company or ITC

TU

ITA

USPN

The Independent Financial
Advisor or the IFA

The SET

The SEC

the Connected Transactions
Notifications

The Provision of Financial
Assistance or the Transaction

Full form

i-Tail Corporation Public Company Limited

Thai Union Group Public Company Limited

i-Tail Americas, Inc.

U.S. Pet Nutrition, LLC.

Jay Capital Advisory Limited

Stock Exchange of Thailand

Securities and Exchange Commission

Notification of the Capital Market Supervisory Board No. TorJor.
21/2551 Re: Rules on Entering into Connected Transaction dated
31 August 2008 (including amendments), and Notification of the
Board of Governors of the Stock Exchange of Thailand Re: Disclosure of
Information and Rules on Entering into Connected Transaction of
Listed Company B.E. 2546 (2003) dated 19 November 2003 (including
amendments)

Connected transaction for the provision of financial assistance by
entering into a loan agreement between the Company as the lender
and Thai Union Group Public Company Limited as the borrower, for
an amount not exceeding THB 11,000 million

30 August 2024

To: The Shareholders of
i-Tail Corporation Public Company Limited

Re: Opinion of the Independent Financial Advisor on the Connected Transaction for the Provision of
Financial Assistance to Thai Union Group Public Company Limited

The Board of Directors' Meeting of i-Tail Corporation Public Company Limited (the "Company") No. 6/2024 held on Tuesday 6 August 2024 has resolved to propose to the Extraordinary General Meeting of Shareholders No. 1/2024 to consider and approve the entry into a connected transaction for the provision of financial assistance by entering into a loan agreement between the Company as the lender and Thai Union Group Public Company Limited ("TU") as the borrower, for an amount not exceeding THB 11,000 million (the "Provision of Financial Assistance" or the "Transaction") for a period of not more than six years. The purpose of providing the loan being for enhancing the efficiency of the Company's cash management and increasing the returns on managing cash surplus pursuant to the Company's Investment Policy that is approved by the Company's Board of Directors.

The Transaction is considered a connected transaction under the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 entitled Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand (the "SET") entitled Disclosure of Information and Act of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) and its amendments (collectively, the "Connected Transactions Notifications") as TU is currently the major shareholder of the Company which directly holds approximately 78.82% of the Company's paid-up capital. The Provision of Financial Assistance has the principal amount of not exceeding THB 11,000 million and an estimated total expected interest throughout the term of THB 1,896 million, with an estimate total of THB 12,896 million. The actual interest and total value incurred will depend on the drawn loan amount and the actual interest rate in accordance with the terms of the agreement, which is considered a connected transaction involving the provision of financial assistance with a value exceeding THB 100 million and when considering the size of the transaction under the Connected Transactions Notifications, which is calculated from the Company's reviewed consolidated financial statements as at 30 June 2024, the size of the transaction is equivalent to 55.11% of the net tangible assets of the Company and its subsidiaries, which exceeds 3.00% of the net tangible assets of the Company and its subsidiaries. In this connection, the Company has not entered into any previous connected transaction during the six-month period prior to this transaction.

The Company is therefore obliged to prepare an information memorandum concerning the connected transaction and disclose it to the SET, and appoint an independent financial advisor approved by The Securities and Exchange Commission (the "SEC") to provide an opinion regarding the connected transaction to the shareholders, as well as convene a general meeting of the shareholders to approve the entry into such connected transaction with votes of not less than three-fourths of the total votes of the shareholders present and eligible to vote, excluding those of the interested shareholders.

The Company has appointed Jay Capital Advisory Limited (the "Independent Financial Advisor" or the "IFA"), a financial advisor approved by the SEC and independent from the Company, to be the independent financial advisor providing its opinion on the connected transaction.

The Opinion of the Independent Financial Advisor was prepared based on the information obtained from interviews, documentation provided by the Company, and publicly accessible sources. Additionally, the IFA has considered the current economic conditions in providing the opinion regarding the Transaction. Therefore, any significant changes to the information utilized in this study in the future may impact the IFA's opinion on the Transaction. The information used in preparing this report are as follows:

- Resolutions of the Board of Directors meeting of the Company and information memorandum relating to the Transaction.
- Information of the Transaction which is disclosed through the information service system of the SET and/or the Company's website and/or public disclosure.
- Information disclosure and One Report (Form 56-1) 2023 of the Company and TU
- Financial statements of the Company audited by PricewaterhouseCoopers ABAS Ltd. for the year ended 31 December 2021 – 2023 and financial statements of the Company reviewed by KPMG Phoomchai Audit Ltd. for the six-month period ended 30 June 2024
- Financial statements of TU audited by PricewaterhouseCoopers ABAS Ltd. for the year ended 31 December 2021 – 2023 and financial statements of the Company reviewed by KPMG Phoomchai Audit Ltd. for the six-month period ended 30 June 2024
- Draft Agreement related to the Transaction
- Information from interviews with management and staff of the Company and TU.
- Information and documents received from the Company and TU.

In addition, the IFA's opinion prepared based on the following assumptions:

- All data and documentation obtained by the Independent Financial Advisor from the Company and TU, including information from interviews with the Company and TU, are complete, accurate, and truthful. The opinions expressed therein are reliable and closely approximate the current reality.
- No past events, impending events, or reasonably plausible events would create significant impacts on the operating and financial status of the Company and TU.

In this regard, the IFA certifies that we studied, analyzed, and prudently performed our duties as an independent financial advisor, complying with the generally accepted professional standard and rendering our opinion based on unbiased analysis with regards to the best benefit of the Company's shareholders.

However, if the information and documents received by the IFA are found to be inaccurate and/or untrue and/or incomplete and/or undergo any significant changes in the future, the opinion provided by the IFA may differ accordingly. For these reasons, the IFA is thus unable to be held responsible for any impact on the Company and its shareholders regarding such factors. Moreover, the IFA's opinion is for the sole purpose of providing opinion to the shareholders regarding entering into the Transaction. The decision to vote and approve entering into the Transaction is at the discretion of the shareholders, and the shareholders should carefully study the information and consider the reasoning, advantages, disadvantages, related risks and limitations, as well as the opinions relating to each aspect of the Transaction as per the attached documents to the Invitation to the Shareholders' Meeting with prudence and care before coming to an appropriate resolution. The opinion of the IFA provided in this regard is not to certify the success of the Transaction or the potential impact on the Company, and the IFA is not responsible for any potential impacts that may arise from entering into the Transaction, whether directly or indirectly.

The Independent Financial Advisor has considered the reasonableness of the Transaction with the details as follows:

Executive summary

The Board of Directors' Meeting of i-Tail Corporation Public Company Limited (the "Company") No. 6/2024 held on Tuesday 6 August 2024 has resolved to propose to the Extraordinary General Meeting of Shareholders No. 1/2024 to consider and approve the entry into a connected transaction for the provision of financial assistance by entering into a loan agreement between the Company as the lender and Thai Union Group Public Company Limited ("TU") as the borrower, for an amount not exceeding THB 11,000 million (the "Provision of Financial Assistance" or the "Transaction") for a period of not more than six years. The purpose of providing the loan being for enhancing the efficiency of the Company's cash management and increasing the returns on managing cash surplus pursuant to the Company's Investment Policy that is approved by the Company's Board of Directors. The details of the provision of financial assistance are as follows:

Terms & Conditions	Details
Credit parties	i-Tail Corporation Public Company Limited as a lender Thai Union Group Public Company Limited as a borrower
Loan amount	<p>Not exceeding THB 11,000 million, comprising:</p> <p>(1) Facility No. 1: A long-term loan not exceeding THB 6,000 million;</p> <p>(2) Facility No. 2: A revolving loan not exceeding THB 5,000 million.</p> <p>However, the Company shall have sufficient reserves to cover its working capital requirements and the remaining funds may then be allocated for lending to TU. The following shall be taken into consideration for the allocation of the Company's surplus cash for the provision of loan:</p> <ol style="list-style-type: none"> a. The reserve for working capital requirements should be set to cover two months of sales which shall be calculated at the end of each quarter based on the sales from the previous quarterly financial statements; and b. The total loan amount under both Facility No. 1 and Facility No. 2 at the end of the quarter of the calendar year, the total amount shall not exceed 75% of the Company's cash, including cash equivalents, short-term and long-term investments and the outstanding loan amount to TU under Facility No. 1 and Facility No. 2. If the calculation results in the loan amount to TU exceeding such amount the Company shall recall such exceeding amount from the Facility No. 2 or the Facility No. 1, respectively, within seven days. <p>Pursuant to item b. above, if TU's shareholding percentage in the Company significantly decreases or changes by more than 5% of the total of shares of the Company compared to the previous quarter, the Company's Board of Directors shall review the credit, limit, interest rate, risks and other conditions of the facilities and the facility limit shall not exceed the limit amount approved herein.</p>
Loan period	Not exceeding six years
Maturity of each drawdown	<p>(1) Facility No. 1: Three years and may be renewed for a period of not more than three years per each renewal</p> <p>(2) Facility No. 2: One year per sub-facility and may be renewed for a period of not more than one year per each renewal</p>
Interest rate	(1) Facility No. 1: 3.10% per annum which is equivalent to the estimated return rate of the Company, rated according to TU's credit rating, which is currently at A+ for a 3-year bond issuance based on the return rate information from the Thai Bond Market Association and the estimated additional return rate as of 17 July 2024

Terms & Conditions	Details
	<p>(2) Facility No. 2: Equal to the policy interest rate announced by the Monetary Policy Committee (MPC) as of 17 July 2024, which is 2.50%/¹ per annum plus 0.10% per annum or equivalent to 2.60% per annum. In this regard, the interest rate shall be adjusted in accordance with the rate announced by the MPC.</p> <p><i>Remark: /1 refer to the policy rate according to the MPC meeting on 12 June 2024</i></p> <p>The interest rate or return that the Company receives from the Provision of Financial Assistance is higher than the return that the Company would receive under the same conditions. In other words, the interest rates or returns that the Company will receive from this transaction are higher than a provision of loan to other persons or other juristic persons at the present and in the future under the same conditions.</p>
Default interest rate	2.00% per annum, in addition to the interest rate of each facility
Interest payment	Interest shall be paid within 15 days from the date of interest calculation which shall be on a quarterly basis of calendar year of each year.
Review of terms for renewal	The Board of Directors of the Company shall review the credit, limit, interest rate, risks and other conditions of the facilities before each renewal which the facility limit shall not exceed the limit amount approved herein.
Principal repayment	<p>The principal shall be repaid upon maturity but may be prepaid in the following circumstances:</p> <ol style="list-style-type: none"> 1. TU has the right to prepay the loan in full or in part to the Company before the loan repayment date, provided that <ol style="list-style-type: none"> (1) with regards to Facility No. 1, TU shall provide a written notice to the Company at least 30 days in advance and (2) with regards to Facility No. 2, no prior notice by TU is required. 2. The Company has the right to demand loan repayment in full or in part from TU before the loan repayment date <ol style="list-style-type: none"> (1) pursuant to the terms in relation with the aforementioned shareholding percentage of TU or (2) when the Company deems appropriate, <ol style="list-style-type: none"> (a) with regards to Facility No. 1, the Company shall demand loan repayment after the loan disbursement date and at least 60 days which the Company must provide a written notice to TU at least 30 days in advance and (b) with regards to Facility No. 2, no prior notice by the Company is required.
Prepayment fee	<p>(1) Facility No. 1: 0.75% per annum of the prepaid principal amount and remaining period until the loan repayment date</p> <p>(2) Facility No. 2: None for a revolving loan agreement</p>
Collateral	None
Other conditions of the loan	<ol style="list-style-type: none"> 1. Each loan utilisation must not affect the Company's financial plans; and 2. TU must demonstrate to the Company that it has sufficient working capital loan facilities with financial institutions in case the Company demands full repayment of all facilities at once. TU must also provide key information demonstrating its ability to repay the loan and/or the information requested by ITC, such as credit ratings and financial information.
Conditions that may affect the rights of shareholders	None

The Provision of Financial Assistance is considered a connected transaction as it is a transaction with the juristic person who is a major shareholder and shares the same directors with the Company. It is considered a connected transaction type 5 according to the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 entitled Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand (the "SET") entitled Disclosure of Information and Act of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) and its amendments (collectively, the "Connected Transactions Notifications"). The transaction size is equivalent to 55.11% of the net tangible assets of the Company and its subsidiaries. In this connection, the Company has not entered into any previous connected transaction during the six-month period prior to this transaction. Consequently, the Company has the following obligations:

- 1) To disclose the information memorandum on the financial assistance transaction
- 2) To arrange a shareholders' meeting to seek approval to enter the connected transaction where approval must be obtained with affirmative votes of not less than three-fourths of the total votes of the shareholders present and eligible to vote, excluding those of the interested shareholders
- 3) To appoint an independent financial advisor approved by The Securities and Exchange Commission (the "SEC") to provide an opinion regarding the connected transaction to the shareholders

Jay Capital Advisory Limited (the "Independent Financial Advisor" or the "IFA"), an independent financial advisor appointed by the Company, has studied various relevant information, such as the conditions of the transaction, and appropriateness of the interest rate, advantages, disadvantages, and risks. The IFA has the opinion that entering into the Transaction is **appropriate** based on the following reasons:

- 1) The Company will receive higher return from entering into the Transaction than its current investment. The expected return from providing financial assistance to TU is 2.52% - 2.75% per annum, which is higher than the current average return the Company receives at 2.39% per annum. This will enable the Company to gain higher return from managing liquidity in its operations.
- 2) The Company can manage its cash flow efficiently because, in this financial assistance, the Company will use funds from its excess working capital, which is cash flow received from business operations. In addition, after considering the investment plan, the Company does not have any plan to utilise this excess cash more efficiently and generate higher returns than the current returns. Therefore, entering into this Transaction is one of the Company's options for managing cash flow.
- 3) The conditions of this Transaction help reduce the risk of receiving loan repayment and minimize the impact on the Company's financial position. For instance, the Company must have sufficient reserves before allocating short-term loan to TU, each loan must not affect the Company's financial plan, and the Company can recall the loan if there is a need for the funds. This ensures that providing financial assistance to TU will not affect the Company's business operations.

Nevertheless, entering into the Transaction has **disadvantages and risks** for which the shareholders shall further consider when voting for the Transaction as follows:

- 1) The Company will have less cash for operations and lower quick ratio.
- 2) The Company may lose opportunities to invest in assets that yield higher returns than providing financial assistance to TU.
- 3) There is a credit risk if TU's future performance and cash flow do not meet TU's expectations.

In this regard, considering the benefits that the Company and its shareholders are expected to receive from the Transaction, as well as the disadvantages and risks that may arise, along with the appropriateness of interest rates and terms and conditions as mentioned above, the IFA has an opinion that the Transaction is **appropriate**. Therefore, the shareholders should **approve** this Transaction.

Opinion of the Independent Financial Advisor on the Connected Transaction
(For the purpose of translation only)

However, the shareholders shall consider the advantages, disadvantages, and risks, together with the appropriateness of the interest rates, the reasonableness of the terms and conditions for entering into the Transaction as described in this report.

Part 1 Characteristics and details of the Transaction

1.1 Background and Purpose of the Transaction

The Board of Directors' Meeting of i-Tail Corporation Public Company Limited (the "Company" or "ITC") No. 6/2024 held on Tuesday 6 August 2024 has resolved to propose to the Extraordinary General Meeting of Shareholders No. 1/2024 to consider and approve the entry into a connected transaction for the provision of financial assistance by entering into a loan agreement between the Company as the lender and Thai Union Group Public Company Limited ("TU") as the borrower, for an amount not exceeding THB 11,000 million (the "Provision of Financial Assistance" or the "Transaction") for a period of not more than six years which comprise of two facilities as follow:

- (1) Facility No. 1 is a long-term loan for an amount not exceeding THB 6,000 million for a period of three years with an interest rate of 3.10% per annum and may be renewed for a period of not more than three years per each renewal with the total period not exceeding six years, in which the credit, limit, interest rate, risks and other conditions shall be reviewed before each renewal; and
- (2) Facility No. 2 is a revolving loan for an amount not exceeding THB 5,000 million for a period of not more than one year with an interest rate equal to the policy interest rate announced by the Monetary Policy Committee (MPC) as of 17 July 2024, which is 2.50% per annum (according to the MPC meeting on 12 June 2024) plus 0.10% per annum or equivalent to 2.60% per annum. In this regard, the interest rate shall be adjusted in accordance with the rate announced by the MPC. Facility No.2 may be renewed for a period of not more than one year per each renewal with the total period not exceeding six years, in which the credit, limit, interest rate, risks and other conditions shall be reviewed before each renewal,

The purpose of providing the loan being for enhancing the efficiency of the Company's cash management and increasing the returns on managing cash surplus pursuant to the Company's Investment Policy that is approved by the Company's Board of Directors. The Company will provide such financial assistance to TU after obtaining approval from the shareholders' meeting of the Company.

As of 30 June 2024, the Company's source of funds for the Transaction totaled THB 12,792.23 million, consisting of cash and cash equivalents, short-term investment and long-term investment (details in 1.6 Source of funds for providing financial assistance). The Company shall consider the needs of funds for working capital and its operational plan before proving such loan to TU so that the Company still has sufficient cash flow for its operations and ensure that it does not impact the Company's planned expenditures.

1.2 Date, Month and Year of the Transaction

The Company requests approval for the facility to serve as a framework for providing financial assistance to TU, in which the Company will enter into the Provision of Financial Assistance with TU after its receipt of approval of the meeting of its shareholders which will be held on 30 September 2024.

1.3 Contract Parties and Their Relationship

Lender	i-Tail Corporation Public Company Limited
Borrower	Thai Union Group Public Company Limited
Relationship	Borrower is a major shareholder of the Company which directly holds approximately 78.82% ^{/1} of the Company's paid-up capital and has the same directors as follows: (1) Mr. Cheng Niruttinanon (2) Mr. Thiraphong Chansiri (3) Mr. Shue Chung Chan and (4) Mr. Nakorn Niruttinanon

Remark: /1 information as of 20 August 2024 which is the latest book closing date

1.4 Type and Size of the Transaction

The Provision of Financial Assistance is considered a connected transaction according to the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 entitled Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand (the “SET”) entitled Disclosure of Information and Act of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) and its amendments (collectively, the “Connected Transactions Notifications”) as TU is currently the major shareholder of the Company which directly holds approximately 78.82% of the Company’s paid-up capital. The Provision of Financial Assistance has the principal amount of not exceeding THB 11,000 million and an estimated total expected interest throughout the term of THB 1,896 million, with an estimate total of THB 12,896 million. The actual interest and total value incurred will depend on the drawn loan amount and the actual interest rate in accordance with the terms of the agreement, which is considered a connected transaction involving the provision of financial assistance with a value exceeding THB 100 million and when considering the size of the transaction under the Connected Transactions Notifications which is calculated from the Company’s reviewed consolidated financial statements as at 30 June 2024, the size of the transaction is equivalent to 55.11% of the net tangible assets of the Company and its subsidiaries, which exceeds 3% of the net tangible assets of the Company and its subsidiaries. The details of the calculations are shown below:

Calculation of transaction size for connected transaction

Transaction	Calculation
Basis of the transaction size calculation	= $\frac{\text{Value of the Transaction (Principal and interest throughout the term)}}{\text{NTA of the Company}}$
	= $\frac{\text{THB 12,896.00 million}}{\text{THB 23,399.11 million}}$
	= 55.11%

The Company has not entered into any previous connected transaction during the six-month period prior to this transaction. Based on the size of the Transaction, the Company is therefore obliged to prepare an information memorandum concerning the connected transaction and disclose it to the SET, and appoint an independent financial advisor to provide an opinion regarding the connected transaction to the shareholders, as well as convene a general meeting of the shareholders to approve the entry into such connected transaction with votes of not less than three-fourths of the total votes of the shareholders present and eligible to vote, excluding those of the interested shareholders.

1.5 Key Terms and Conditions of Entering into the Transaction

Due to the fact that the key terms and conditions of the draft loan agreement are subject to negotiation between the parties involved, the terms and provisions listed below are a summary of the key terms in the agreement. The details of the agreement may be subject to change based on further negotiations and discussions between the relevant parties.

Terms & Conditions	Details
Credit parties	i-Tail Corporation Public Company Limited as a lender Thai Union Group Public Company Limited as a borrower
Loan amount	Not exceeding THB 11,000 million, comprising: (1) Facility No. 1: A long-term loan not exceeding THB 6,000 million; (2) Facility No. 2: A revolving loan not exceeding THB 5,000 million. However, the Company shall have sufficient reserves to cover its working capital requirements and the remaining funds may then be allocated for lending to TU. The following shall be taken into consideration for the allocation of the Company’s surplus cash for the provision of loan:

Terms & Conditions	Details
	<p>a. The reserve for working capital requirements should be set to cover two months of sales which shall be calculated at the end of each quarter based on the sales from the previous quarterly financial statements; and</p> <p>b. The total loan amount under both Facility No. 1 and Facility No. 2 at the end of the quarter of the calendar year, the total amount shall not exceed 75% of the Company's cash, including cash equivalents, short-term and long-term investments and the outstanding loan amount to TU under Facility No. 1 and Facility No. 2. If the calculation results in the loan amount to TU exceeding such amount the Company shall recall such exceeding amount from the Facility No. 2 or the Facility No. 1, respectively, within seven days.</p> <p>Pursuant to item b. above, if TU's shareholding percentage in the Company significantly decreases or changes by more than 5% of the total of shares of the Company compared to the previous quarter, the Company's Board of Directors shall review the credit, limit, interest rate, risks and other conditions of the facilities and the facility limit shall not exceed the limit amount approved herein.</p>
Loan period	Not exceeding six years
Maturity of each drawdown	<p>(1) Facility No. 1: Three years and may be renewed for a period of not more than three years per each renewal</p> <p>(2) Facility No. 2: One year per sub-facility and may be renewed for a period of not more than one year per each renewal</p>
Interest rate	<p>(1) Facility No. 1: 3.10 per cent per annum which is equivalent to the estimated return rate of the Company, rated according to TU's credit rating, which is currently at A+ for a 3-year bond issuance based on the return rate information from the Thai Bond Market Association and the estimated additional return rate as of 17 July 2024</p> <p>(2) Facility No. 2: Equal to the policy interest rate announced by the Monetary Policy Committee (MPC) as of 17 July 2024, which is 2.50%^{/1} per annum plus 0.10% per annum r equivalent to 2.60% per annum. In this regard, the interest rate shall be adjusted in accordance with the rate announced by the MPC.</p> <p><i>Remark: /1 The policy rate according to the MPC meeting on 12 June 2024</i></p> <p>The interest rate or return that the Company receives from the Provision of Financial Assistance is higher than the return that the Company would receive under the same conditions. In other words, the interest rates or returns that the Company will receive from this transaction are higher than a provision of loan to other persons or other juristic persons at the present and in the future under the same conditions.</p>
Default interest rate	2.00% per annum, in addition to the interest rate of each facility
Interest payment	Interest shall be paid within 15 days from the date of interest calculation which shall be on a quarterly basis of calendar year of each year.
Review of terms for renewal	The Board of Directors of the Company shall review the credit, limit, interest rate, risks and other conditions of the facilities shall be reviewed before each renewal which the facility limit shall not exceed the limit amount approved herein.
Principal repayment	<p>The principal shall be repaid upon maturity but may be prepaid in the following circumstances:</p> <p>1. TU has the right to prepay the loan in full or in part to the Company before the loan repayment date, provided that</p>

Terms & Conditions	Details
	<ul style="list-style-type: none"> (1) with regards to Facility No. 1, TU shall provide a written notice to the Company at least 30 days in advance and (2) with regards to Facility No. 2, no prior notice by TU is required. <p>2. The Company has the right to demand loan repayment in full or in part from TU before the loan repayment date</p> <ul style="list-style-type: none"> (1) pursuant to the terms in relation with the aforementioned shareholding percentage of TU or (2) when the Company deems appropriate, <ul style="list-style-type: none"> a. with regards to Facility No. 1, the Company shall demand loan repayment after the loan disbursement date and at least 60 days which the Company must provide a written notice to TU at least 30 days in advance and b. with regards to Facility No. 2, no prior notice by the Company is required.
Prepayment fee	<ul style="list-style-type: none"> (1) Facility No. 1: 0.75% per annum of the prepaid principal amount and remaining period until the loan repayment date (2) Facility No. 2: None for a revolving loan agreement
Collateral	None
Other conditions of the loan	<ul style="list-style-type: none"> 1. Each loan utilisation must not affect the Company's financial plans; and 2. TU must demonstrate to the Company that it has sufficient working capital loan facilities with financial institutions in case the Company demands full repayment of all facilities at once. TU must also provide key information demonstrating its ability to repay the loan and/or the information requested by ITC, such as credit ratings and financial information.
Conditions that may affect the rights of shareholders	None

1.6 Source of Funds for Providing Financial Assistance

The source of funds shall come from the Company's working capital cash, short-term investment and long-term investment for the financial period ending on 30 June 2024. According to the consolidated financial statement of the Company, the source of funds totaled THB 12,792.23 million. The details are as follows:

1. Cash and cash equivalents totaled THB 10,546.79 million
2. Short-term investment which is fixed deposits at financial institutions due within December 2024 amounting to THB 1,000.00 million.
3. Investment in debt instruments measured at amortized cost due within August 2024 to June 2025 amounting to THB 1,144.58 million
4. Non-current portion of investment in debt instruments measured at amortized cost due within October to December 2025 amounting to THB 100.86 million

In this regard, the Company will consider allocating its excess cash before providing financial assistance to TU according to the conditions specified in the loan agreement in order to ensure that the Company maintains sufficient cash flow for its operations and does not impact its financial plans.

1.7 Meeting Attendance and Voting by Directors Having Conflicts of Interest

According to the Board of Directors' meeting No. 6/2024 in considering and approving the Transaction, the Company's Board of Directors consisted of 11 directors, with 6 of them having a conflict of interest. Therefore, those directors did not attend the meeting nor vote on such agenda:

List of the Directors Having Conflicts of Interest

No.	Name	Position
1	Mr. Cheng Niruttinanon	Chairman of the Board of Directors
2	Mr. Thiraphong Chansiri	Vice Chairman of the Board of Directors
3	Mr. Shue Chung Chan	Director
4	Mr. Nakorn Niruttinanon	Director
5	Mr. Thawee Tangchansiri	Director
6	Mr. Tin Shu Chan	Director

1.8 Shareholders Having Conflicts of Interest

As of 20 August 2024, the list of shareholders who have conflict of interest and are not eligible to vote is shown below:

List of the Shareholders Having Conflicts of Interest

No.	Shareholders	Relationship	No. of shares (Shares)	Shareholding proportion (%)
1	TU	The recipient of financial assistance	2,364,659,681	78.82

Remark: information as of 20 August 2024 which is the latest book closing date

Part 2 Reasonableness of the Transaction

2.1 Objective and Necessity of the Transaction

The purpose of providing the loan being for enhancing the efficiency of the Company's cash management and increasing the returns on managing cash surplus pursuant to the Company's Investment Policy. The Company expects to receive higher return compared to the return received from its current investments, which consist of fixed deposits at financial institutions and corporate bonds which have a minimum of A+ credit rating. As of 30 June 2024, the Company received the return between 1.74% - 2.68% per annum.

For this Transaction, the Company will receive returns from providing 1) long-term loan not exceeding THB 6,000 million at an interest rate of 3.10% per annum and 2) revolving loan not exceeding THB 5,000 million at an interest rate equals to the policy interest rate announced by the Monetary Policy Committee (MPC) as of 17 July 2024, which is, 2.50% per annum (according to the MPC's meeting on 12 June 2024) and plus 0.10% per annum, which is equivalent to 2.60% per annum. The loan period shall not exceed 6 years.

2.2 Track Record of Financial Assistance Provided and Received

During the three-year period prior to the date that the Board of Directors resolved to propose to the Extraordinary General Meeting of shareholders to consider and approve the entry into the Transaction. The Company has records of financial assistance transactions with TU as follows:

Track Record of Financial Assistance Transaction Between the Company and TU

Type of loan	Provider	Receiver	Transaction date	Amount during the year of the Transaction	Interest rate
Short-term loan	ITC	TU	2021	THB 555.71 million	TU's cost of borrowing minus 0.10%
	TU	ITC	2021	THB 5,044.46 million	TU's cost of borrowing plus 0.10%
			2022	THB 11,346.00 million	
		USPN	2021	USD 71.79 million	1M-Libor plus 1.00%

Remark: Libor or London Interbank Offered Rate is rate for unsecured short-term borrowing in the interbank market

The inter-company loan was part of TU's cash pooling arrangements which is TU's financial management policy for working capital and cost management. Subsequently, the Company has been managing its own liquidity and as of 30 June 2024, the Company has no outstanding balance on the aforementioned loan. In addition, the Company has not had any financial assistance transactions with TU since July 2022.

However, according to the Company's separate financial statements for the period ending 30 June 2024, the Company has short-term loans to its subsidiaries amounting to USD 16.38 million or approximately THB 600.93 million and long-term loans amounting to USD 3.00 million or approximately THB 110.07 million. These loans are provided to the wholly owned subsidiaries which are i-Tail Americas, Inc. ("ITA") and U.S. Pet Nutrition, LLC ("USPN"). The details are summarized as follows:

Financial Assistance to Subsidiaries

Receiver	Type of loan	Transaction date	Interest rate	Remaining amount as of 30 June 2024 (THB million)
ITA	Short-term loan	2022 - 2024	SOFR plus 1.00%/ ¹	292.91
USPN				308.02
	Long-term loan	2022	4.50%	110.07

Remark: SOFR or Secured Overnight Financing Rate is the cost of borrowing cash overnight collateralized by Treasury securities
¹ Between 4 January and 27 June 2022, the interest rate on the loan was 1M-Libor plus 1.00%.

2.3 Repayment Plan for Entering into this Transaction

The terms and conditions stipulate that the principal shall be repaid upon maturity. However, the principal may be prepaid in full or in part to the Company. (details in 1.5 Key Terms and Conditions of Entering into the Transaction).

2.4 Impact of Financial Assistance and the Company's Financial Position

Financial information according to the consolidated financial statements of the Company ended 31 December 2021 – 2023 and 30 June 2024 is shown below:

1) Statement of Financial Position

The consolidated financial position of the Company and its subsidiaries for the year 2021 – 2023 and for the second quarter of 2024 is as follows:

Balance Sheet (THB Million)	As of 31 December			As of 30 June
	2021	2022	2023	2024
Cash and cash equivalents	3.29	10,798.91	9,305.09	10,546.79
Short-term investments	-	-	-	1,000.00
Trade and other receivables, net	1,089.90	3,553.94	3,860.22	3,849.35
Short-term loans to subsidiary	555.71	-	-	-
Inventories, net	3,844.62	4,457.02	3,242.83	3,370.18
Investment in debt instruments measured at amortised cost	-	737.63	1,760.81	1,144.58
Derivative assets	6.52	560.65	240.47	6.03
Other current assets	65.08	214.24	164.00	164.34
Assets of disposal groups classified as held-for-sale from discontinued operations	4,894.62	-	-	-
Total current assets	10,459.74	20,322.39	18,573.42	20,081.27
Investment in debt instruments measured at amortised cost - non-current	-	-	877.92	100.86
Property, plant and equipment, net	4,171.42	4,893.05	5,481.94	5,793.30
Right-of-use assets, net	31.73	41.75	45.48	42.53
Intangible assets, net	8.82	31.73	35.51	34.77
Derivative assets - non-current	1.98	96.62	70.28	-
Deferred tax assets, net	36.96	43.15	44.21	100.81
Other non-current assets	223.14	320.90	302.49	307.84
Total non-current assets	4,474.05	5,427.20	6,857.83	6,380.11
Total assets	14,933.79	25,749.59	25,431.25	26,461.38
Trade and other payables	4,356.24	2,355.24	1,520.11	1,782.53
Short-term loans from a related party	672.32	-	-	-
Current portion of lease liabilities, net	9.63	13.84	13.79	12.00
Income tax payable	-	22.88	80.20	59.45
Derivative liabilities	123.80	106.70	85.49	461.85
Other current liabilities	8.11	28.30	10.82	8.77
Liabilities of disposal groups classified as held-for-sale from discontinued operations	4,705.51	-	-	-
Total current liabilities	9,875.61	2,526.96	1,710.41	2,324.60
Long-term loans from a related party	100.26	-	-	-

Balance Sheet (THB Million)	As of 31 December			As of 30 June
	2021	2022	2023	2024
Lease liabilities, net	22.48	28.46	33.00	31.38
Employee benefit obligations	578.30	559.17	507.88	529.07
Derivative liabilities - non-current	1.92	-	-	-
Other non-current liabilities	23.75	28.86	61.10	41.45
Total non-current liabilities	726.71	616.49	601.98	601.90
Total liabilities	10,602.32	3,143.45	2,312.39	2,926.50
Authorised share capital	360.00	3,000.00	3,000.00	3,000.00
Issued and paid-up share capital	360.00	3,000.00	3,000.00	3,000.00
Premium on share capital	240.00	18,394.89	18,394.89	18,394.89
Retained earnings				
Appropriated - legal reserve	36.00	300.00	300.00	300.00
Appropriated - other reserve	0.04	0.04	0.04	0.04
Unappropriated	4,258.33	784.20	1,670.22	2,480.76
Other components of equity	(565.75)	128.08	(246.89)	(641.00)
Total equity attributable to owners of the parent	4,328.62	22,607.21	23,118.26	23,534.69
Non-controlling interests	2.85	(1.07)	0.60	0.19
Total equity	4,331.47	22,606.14	23,118.86	23,534.88
Total liabilities and equity	14,933.79	25,749.59	25,431.25	26,461.38

The Company's assets primarily consist of cash and cash equivalents, property, plant and equipment, trade and other receivables, and net inventories. Liabilities mainly consist of trade and other payables, employee benefit obligations, and derivatives liabilities. As of 31 December 2022, the Company's assets significantly increased compared to the end of the previous year, mainly due to a rise in cash and cash equivalents following the IPO. Meanwhile, liabilities decreased, driven by a reduction in liabilities classified as held for sale from discontinued operations and a decline in trade and other payables. In 2023, the Company's cash and cash equivalents decreased slightly as the Company used part of the IPO proceed according to the purpose of the use of IPO funds. Meanwhile, the working capital increased from business operations and net inventories slightly decreased. On the other hand, the Company's investments in debt securities and net property, plant, and equipment increased, resulting in a slight decrease in total assets. Additionally, the Company's liabilities decreased due to a reduction in trade payables and other payables.

According to the consolidated financial statements of the Company, as of 30 June 2024, the Company has source of funds available for providing financial assistance totaling THB 12,792.23 million which comes from increased income from business operations and working capital. The source of funds are comprised of (1) Cash and cash equivalents amounting to THB 10,546.79 million (2) Short-term investments in fixed deposits at financial institutions due within December 2024 amounting to THB 1,000.00 million (3) Investments in debt securities measured at amortised cost amounting to THB 1,144.58 million, which the Company intends to hold until maturity, with maturity dates ranging from August 2024 to June 2025 and (4) Non-current investments in debt securities measured at amortised cost amounting to THB 100.86 million, which will mature between October and December 2025.

2) Statement of Cash Flows

The consolidated statement of cash flows for the year 2021 – 2023 and for six-month period ended 30 June 2024 is as follows:

Statement of Cash Flows (THB million)	1 January - 31 December			1 January - 30 June
	2021	2022	2023	2024
Net cash receipts from operating activities	1,122.80	2,042.83	2,890.55	2,164.18
Net cash receipts from (payments for) investing activities	(549.48)	(3,388.78)	(2,993.54)	49.84
Net cash receipts from (payments for) financing activities	(588.59)	12,133.83	(1,374.39)	(1,059.30)
Net increase (decrease) in cash and cash equivalents	(15.27)	10,787.88	(1,477.38)	1,154.72

The Company has seen a continuous increase in operating cash flow due to rising operating profits. In 2022 and 2023, net cash used in investing activities amounting to THB 3,388.78 million and THB 2,993.54 million, respectively, primarily due to cash outflows for the purchase of businesses under common control, the acquisition of land, buildings, and equipment, and investments in debt securities. During the six-month period ended 30 June 2024, the Company had net cash from investing activities amounting to THB 49.84 million, derived from cash received from investments in debt securities. In 2022, the Company had net cash from financing activities amounting to THB 12,133.83 million, primarily from cash received from the IPO. The received proceeds were subsequently allocated according to the IPO objectives. In 2023 and the six-month period of 2024, the Company had net cash used in financing activities amounting to THB 1,374.39 million and THB 1,059.30 million, respectively, primarily due to dividend payments.

3) Key Financial Ratio

Financial Ratio	31 December			30 June
	2021	2022	2023	2024
Current ratio (times)	1.06	8.04	10.86	8.64
Quick ratio (times)	0.11	5.68	7.70	6.62
Debt to equity ratio (times)	2.45	0.14	0.10	0.12

As of 31 December 2021 – 2023 and 30 June 2024, the Company had current ratios of 1.06x, 8.04x, 10.86x, and 8.64x, respectively, indicating that the Company had current assets exceeding current liabilities at the end of each accounting period. The quick ratios were 0.11x, 5.68x, 7.70x, and 6.62x, respectively, reflecting the Company's strong liquidity management in the past.

Moreover, as of 31 December 2021 – 2023 and 30 June 2024, the Company had debt to equity ratios of 2.45x, 0.14x, 0.10x, and 0.12x, respectively. As of 30 June 2024, the Company does not have any interest-bearing debt and entering into the Transaction will not affect the debt to equity ratio as the source of funds is from excess cash flows of the Company.

In this regard, the IFA has analyzed the Company's liquidity before and after the Transaction by considering the current ratio and quick ratio. The details are as follows:

Items (THB million)	As of 30 June 2024	Loan Facility 1		Loan Facility 1 and 2	
		Loan amount	After the Transaction	Loan amount	After the Transaction
Cash and cash equivalents	10,546.79	(6,000.00)	5,546.79	(11,000.00)	546.79
Short-term investments	1,000.00				
Investment in debt instruments measured at amortised cost	1,144.58	-	1,144.58	-	1,144.58
Short-term loan to TU	-	6,000.00	6,000.00	11,000.00	11,000.00
- Loan Facility No. 1	-	6,000.00	-	6,000.00	-
- Loan Facility No. 2	-	-	-	5,000.00	-
Other current assets	7,389.90	-	7,389.90	-	7,389.90
Total current assets (1)	20,081.27	-	20,081.27	-	20,081.27
Total current liabilities (2)	2,324.60	-	2,324.60	-	2,324.60
Current ratio (times) (3) = (1) / (2)	8.64	-	8.64	-	8.64
Cash and cash equivalents (4)	10,546.79	(6,000.00)	5,546.79	(11,000.00)	546.79
Short-term investments (5)	1,000.00				
Trade and other receivables (6)	3,849.35	-	3,849.35	-	3,849.35
Quick ratio (times) (7) = [(4) + (5) + (6)] / (2)	6.62	-	4.04	-	1.89

Remark: The liquidity analysis table above, both before and after the financial assistance transaction, does not take into account the loan allocation conditions specified in Section 1.5 "Key Terms and Conditions of Entering into the Transaction"

In the case where TU utilises only Loan Facility No. 1, which is a long-term loan amounting to THB 6,000 million, this loan is considered a current asset because the Company has the right to demand repayment in full or in part from TU before the loan maturity date. Thus, it does not affect the current ratio of the Company, which remains at 8.64x. However, the Company's quick ratio will decrease from 6.62x to 4.04x after providing Loan Facility No. 1 as the highly liquid assets including cash and cash equivalents, and short-term investments, which are the funding sources for providing financial assistance will decrease by THB 6,000 million.

In the case where TU utilises both Loan Facility No. 1 and Loan Facility No. 2, totaling THB 11,000 million, which consists of a long-term loan of THB 6,000 million and a short-term loan of THB 5,000 million, it will not affect the current ratio of the Company, which remains at 8.64x. However, the Company's quick ratio will decrease from 6.62x to 1.89x after the Transaction, as the highly liquid assets including cash and cash equivalents, and short-term investments, which are the funding sources for providing financial assistance will decrease by THB 11,000 million.

However, the Company will consider its excess cash before providing loans to TU as specified in the terms and conditions of the loan agreement in order to ensure that there is sufficient cash flow for operations and each drawdown will not affect the Company's financial plans. Additionally, the loan conditions of both facilities stipulate that the Company has the right to demand full or partial repayment from TU before the loan maturity date, providing the Company with flexibility in managing liquidity during the period of financial assistance to TU.

Moreover, the IFA has analyzed the company's ability to generate cash flow over the six-year period from 2024 to 2030, during which the Company will provide financial assistance to TU. This analysis is based on information received from the Company and interviews with management. It is expected that after providing financial assistance to TU, the Company will still have sufficient cash and cash equivalents to serve as working capital and to invest according to its plans. The estimated cash flow statement is detailed as follows:

Projected Cash Flow Statement from 2024 – 2030

Items (THB million)	2022A	2023A	2024E	2025F	2026F	2027F	2028F	2029F	2030F
Net increase (decrease) in cash and cash equivalents	10,787.88	(1,477.38)	2,328.56	159.77	261.17	1,922.08	2,286.99	2,136.01	2,525.55
Cash and cash equivalent at 1 January	3.29	10,798.91	9,305.09	11,730.09	11,889.86	12,151.03	14,073.11	16,360.10	18,496.11
Exchange gain on cash and cash equivalents	(1.73)	(16.44)	96.44	-	-	-	-	-	-
Less: Included in the assets of disposal group classified as held-for-sale from discontinued operations	9.47	-	-	-	-	-	-	-	-
Cash and cash equivalents – closing balance	10,798.91	9,305.09	11,730.09	11,889.86	12,151.03	14,073.11	16,360.10	18,496.11	21,021.67

In case that the Company provides financial assistance to TU, the projected cash flows is shown below:

Items (THB million)	2022A	2023A	2024E	2025F	2026F	2027F	2028F	2029F	2030F
Cash and cash equivalents – closing balance	10,798.91	9,305.09	11,730.09	11,889.86	12,151.03	14,073.11	16,360.10	18,496.11	21,021.67
Less: Loan Facility No.1 (≤ THB 6,000 million)	-	-	(6,000.00)	-	-	-	-	-	6,000.00
Cash and cash equivalents after providing Loan Facility No. 1	10,798.91	9,305.09	5,730.09	5,889.86	6,151.03	8,073.11	10,360.10	12,496.11	21,021.67
Less: Loan Facility No.2 (≤ THB 5,000 million)	-	-	(5,000.00)	-	-	-	-	-	5,000.00
Cash and cash equivalents after providing Loan Facility No. 1 and 2	10,798.91	9,305.09	730.09	889.86	1,151.03	3,073.11	5,360.10	7,496.11	21,021.67

Remark: The above table is only an estimate to illustrate the impact on cash and cash equivalents in the event that the Company lends the maximum amount to TU. The Company must ensure it has sufficient reserves to cover working capital needs, and only the remaining funds can be allocated for lending to TU.

2.5 Operating Results and Financial Position of TU

Financial information according to the consolidated financial statements of TU ended 31 December 2021 – 2023 and 30 June 2024 is shown below:

1) Statement of Income

TU's statement of income for the year 2021 – 2023 and for six-month period ended 30 June 2024 is as follows:

Statement of Income (THB million)	For the year ended 31 December			For six-month period ended 30 June	
	2021	2022	2023	2023	2024
Sales	141,047.70	155,586.35	136,152.71	66,709.10	68,502.69
Cost of sales	(115,321.17)	(128,380.19)	(112,928.12)	(56,044.78)	(56,225.83)
Gross Profit	25,726.53	27,206.16	23,224.60	10,664.32	12,276.86
Interest income	50.23	63.23	226.39	83.79	239.04
Dividend income	2.72	6.26	5.69	2.80	-
Other income	757.57	904.46	828.06	373.54	346.69
Profit before expenses	26,537.04	28,180.12	24,284.73	11,124.45	12,862.59
Selling and administrative expenses	(17,470.67)	(19,155.80)	(16,313.02)	(8,096.17)	(8,779.00)
Reversal of (loss from) impairment of financial assets, net	(36.03)	(195.48)	(80.10)	4.60	4.66
Other gain (losses), net	1,982.00	762.44	(456.13)	(140.82)	(78.33)
Share of profit (loss) from investments accounted for using the equity method	(269.06)	599.05	679.21	264.52	338.25
Profit (loss) before interests and taxes	10,743.29	10,190.32	8,114.69	3,156.59	4,348.16
Finance costs	(1,730.05)	(1,997.87)	(2,302.09)	(1,082.60)	(1,267.17)
Income tax	(741.53)	839.66	619.94	439.57	(172.51)
Profit (loss) for the year from continuing operations	8,271.71	9,032.11	6,432.54	2,513.55	2,908.47
Loss for the year from discontinued operation	-	(1,628.84)	(19,632.82)	(170.15)	-
Profit (loss) for the year	8,271.71	7,403.27	(13,200.29)	2,343.40	2,908.47
Non-controlling interests	258.72	265.27	732.92	293.18	536.79
Profit (loss) attribute to owners of the parent	8,013.00	7,138.00	(13,933.21)	2,050.22	2,371.68

From the above table, TU's revenue from sales and services for the years 2021 – 2023 and six-month periods ended 30 June 2023 and 2024, was THB 141,047.70 million, THB 155,586.35 million, THB 136,152.71 million, THB 66,709.10 million, and THB 68,502.69 million, respectively. TU's main revenue comes from ambient and frozen categories. These two categories account for approximately 79.00% - 83.00% of total revenue. Other categories include PetCare and Value-added categories. In 2022, TU's revenue from sales and services was THB 155,586.35 million, an increase of 10.31% from 2021, driven by increased revenue in Ambient, PetCare, and Value-added categories. In 2023, revenue from sales and services decreased by 12.49% from 2022 due to an outstanding performance in 2022. For the half of 2024, TU's revenue from sales and services increased by 2.69% compared to the same period in 2023, mainly due to the recovery in Ambient and PetCare categories.

TU's net profit in 2022 was THB 7,138.00 million, a decrease of 10.92% compared to 2021. This decline was mainly due to increased share of loss from the Red Lobster business. In 2023, TU recorded a net loss of THB 13,933.21 million because of a one-time non-cash impairment of THB 18,413.47 million, declining operational performance, and higher financial costs due to rising interest rates. In the first half of 2024, net profit increased by 15.68% compared to the same period in 2023, primarily due to improvements across all business segments.

2) Statement of Cash Flows

TU's statement of cash flows for the year 2021 – 2023 and for six-month period ended 30 June 2024 is as follows:

Statement of Cash Flows (THB million)	1 January - 31 December			1 January - 30 June
	2021	2022	2023	2024
Net cash receipts from operating activities	6,292.03	5,870.75	11,241.45	6,541.14
Net cash receipts from (payments for) investing activities	(8,103.69)	(5,414.69)	(6,578.86)	(126.29)
Net cash receipts from (payments for) financing activities	4,582.91	2,741.95	(2,404.67)	(9,167.39)
Net increase (decrease) in cash and cash equivalents	2,771.25	3,198.02	2,257.92	(2,752.54)

TU has continuous operating cash flow driven by strong EBITDA and effective net working capital management. Net cash used in investing activities decreased in 2022 because, in 2021, TU invested THB 3,045.25 million in joint ventures. In 2023, net cash used in investing activities increased due to investments in debt securities and short-term investments. In the first half of 2024, TU had net cash used in investing activities amounting to THB 126.29 million, mainly due to the purchase of short-term investments and purchase of property, plant and equipment.

TU recorded net cash used in financing activities of THB 2,404.67 million in 2023, down from net cash from financing activities of THB 2,741.95 million in 2022, primarily due to share buybacks and repayment of debentures. Meanwhile in 2022, TU received cash from the IPO of ITC. In the first half of 2024, TU had net cash used in financing activities of THB 9,167.39 million, mainly due to debenture repayments of THB 3,550.00 million and share buybacks of THB 2,982.38 million, resulting in a reduction in cash and cash equivalents of THB 2,752.54 million.

3) Statement of Financial Position

TU's statement of financial position for the year 2021 – 2023 and for the second quarter of 2024 is as follows:

Statement of Financial Position (THB million)	As of 31 December			As of 30 June
	2021	2022	2023	2024
Cash and cash equivalents	9,022.94	12,241.38	14,489.77	11,877.37
Short-term investments	700.00	787.63	1,960.81	2,344.58
Trade and other receivables, net	16,307.76	17,525.05	16,031.09	17,862.33
Short-term loans to related and third parties, net	13.79	79.89	100.74	109.77
Inventories, net	46,636.16	52,622.10	50,482.01	47,364.09
Derivative assets	799.80	2,760.66	1,338.41	597.59
Other current assets	1,382.25	1,608.12	1,426.64	1,214.33
Total current assets	74,862.71	87,624.82	85,829.46	81,370.05
Restricted deposits with financial institutions	5.14	5.15	3.73	3.74
Investments accounted for using the equity method, net	12,765.95	12,183.30	9,335.07	9,232.53
Financial assets measured at fair value	15,757.44	16,153.39	600.28	499.86
Investment in debt instruments measured at amortised cost	-	-	877.92	100.86
Long-term loans to related and third parties, net	0.67	0.69	-	-
Investment properties, net	85.98	82.87	67.84	67.84
Property, plant and equipment, net	27,026.90	28,474.76	30,031.00	30,369.11
Right-of-use assets, net	1,330.21	1,544.76	1,354.36	1,358.38
Intangible assets, net	16,894.53	16,199.50	16,342.11	16,699.57
Goodwill, net	13,495.29	13,063.01	13,515.42	14,003.74
Derivative assets	1,179.08	1,918.54	1,275.83	1,275.93
Deferred tax assets	2,350.83	4,068.45	5,396.98	5,913.32
Other non-current assets	849.32	1,250.22	820.33	601.11
Total non-current assets	91,741.33	94,944.64	79,620.86	80,125.97
Total assets	166,604.04	182,569.47	165,450.32	161,496.02
Bank overdrafts and short-term loans from financial institutions	9,567.49	9,612.68	8,573.98	8,993.39
Trade and other payables	21,350.79	22,017.67	18,797.77	18,634.06
Short-term loans from related and third parties	105.13	98.43	13.43	-
Current portion of long-term loans from financial institutions, net	12,586.01	51.83	96.47	104.59
Current portion of debentures, net	1,999.96	1,999.79	19,619.20	3,499.83
Current portion of lease liabilities, net	351.22	469.57	437.30	381.83
Income tax payable	398.96	513.99	517.48	445.45
Derivative liabilities	813.32	953.14	1,684.92	3,347.20
Other current liabilities	908.41	1,107.04	732.23	565.38
Total current liabilities	48,081.29	36,824.12	50,472.76	35,971.73

Statement of Financial Position (THB million)	As of 31 December			As of 30 June
	2021	2022	2023	2024
Long-term loans from financial institutions, net	13,097.36	16,643.74	27,535.96	28,096.65
Debentures, net	32,524.72	30,618.89	10,982.04	23,751.92
Lease liabilities, net	808.82	861.97	729.86	764.16
Employee benefit obligations	3,191.68	3,020.66	3,157.61	3,217.84
Deferred tax liabilities	4,741.82	4,545.43	4,708.98	4,822.30
Derivative liabilities	1,412.74	1,467.85	1,488.34	1,920.07
Other non-current liabilities	532.22	455.40	357.54	449.44
Total non-current liabilities	56,309.35	57,613.93	48,960.32	63,022.36
Total liabilities	104,390.64	94,438.04	99,433.08	98,994.09
Share capital	1,492.95	1,492.95	1,463.78	1,463.78
Issued and paid-up capital	1,192.95	1,192.95	1,163.78	1,163.78
Premium on share capital	19,948.33	19,948.33	19,948.33	19,948.33
Retained earnings				
Appropriated – legal reserve	149.30	149.30	149.30	149.30
Appropriated – other reserve	1,519.05	1,519.05	2,978.58	5,960.96
Unappropriated	36,777.99	39,634.82	18,890.82	17,173.10
Less Treasury shares	(1,519.05)	(1,519.05)	(2,978.58)	(5,960.96)
Other components of equity	(4,699.18)	13,767.20	12,526.32	10,582.13
Perpetual debentures	5,949.69	5,949.69	5,949.69	5,949.69
Non-controlling interests	2,894.33	7,489.15	7,389.01	7,535.62
Total equity	62,213.40	88,131.42	66,017.24	62,501.93
Total liabilities and equity	166,604.04	182,569.47	165,450.32	161,496.02

Most of TU's assets consist of cash and cash equivalents, trade receivables, inventories, and property, plant, and equipment. In 2023, TU's assets decreased significantly due to a reduction in financial assets measured at fair value. The major liabilities include bank overdrafts, trade payables, long-term loans, and debentures. The increase of liabilities in 2023 was primarily due to an increase in long-term borrowings. Shareholders' equity in 2023 decreased significantly due to a one-time non-cash impairment.

4) Key Financial Ratio

Financial Ratio	As of 31 December			As of 30 June
	2021	2022	2023	2024
Current ratio (times)	1.56	2.38	1.70	2.26
Quick ratio (times)	0.54	0.83	0.64	0.89
Debt to equity (times)	1.68	1.07	1.51	1.58
Net debt to equity* (times)	0.99	0.54	0.78	0.82
Time Interest Earned (times)	6.21	4.29	3.00**	5.46

* The debt mentioned refers exclusively to interest-bearing debt.

** Profitability ratios are calculated on normalized number, excluding one-time non-cash impairment of Red Lobster (THB 18.4 billion) in the fourth quarter of 2023 and before IFRS 5 reclassification.

As of 30 June 2024, TU had a current ratio of 2.26x, indicating its ability to meet short-term liabilities. Although TU had a relatively high total debt-to-equity ratio of 1.52x, as of 31 December 2021 – 2023, TU's interest coverage ratio was 6.21x, 4.29x, and 3.00x, respectively and as of 30 June 2024, the interest coverage ratio was 5.46x, demonstrating a strong ability to cover interest expenses.

Based on the analysis of TU's past performance and financial position, the IFA believes that TU has demonstrated strong performance and has been generating strong cash flow from operating activities. In addition, TU has effectively managed its liquidity, has a high interest coverage ratio, and maintains an interest-bearing debt-to-equity ratio below 1, indicating relatively low financial risk. TU has never defaulted on any debt and has received an A+ credit rating from Tris Rating. Moreover, as of 28 June 2024, TU had undrawn credit facilities from financial institutions totaling THB 29,576.99 million. Therefore, the past performance and financial position indicate that TU has the capacity to repay the principal and interest to the Company and has a low risk of defaulting on its obligations to the Company.

2.6 Appropriateness of the Interest Rate for Entering into the Transaction

The Independent Financial Advisor has assessed the interest rates that the Company will receive from providing financial assistance to TU, comprising 1) Return on long-term loan at the interest rate of 3.10% per annum which is equivalent to the estimated return rate of the Company, rated according to TU's credit rating, which is currently at A+ for a 3-year bond issuance based on the return rate information from the Thai Bond Market Association and the estimated additional return rate as of 17 July 2024 and 2) Return on short-term loan at the interest rate equals to the policy interest rate announced by the Monetary Policy Committee (MPC) as of 17 July 2024, 2.50% per annum (according to the MPC meeting on 12 June 2024) and plus 0.10% per annum, which is equivalent to 2.60% per annum. The Independent Financial Advisor has compared the potential returns from this transaction with alternative investment options, specifically focusing on return on commercial bank deposits, return on investment in government bonds, and return on corporate bonds. The comparison considers investments with similar durations and risk profiles to both the long-term and short-term loans offered in this transaction. The details are as follows:

2.6.1 Comparison of Long-Term Loan Interest Rates and Rates of Return on Various Types of Investments

The rates of return from various investment types are as follows:

- 1) The interest rates on 2-year fixed deposits offered by commercial banks registered in Thailand range from 1.35% to 2.25% per annum (according to the Bank of Thailand as of 30 July 2024).
- 2) The return on investment in 3-year Thai government bonds which is approximately 2.38% per annum (data from the Thai Bond Market Association as of 28 June 2024).
- 3) The return on investment in corporate bonds with a maturity of no more than 3 years, issued by private companies for various operational funding needs, and with a credit rating of A+ (as per TU's credit rating by Tris Rating on 22 September 2023), ranges from 2.55% to 3.25% per annum (data from the Thai Bond Market Association as of 28 June 2024).

Summary of Comparison between Interest Rate of Long-term Loan and Returns from Various Investment Types

Investment Types	Interest Rate (% p.a.)	Compared to the Interest Rate of Long-term Loan to TU
The interest rates on 2-year fixed deposits	1.35 – 2.25	Lower
The return on investment in 3-year Thai government bonds	2.38	Lower
The return on investment in corporate bonds with a maturity of no more than 3 years (Rating A+)	2.55 – 3.25	In range
The interest rate of long-term loan to TU	3.10	

Therefore, the long-term loan provided as financial assistance in this case offers a higher rate of return than the interest rate on fixed deposits and the yield on 3-year government bonds. Additionally, the interest rate that the Company will receive from this loan is at the upper range of the returns on investments in corporate bonds with maturity of no more than 3 years. The terms of this loan agreement grant the Company the right to demand repayment, which may result in a lower risk premium compared to corporate bonds where bondholders receive the principal back upon maturity. Consequently, the Independent Financial Advisor has the opinion that the interest rate for this long-term loan financial assistance is appropriate and beneficial to the Company.

2.6.2 Comparison of Short-Term Loan Interest Rates and Rates of Return on Various Types of Investments

The rates of return from various investment types are as follows:

- 1) The interest rate on special deposit accounts received by the Company ranges from 1.80% to 2.20% per annum as of 30 June 2024.
- 2) The interest rate on fixed deposits received by the Company has an effective interest rate ranges from 2.15% to 2.45% per annum for deposits in baht and from 2.39% to 2.68% per annum for deposits in foreign currencies, as of 30 June 2024.
- 3) The interest rate on the Company's short-term investments, including investments in corporate bonds with a credit rating of no less than A+, ranges from 1.74% to 2.50% per annum.

**Summary of Comparison between
Interest Rate of Short-term Loan and Returns from Various Investment Types**

Investment Types	Interest Rate (% p.a.)	Compared to the Interest Rate of Short-term Loan to TU
The interest rate on special deposit accounts received by the Company	1.80 – 2.20	Lower
The effective interest rate on fixed deposits received by the Company	2.15 – 2.68	In range
The effective interest rate on the Company's short-term investments	1.74 – 2.50	Lower
The interest rate of short-term loan to TU	2.60	

Therefore, the short-term loan provided as financial assistance in this case offers a higher rate of return compared to the current returns the Company receives from depositing funds with financial institutions and investing in short-term corporate bonds. Additionally, the interest rate that the Company will receive from this loan is at the upper range of the returns the Company receives from fixed deposits with financial institutions. The loan agreement also grants the Company the right to demand repayment without giving TU prior notice, which may result in a lower risk premium compared to fixed deposits that return the principal upon maturity. Consequently, the Independent Financial Advisor has the opinion that the interest rate for this short-term loan financial assistance is appropriate and beneficial to the Company.

Summary of the Independent Financial Advisor's Opinion on the Appropriateness of Interest Rates

The Independent Financial Advisor has compared the interest rates that the Company will receive from providing financial assistance to TU, both for long-term and short-term loans with the current interest rates and returns from various types of investments, including fixed deposits, Thai government bonds, and corporate bonds. The Company will receive an interest rate of 3.10% per annum for the long-term loan to TU, which is higher than the interest rates on fixed deposits and 3-year government bonds and is comparable to the returns on corporate bonds with a maturity of up to

3 years. Furthermore, the Company will receive an interest rate of 2.60% per annum for the short-term loan to TU, which is higher than the interest rates on special deposit accounts from financial institutions and the returns on investments in corporate bonds and is competitive with the interest rates on foreign currency fixed deposits.

The Independent Financial Advisor opines **that the return rate from providing financial assistance to TU is appropriate** because it offers a rate of return that is higher than or comparable to the returns from other types of investments with similar durations and risk profiles, both for the long-term and short-term loans provided to TU.

2.7 Reasonableness of the Terms and Conditions

The Independent Financial Advisor has assessed the reasonableness of the conditions for the Transaction by reviewing the draft loan agreement for the financial assistance for an amount not exceeding THB 11,000 million. This is divided into a long-term loan of up to THB 6,000 million and a short-term loan of up to THB 5,000 million. The assessment includes the key terms and conditions of the agreement, along with the Independent Financial Advisor's opinions on each of these conditions as detailed below:

Key Terms and Conditions	Details	The Independent Financial Advisor's opinions
Loan amount	Not exceeding THB 11,000 million, comprising: (1) Facility No. 1 is a long-term loan not exceeding THB 6,000 million; (2) Facility No. 2 is a revolving loan not exceeding THB 5,000 million.	<u>Appropriate</u> because the Company has sufficient excess liquidity. As of 30 June 2024, the Company had cash and cash equivalents and current financial assets, including short-term investments and current investment in debt instruments, totaling THB 12,691.37 million.
Consideration of loan amount to be provided	The following conditions shall be considered for the allocation of loan: (1) The reserve for working capital requirements should be set to cover two months of sales which shall be calculated at the end of each quarter based on the sales from the previous quarterly financial statements; and (2) The total loan amount under both Facility No. 1 and Facility No. 2 at the end of the quarter of the calendar year, the total amount shall not exceed 75% of the Company's cash, including cash equivalents, short-term and long-term investments and the outstanding loan amount to TU under Facility No. 1 and Facility No. 2. If the calculation results in the loan amount to TU exceeding such amount the Company shall recall such exceeding amount from the Facility No. 2 or the	<u>Appropriate</u> as the condition ensures that the Company maintains sufficient reserves for working capital, mitigating the risk of liquidity shortages and minimizing impact on its financial position. In addition, the Company has the right to recall the loan if the allocation to TU exceeds the criteria, thus reducing short-term liquidity risks. Furthermore, the Board of Directors can reconsider the loan terms if there is a significant change in TU's shareholding, helping to manage potential risks.

Key Terms and Conditions	Details	The Independent Financial Advisor's opinions
	<p>Facility No. 1, respectively, within seven days.</p> <p>Also, if TU's shareholding percentage in the Company significantly decreases or changes by more than 5% of the total of shares of the Company compared to the previous quarter, the Company's Board of Directors shall review the credit, limit, interest rate, risks and other conditions of the facilities and the facility limit shall not exceed the limit amount approved herein.</p>	
Purpose of the loan	For the Company to enhance the efficiency of its cash management and increase returns on managing cash surplus pursuant to the Company's investment policy that is approved by the Board of Directors	<u>Appropriate</u> because the expected return from this financial assistance exceeds the average return that the Company currently receives.
Maturity of each drawdown	<p>(1) Facility No. 1: Three years and may be renewed for a period of not more than three years per each renewal</p> <p>(2) Facility No. 2: One year per sub-facility and may be renewed for a period of not more than one year per each renewal</p>	<u>Appropriate</u> because it aligns with the objective of entering into the Transaction, which focuses on managing the Company's excess cash in both the short and long term to achieve higher returns.
Default interest rate	2.00% per annum in addition to the interest rate of each facility	<u>Appropriate</u> because it is a condition that results in the company receiving compensation for the default on the debt.
Interest payment	Interest shall be paid within 15 days from the date of interest calculation which shall be on a quarterly basis of calendar year of each year.	<u>Appropriate</u> because the Company will receive returns quarterly, which aligns with its current investment in debt instruments.
Principal repayment	The principal shall be repaid upon maturity but may be prepaid according to the prepayment terms.	<u>Appropriate</u> because there is a clear loan repayment schedule, allowing the Company to plan its investments and manage liquidity effectively. Additionally, the Company can demand the repayment as needed, according to the lender's call option for payment.
Collateral	None	<p><u>Inappropriate</u> because if the borrower has insufficient cash to pay, the Company may not receive the principal repayment, whether in cash or collateral.</p> <p>However, TU has strong and robust operating results and cash flow and</p>

Key Terms and Conditions	Details	The Independent Financial Advisor's opinions
		received A+ rating by Tris Rating. Additionally, as of 28 June 2024, TU has a remaining credit line of THB 29,576.99 million with financial institutions and has no history of default. Therefore, the IFA views that the risk of default is low.
Other conditions of the loan	<ol style="list-style-type: none"> Each loan utilisation must not affect the Company's financial plans; and TU must demonstrate to the Company that it has sufficient working capital loan facilities with financial institutions in case the Company demands full repayment of all facilities at once. TU must also provide key information demonstrating its ability to repay the loan and/or the information requested by ITC, such as credit ratings and financial information. 	<u>Appropriate</u> because it supports the liquidity management of excess working capital, offers a higher return than the returns from alternative investments that the Company would receive under the same conditions compared to lending to other individuals or entities, both currently and in the future. Additionally, it mitigates the risk of default. Additionally, it reduces the likelihood of default.
Voluntary prepayment	TU has the right to prepay the loan in full or in part to the Company before the loan repayment date by providing a written notice to the Company at least 30 days in advance for the Facility No. 1 and no prior notice for the Facility No. 2	<u>Appropriate</u> because prepayment can mitigate default risk and enhance investment opportunities to optimize the Company's benefits.
Prepayment fee	<ol style="list-style-type: none"> Facility No. 1: 0.75% per annum of the prepaid principal amount and remaining period until the loan repayment date Facility No. 2: None for a revolving loan agreement 	<u>Appropriate</u> because it safeguards the lender's interest income and compensates for investment opportunity cost if the borrower repays the principal early.
Call option for payment	The Company has the right to demand loan repayment in full or in part from TU before the loan repayment date (1) pursuant to the terms in relation with the aforementioned shareholding percentage of TU or (2) when the Company deems appropriate, (a) with regards to Facility No. 1, the Company shall demand loan repayment after the loan disbursement date and at least 60 days which the Company must provide a written notice to TU at least 30 days in advance and (b) with regards to Facility No. 2, no prior notice by the Company is required.	<u>Appropriate</u> because the Company can demand repayment of long-term loans with a 30-day notice and short-term loans immediately, mitigating the risk of insufficient working capital for business operations.

The Independent Financial Advisor opines that the overall loan terms are beneficial to the Company and reasonable. The Company can manage its excess reserves with greater flexibility and efficiency.

2.8 Advantages and Disadvantages of the Transaction

2.8.1 Advantages of the Transaction

1) The Company will receive higher return from the financial assistance compared to its current investment returns.

The transaction for the provision of financial assistance to TU up to THB 11,000 million, comprising 1) a long-term loan of up to THB 6,000 million and 2) a short-term loan of up to THB 5,000 million. The Company will receive an interest rate of 3.10% per annum for the long-term loan which is equivalent to the estimated return rate of the Company, rated according to TU's credit rating, which is currently at A+ for a 3-year bond issuance based on the return rate information from the Thai Bond Market Association and the estimated additional return rate as of 17 July 2024 and 2.60% per annum for the short-term loan, based on the MPC policy rate of 2.50% (according to the MPC meeting on 12 June 2024) plus 0.10%. The average return that the Company is expected to receive is 2.52% - 2.75% per annum, which exceeds the Company's current average return of 2.39% per annum (Please see details in 2.6 "Appropriateness of the Interest Rate for Entering into the Transaction"). This Transaction is expected to enhance the Company's returns from managing operational liquidity.

2) The Company will be able to manage its cash flow more effectively.

In providing financial assistance to TU, the Company will use its excess working capital as a source of funds. As of 30 June 2024, the Company has cash and cash equivalents and current financial assets (short-term investments and debt instruments), totaling THB 12,691.37 million. This reflects effective cash flow management from business operations. Additionally, considering the Company's investment plan, the Company has excess cash that currently does not have a short-term use plan, which could be managed more effectively and generate higher returns. Thus, entering into this Transaction is an option for the Company to manage its cash flow.

2.8.2 Disadvantages of the Transaction

1) The Company will have less cash for operations as well as lower quick ratio.

Providing financial assistance to TU will decrease the Company's cash flow. As of 30 June 2024, the Company had cash and cash equivalents of THB 10,546.79 million and current financial assets totaling THB 2,144.58 million, a total of THB 12,691.37 million, with a quick ratio of 6.62 times. After providing the financial assistance to TU, the Company's cash and cash equivalents and current financial assets will range between THB 1,691.37 million to THB 6,691.37 million, depending on the allocation of short-term loans. The quick ratio will then fall to between 1.89 and 4.04 times, representing a decrease from the current quick ratio. Despite this reduction, the Company's cash flow remains adequate for both investment and operational working capital. Therefore, the provision of financial assistance does not significantly impact the Company's financial position.

2) The Company may lose the opportunity to invest the cash in options that yield higher returns.

In providing financial assistance to TU, the Company will earn interest at 3.10% per annum on long-term loans and 2.60% per annum on short-term loans. However, this may limit the Company's ability to invest in opportunities that yield higher returns or undertake significant investments such as mergers and acquisitions or joint ventures in businesses related to the Company or other businesses as the Company deems appropriate.

However, to mitigate this risk, the Company's executives will allocate loans to TU based on the Company's liquidity and capital needs, with a condition to reserve cash equivalent to two months of sales (approximately THB 3,000 million) which shall be reviewed quarterly. The Company also has the call option for payment to call the loan if the loan amount exceeds 75.00% of the Company's cash, including cash equivalents, short-term and long-term investments and the outstanding loan amount to TU. Additionally, the Company has the right to demand loan repayment with 30 days prior notice for Facility No. 1 and immediately for Facility No. 2 if better investment opportunities arise.

The Independent Financial Advisor has evaluated this financial assistance and determined that the Company has adequate working capital and cash reserves to support its business operations and planned investments.

2.9 Advantages and Disadvantages of the Transaction with Connected Person Compared to External Parties

2.9.1 Advantages of the Transaction with the Connected Person

1) Flexibility in coordination and setting loan terms.

Since TU is a major shareholder of the Company and shares common shareholders and directors, coordination between the two parties is more seamless than negotiations with external parties. As a result, the Company can more easily monitor loan repayments and inquire about necessary information regarding TU's financial status and ability to repay the loan, compared to transactions with external parties.

Additionally, transactions with related parties offer greater flexibility in negotiating terms such as loan allocation, prepayment conditions, and loan utilisation must not affect the Company's financial plans. This provides the Company with greater flexibility in managing liquidity, achieving returns that are higher than the current returns, and ensuring that providing financial assistance to TU will not affect the Company's business operations.

2) Enhances liquidity and provides greater flexibility in capital management for affiliated companies.

In the past, the Company and TU, as a major shareholder of the Company, and other companies in TU Group, have provided financial assistance to each other to enhance liquidity and increase flexibility in capital management. This mutual business support facilitates agility and helps improve cash flow management more effectively.

2.9.2 Disadvantages of the Transaction with the Connected Person

1) The Company incurs transaction costs

Providing financial assistance to TU is considered a large-sized connected transaction, requiring the Company to seek approval from the shareholders' meeting in accordance with the Connected Transactions Notifications. This process incurs an arrangement cost, including the independent financial advisor fees for providing an opinion to the shareholders. However, adhering to these regulations and transparently disclosing transaction details to the SET and shareholders aligns with good corporate governance practices, showcasing the Company's commitment to transparent management.

2.10 Risks of Entering into the Transaction

2.10.1 Risks Before Entering into the Transaction

1) Risk of not obtaining shareholders' approval

The Transaction is considered a large-size connected transaction, the Company is required to convene a general meeting of the shareholders to approve the entry into such connected transaction with votes of not less than three-fourths of the total votes of the shareholders present and eligible to vote, excluding those of the interested shareholders. Consequently, there is a risk that if the required shareholder approval is not obtained, the Company will be unable to proceed with the Transaction.

2.10.2 Risks After Entering into the Transaction

1) Credit risk

Although TU has demonstrated strong operating results and consistently generates cash flow from its operations, its debt service coverage ratio stood at 0.39 as of 31 December 2023. This ratio is quite low as the Company has short-term loans from financial institutions and debentures that are due for repayment this year. Additionally, fluctuations in raw material prices, such as tuna and freight costs, could negatively impact TU's performance, potentially affecting its ability to meet principal and interest obligations. In addition, the loan terms do not require any provisions for collateral. Consequently, if TU fails to meet its repayment obligations, the Company, as the lender, faces the risk of not recovering the principal amount, either through cash repayment or secured collateral.

However, TU is a large corporation with assets totaling THB 161,496.02 million as of 30 June 2024 and has the ability to generate positive cash flow from its operations. TU received an A+ credit rating from Tris Rating and has undrawn revolving credit lines of approximately THB 29,576.99 million with various financial institutions, which can be accessed if the Company demands repayment. TU has also maintained a strong debt repayment history with no history of defaults since 2021, suggesting a low risk of default, and the Company holds an equal right to repayment from TU as other unsecured creditors.

From the interviews with the Company's executives, the Company has sufficient liquidity to support its investment plans and maintains adequate reserves for ongoing business operations.

Part 3 Summary of IFA's Opinion

Based on the analysis of the IFA regarding the reasonableness of the Transaction by comparing the advantages and disadvantages, the IFA is of the opinion that entering into the Transaction is **appropriate** based on the following reasons:

- 1) The Company will receive higher return from entering into the Transaction than its current investment. The expected return from providing financial assistance to TU is 2.52% - 2.75% per annum, which is higher than the current average return that the Company receives at 2.39%. This will enable the Company to gain higher return from managing liquidity from its operations.
- 2) The Company can manage its cash flow efficiently because the Company will use funds from its excess working capital, which is cash flow received from business operations. In addition, after considering the investment plan, the Company does not have any plan to utilise this excess cash more efficiently and generate higher returns than the current returns. Therefore, entering into this Transaction is one of the Company's options for managing cash flow.
- 3) The conditions of this Transaction help reduce the risk of receiving loan repayment and minimize the impact on the Company's financial position. For instance, the Company must have sufficient reserves before allocating short-term loan to TU, each loan must not affect the Company's financial plan, and the Company can recall the loan if there is a need for the funds. This ensures that providing financial assistance to TU will not affect the Company's business operations.

Nevertheless, entering into the Transaction has **disadvantages and risks** that the shareholders shall further consider when voting for the Transaction as follows:

- 1) The Company will have less cash for operations and lower quick ratio.
- 2) The Company may lose opportunities to invest in assets that yield higher returns than providing financial assistance to TU.
- 3) There is a credit risk if TU's future performance and cash flow do not meet TU's expectations.

In this regard, the decision to vote to approve this Transaction is at the discretion of the shareholders of the Company. The shareholders shall carefully study the information and consider the advantages, disadvantages, risks and limitations, as well as the opinion on each aspect of the Transaction as per the appended documents to the Invitation to the Shareholders' Meeting with prudence and care before voting to approve such Transaction.

Jay Capital Advisory Limited, as the IFA of the Company, has performed the study and analysis with care in accordance with the professional standard and has provided the opinion based on the fair analysis of information by taking into consideration the benefits of all shareholders.

The opinion of the IFA is based on the information received from the Company and TU and/or interviews with the management of the Company and TU, publicly available information and other relevant documents. The IFA assumes that all information received is truthful and correct. Therefore, if the said information is incorrect and/or is not truthful and/or has been significantly changed in the future, it will affect the opinion of the IFA. Therefore, the IFA is unable to certify or warrant the future impact that may have on the Company and the shareholders. Moreover, this opinion of the IFA is for the sole purpose of providing opinion to the shareholders in connection with the entering into the Transaction as detailed above, and providing the opinion does not warrant the accomplishment of the Transaction and any potential impact from the Transaction that may affect the Company.

This English report of the IFA's opinion has been prepared solely for the convenience of foreign shareholders of the Company and should not be relied upon as the definitive and official document. The Thai language version of the IFA's opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation

Yours Sincerely,

-Ms. Jirayong Anuman-Rajadhon-

(Ms. Jirayong Anuman-Rajadhon)
Managing Director
Jay Capital Advisory Limited
Independent Financial Advisor

Appendix 1: Information of i-Tail Corporation Public Company Limited

1. General Information of the Company

Company Name	:	i-Tail Corporation Public Company Limited (“The Company” or “ITC”)
Nature of business	:	Manufacturer (OEM) production and distributor of pet food products
Head Office	:	979-92/94 29th Floor, S.M.Tower, Phaholyothin Road, Phayathai Bangkok 10400
Company Register No.	:	0107536000641
Issued share capital	:	THB 3,000,000,000
Paid-up share capital	:	THB 3,000,000,000 divided into 3,000,000,000 ordinary shares with a par value of THB 1.00 per share
Telephone	:	+66 (0) 2298-0029, 2298 0433 - 9
Website	:	www.i-tail.com

Key Milestones

TU started its business producing pet food products at the Samut Sakhon plant in 1977 under Thai Union Manufacturing Co., Ltd. (TUM). In 1981, the Songkla Canning Co., Ltd. was established to operate as a manufacturer of ambient seafood and canned products and subsequently listed on the SET in 1988. In 1989, the Company began producing pet food products under Songkla Canning Co., Ltd. and was converted to a public company under the name Songkla Canning PCL. (SCC) in 1993. In 1999, TU became a majority shareholder and SCC was subsequently delisted from the SET in the same year. In September 2021, the Company changed its name to i-Tail Corporation PCL. (ITC) and became listed on the SET on 9 December 2022. The key milestones can be summarized as follows:

Year	Key Milestones
1977	<ul style="list-style-type: none"> TU started manufacturing pet food products at the Samut Sakhon plant under Thai Union Manufacturing Co., Ltd. (TUM).
1993	<ul style="list-style-type: none"> The Company was established to operate under the name of Songkla Canning Co., Ltd. as a manufacturer of ambient seafood and tuna products.
1988	<ul style="list-style-type: none"> The Company was listed on the SET with the ticker symbol SCC.
1989	<ul style="list-style-type: none"> The Company started manufacturing pet food products at its Songkhla plant.
1993	<ul style="list-style-type: none"> The Company was converted to a public company under the name Songkla Canning PCL.
1994	<ul style="list-style-type: none"> The Company acquired a majority stake (90.5%) in Asian-Pacific Can Co., Ltd. (APC), a producer of steel and aluminum food packaging products in Thailand and increased the shareholding to 99.0% in 2016.
1999	<ul style="list-style-type: none"> TU became a majority shareholder of the Company The Company has delisted from the SET.
2004	<ul style="list-style-type: none"> The Company launched its first pet food product in plastic cups for a global brand customer in the U.S. market.
2008	<ul style="list-style-type: none"> The Company acquired a majority stake (51.0%) in Yueh Chyang Canned Food (YCC), a canned tuna and seafood processor and exporter in Vietnam and increased its shareholding to 83.3% in 2016 and to 100.0% in 2017.
2010	<ul style="list-style-type: none"> TU established U.S. Pet Nutrition, LLC (USPN), to operate the business as an importer and distributor of premium pet food, including serving as an OEM for contract production for leading pet food brands in the United States.
2012 - 2013	<ul style="list-style-type: none"> The Company started selling the product “Rockstar,” a protein with the appearance and texture of meat, which is patented by the Company. It is packaged in a rounded plastic tray called a “B-tub” and distributed in the United States. The Company started OEM production of pet food and treats for cats and dogs,

Year	Key Milestones
	serving the demand of leading global retail brands.
2015	<ul style="list-style-type: none"> • TU established a Global PetCare Business Unit (GPC) under Thai Union Manufacturing Co., Ltd. (TUM) to specifically focus on pet food business.
2016	<ul style="list-style-type: none"> • Incorporated the use of automatic sachet machines in the production process.
2017 - 2020	<ul style="list-style-type: none"> • The Company established the Global PetCare Innovation (GPCI) to focus on inventing, developing, and producing innovative pet food. • The Company began selling cat food products in the form of small tuna flakes packed in mini pouches in the United States. Additionally, it introduced cat food products in the form of sachet mousse in Japan. • The Company began selling pet food products in triple-layer form, packed in plastic cups in China. • The Company began selling pet food products in Brazil. • The Company adopted freeze-drying technology in the pet food production process. • The Company introduced cat drink products and vitamin drinks for cats and dogs in European market.
2021	<ul style="list-style-type: none"> • The Company launched a new pet food brand, 'ChangeTer' by offering kidney-friendly mousse cat treats. This product also serves as a prototype for customers who engage the company in the production of pet food. • One of the Company's strategic customers introduced a new type of pet food product, such as a Swirl Pate, produced by the Company and distributed under customer brands in the United States. • The Company began selling dog treat in the form of chicken jerky chip like potato chips (Dog Chips) to customers in Hong Kong. • In May 2021, the Company established Japan Pet Nutrition Co., Ltd. (JPN), a subsidiary operating in importing and distributing pet food and pet products in Japan. • In September 2021, the Company changed its name to i-Tail Corporation PCL. and established i-Tail Americas, Inc. (ITA), a subsidiary operating business investing in other companies (Holding Company) in the U.S. • Announced major business structure changes as follows: <ul style="list-style-type: none"> - Termination of the business in producing and distributing ambient seafood to focus solely on pet food business. - Disposal of the Company's entire investment in APC to TU. - Disposal of the Company's entire investment in YCC to TUM, a company also under the control of TU. - Acquisition of U.S. Pet Nutrition, LLC. (USPN), engaged in importing and distributing pet food in the U.S., from Thai Union North America, Inc. and Tri-Union Seafoods, LLC. Both companies are under the common control of TU through ITA, a subsidiary of the Company. - Acquisition of the pet food business unit (GPC) from TUM. • In December 2021, the Company sold its investment in YCC in accordance with the Capital Contribution Transfer Agreement dated 15 December 2021. • In December 2021, the Company invested in USPN through ITA, a subsidiary of the Company, in accordance with the Membership Interest Purchase Agreement dated 31 December 2021. • In December 2021, the Company received the transfer of assets and employees related to the pet food business unit from TUM in accordance with the Business Transfer Agreement dated 31 December 2021.
2022	<ul style="list-style-type: none"> • On 9 December 2022, the Company was listed on the Stock Exchange of Thailand under the name i-Tail Corporation PCL., known as ITC, in the agricultural and food industry.

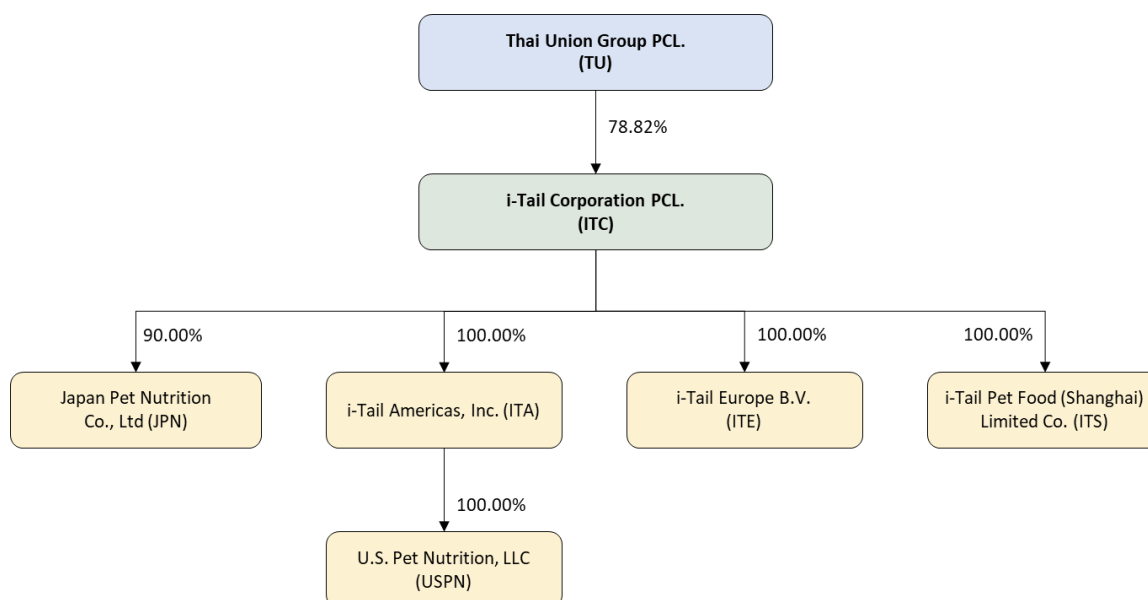
Year	Key Milestones
	<p>This marked the highest offering value for an IPO stock in the food and beverage business sector in the history of Thai stock market. Additionally, it stood as the IPO with the highest offering value in the consumer business sector in Southeast Asia in 2022.</p>
2023	<ul style="list-style-type: none"> • The Company established new subsidiaries, namely i-Tail Pet Food (Shanghai) Co., Ltd. (ITS) in China and i-Tail Europe B.V. (ITE) in the Netherlands, to expand the pet food and pet-related product business in the China and European markets, with a particular focus on the UK, Germany, France, and the Netherlands. • The Company started the construction of a new production plant in Samut Sakhon province at the end of 2021, with the goal of increasing the production capacity of wet pet food and pet treats by 18.7%. This expansion includes the establishment of production line structures equipped with modern automatic technology. Operations are expected to commence from the second quarter of 2024 onwards, with a total investment of THB 2.1 billion. • In March 2023, the Company announced a strategic partnership with a leading partner, Nanjing Jiabei Petcare Products Co., Ltd., a company operating in importing and distributing pet products in China. The collaboration aims to deliver products under Bellotta, Marvo, and ChangeTer brands to the China market through online and offline channels. This move reinforces the Company’s leadership in the OEM business and distribution of pet food under pet-centric concept. • In May 2023, the Company partnered with Major Cineplex Group to launch i-Tail Pet Cinema, the first movie theater for dog and cat owners in Thailand. Responding to the trend of treating pets like important family members (Pet Humanization), there are 3 branches in Bangkok, Thailand: Mega Cineplex, Eastville Cineplex, and Major Cinema Robinson Ratchaphruek. • June 2023, the Company successfully opened “i-Cattery” located at the Faculty of Veterinary Medicine, Mahidol University Salaya campus. The center focuses on nutritional research and measuring food palatability for cats, reinforcing our commitment to being a pet centric business. Within the center, there are 48 gourmet cats on staff, trained and well-cared-for by the veterinarian team and the cat specialist team. In addition, the Company also handed over the i-Tail Horse Stable in the same area to the Faculty of Veterinary Medicine at Mahidol University. This initiative aims to promote knowledge about horses, support learning, and provide parole therapy services to students and the general public interested in equine activities. • During June and July 2023, the Company organized the “i-Tail Hackathon Innovation Challenge 2023”, a platform aimed at cultivating creativity that reflects the concept of supporting innovation. The initiative is designed to develop the potential of i-Tail employees through hands-on learning and work, fostering new innovative ideas for the pet business. The goal is to create value for both individuals and colleagues, contributing to the sustainable growth of the organization. • In September 2023, the Company launched a new super-premium cat food product called Nutri+ Grain Free, under Bellotta brand. This product uses natural ingredients and is free from grain ingredients. It comprises a total of 6 products designed to meet the specific needs of each age stage of cats. The line is complete with all necessary benefits and has been made available through both traditional channels (pet product stores) and online channels. • Since the third quarter of 2023, ITC has introduced new innovative formats for pet food products under the OEM business. These include products in duo plastic cups, dual-layer mousse products, mini cup packaging, and marble-patterned meat products such as marbled beef chunks with sweet potato in gravy and power ball jelly forms. These products are exported to the United States, China, Taiwan, and European markets.

Source: 56-1 One Report 2023 of the Company

2. Shareholding Structure

As of 31 December 2023, the Company has both direct and indirect shareholding in over 10.00% of all issued and outstanding shares, as well as other investments, as detailed below:

Shareholding Structure of the Company



The Details of the Company and its Subsidiaries

The Company

Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
i-Tail Corporation PCL. (ITC)	Original Equipment Manufacturer (OEM) production and distribution of pet foods	THB 3,000,000,000	THB 3,000,000,000	3,000,000,000	-

Subsidiaries

Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
i-Tail Americas, Inc. (ITA)	Holding company	USD 5,000,000	USD 5,000,000	5,000	100% held by ITC
U.S. Pet Nutrition, LLC (USPN)	Importer and distributor of premium pet food	USD 64,000,000	USD 64,000,000	-	100% held by ITA
Japan Pet Nutrition Co., Ltd. (JPN)	Importer and distributor of pet	JPY 15,000,000	JPY 15,000,000	150,000	90% held by ITC

Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
i-Tail Europe B.V. (ITE)	food and pet-related products	EUR 1,000,000	EUR 1,000,000	1,000,000	100% held by ITC
i-Tail Pet Food (Shanghai) Limited Co. (ITS)		CNY 10,000,000	-	-	100% held by ITC

3. Business Nature of the Company

ITC's Main Product Categories

The Company operates an OEM business, producing and distributing pet food and treats for cats and dogs. The product ranges from standard to premium pet food, with main ingredients such as tuna and chicken, both rich in protein. The Company's innovative production process ensures the creation of high-quality pet food products with an appealing appearance, delicious taste, and a rich nutritional profile, providing the complete nutrients essential for a pet's well-being. This reflects its vision: 'Building a happier world where pets thrive and live their healthiest lives'. The Company's pet food products are divided into two categories as follows:

1) Pet Food

1.1) Complete & Balanced Pet Food

Main meal pet food products provide essential energy and nutrients, including various vitamins and minerals that meet the daily needs of pet's body. These products adhere to certification standards set by both the United States, specifically the Association of American Feed Control Officials (AAFCO), and the European Pet Food Industry Federation (FEDIAF), as well as the laws of the countries in which the products are sold.

1.2) Complementary Pet Food

A snack or treat product designed for pets is usually given as additional food alongside the main meal, as it typically has incomplete nutritional value. However, some products may offer additional benefits with a range of vitamins and minerals to nourish the body and address the specific needs of pets in various aspects.

ITC offers wet pet food products designed for both cats and dogs, having a moisture content exceeding 60% of the net weight. This high moisture level gives the food a soft appearance, making it easy for your pets to eat. The product is enhanced with a strong aroma and flavor, effectively stimulating your pet's appetite. The product range includes recipes catering for all life stages, from kittens and puppies to adults and seniors. This ensures that pets of all ages receive proper and adequate nutrition in every meal.

With state-of-the-art production and ITC's dedicated quality research team, we possess the capability to manufacture pet food in various formats. Our products can be customized based on customer needs, offering options like large protein pieces (Fillet), small protein pieces (Flake), finely chopped protein pieces (Mince), and Rockstar Chunk, each providing a meat-like texture. Additionally, there are a variety of product format options such as gravy, broth, jelly, mousse, pate, etc.

Furthermore, ITC is committed to the development of specialized health pet food products through its dedicated Global PetCare Innovation (GPCI), Research & Development Department, Business Development Innovation Department (BDi), and Sales and Marketing Department. These teams

collaborate to create formulas that address common health problems in pets, such as digestive issues, oral diseases, and immune system disorders. Additionally, the company shows a commitment in its pursuit of new raw materials, contributing to the uniqueness of ITC that is challenging to copy or imitate.

2) Pet Treat

Pet treats are often used as rewards to train pets to obey commands, as well as to foster a positive relationship and demonstrate affection between pets and their owners.

The Company offers a variety of pet snacks and treats for both cats and dogs, available in wet, semi-dry, and semi-moist types. The moisture content ranges between 14% and 60% of the net weight. We select high-quality raw materials to develop products that cater to the needs of pets in various life stages. Additionally, some products may include special features designed to enhance specific aspects of pet health, such as dental health care formulas, skin and coat formulas, stress reduction formulas, etc.

ITC's pet treats are available in a variety of formats, including biscuits, sticks, jerky, freeze-dry, and mousse. These products not only possess outstanding appearance and good texture but also contribute to pet health in various aspects. This provides pet owners with more alternatives and convenience.

ITC has utilized several patents and pending petty patents in the development of new products to address customer needs and market trends, such as the growing demand for 'Pet Humanization'. This includes pet food and treats with special properties, such as promoting dental health, nourishing fur, and strengthening the immune system. Our products also focus on caring for the digestive system and building strong muscles, aligning with market trends that emphasize the growing demand for high-quality and premium pet food. We have introduced innovative research and development products designed to meet these needs, including pet food in the form of multi-layer pâté. This product resembles human food and ensures high quality.

When it comes to packaging, the Company offers a diverse range of formats and sizes tailored to each type of pet food. Our packaging is designed to accommodate various customer preferences, including cans, vacuum pouches, aluminum and plastic pouches, plastic cups, glass bottles, and aluminum trays.

Revenue Structure of the Company

Items	For the Year Ended 31 December					
	2021 ^{/2}		2022 ^{/2}		2023	
	THB million	%	THB million	%	THB million	%
Pet food:						
Cat food	10,708.1	73.7	15,557.7	72.6	10,775.3	69.2
Dog food	1,653.3	11.4	2,561.2	12.0	2,404.6	15.4
Pet treats:						
Cat treats	1,375.2	9.5	1,754.5	8.2	1,342.8	8.6
Dog treats	772.9	5.3	1,464.4	6.8	523.0	3.4
Others ^{/1}	19.2	0.1	82.3	0.4	531.2	3.4
Total sales	14,528.7	100.0	21,420.1	100.0	15,576.9	100.0

Remark: /1 Others comprise other pet food and sales of non-pet food related products such as whole tuna fish, ingredient, scraps, etc.

/2 2021 – 2022 information is based on the pro forma consolidated financial information which was prepared by the Company's management to demonstrate the impact of business restructuring as if it occurred on 1 January 2019.

4. Board of Directors

As of 1 July 2024, the Company's Board of Directors is composed of 11 members, as outlined below:

List of Board of Directors

No.	Name	Position
1	Mr. Cheng Niruttinanon	Chairman of the Board of Directors
2	Mr. Thiraphong Chansiri	Vice Chairman of the Board of Directors
3	Mr. Shue Chung Chan	Director / Member of Nomination Remuneration and Corporate Governance Committee
4	Mr. Thawee Tangchansiri	Director
5	Mr. Pichitchai Wongpiya	Director / Member of Executive Committee / Member of the Risk Management Committee
6	Mr. Tin Shu Chan	Director / Chairman of Executive Committee / Member of Risk Management Committee.
7	Mr. Nakorn Niruttinanon	Director / Member of the Executive Committee / Member of the Risk Management Committee
8	Mr. Teerachai Chantarojanasiri	Independent Director / Chairman of the Audit Committee / Chairman of Nomination Remuneration and Corporate Governance Committee
9	Miss Anchalee Bunsongsikul	Independent Director / Member of the Audit Committee / Member of Nomination Remuneration and Corporate Governance Committee / Chairwoman of the Risk Management Committee
10	Ms. Sawita Suwansawat	Independent Director / Member of the Audit Committee / Member of the Risk Management Committee
11	Werapong Goo Ph.D.	Independent Director / Member of the Risk Management Committee

Source: Information provided by the Company and publicly disclosed through the SET.

5. Shareholders

As of 20 August 2024, the top 10 shareholders are listed as follows:

Top 10 Shareholders

No.	Name	No. of share (shares)	Shareholding (%)
1	Thai Union Group PCL.	2,364,659,681	78.82
2	Thai NVDR Company Limited	97,713,379	3.26
3	South East Asia UK (Type C) Nominees Limited	22,692,200	0.76
4	Mr. Sarath Ratanavadi	20,027,100	0.67
5	BNP PARIBAS SINGAPORE BRANCH	18,410,590	0.61
6	Krungsri Dividend Stock Fund LTF	15,559,197	0.52
7	Krungsri Dividend Stock	11,395,262	0.38
8	Muang Thai Life Assurance PCL.	8,545,703	0.28
9	Social Security Office by Talis Asset Management Company Limited	8,306,300	0.28
10	Registered Provident Fund of Employee of TISCO	7,865,700	0.26

No.	Name	No. of share (shares)	Shareholding (%)
Total top 10 shareholders		2,575,175,112	85.84
Other shareholders		424,824,888	14.16
Total		3,000,000,000	100.00

Source: The SET

6. Financial Position and Operating Results

Financial information according to the consolidated financial statements of the Company for the year ended 31 December 2021 – 2023 and 30 June 2024 can be summarized as follows:

Balance Sheet (THB Million)	As of 31 December			As of 30 June
	2021	2022	2023	2024
Cash and cash equivalents	3.29	10,798.91	9,305.09	10,546.79
Short-term investments	-	-	-	1,000.00
Trade and other receivables, net	1,089.90	3,553.94	3,860.22	3,849.35
Short-term loans to subsidiary	555.71	-	-	-
Inventories, net	3,844.62	4,457.02	3,242.83	3,370.18
Investment in debt instruments measured at amortised cost	-	737.63	1,760.81	1,144.58
Derivative assets	6.52	560.65	240.47	6.03
Other current assets	65.08	214.24	164.00	164.34
Assets of disposal groups classified as held-for-sale from discontinued operations	4,894.62	-	-	-
Total current assets	10,459.74	20,322.39	18,573.42	20,081.27
Investment in debt instruments measured at amortised cost - non-current	-	-	877.92	100.86
Property, plant and equipment, net	4,171.42	4,893.05	5,481.94	5,793.30
Right-of-use assets, net	31.73	41.75	45.48	42.53
Intangible assets, net	8.82	31.73	35.51	34.77
Derivative assets - non-current	1.98	96.62	70.28	-
Deferred tax assets, net	36.96	43.15	44.21	100.81
Other non-current assets	223.14	320.90	302.49	307.84
Total non-current assets	4,474.05	5,427.20	6,857.83	6,380.11
Total assets	14,933.79	25,749.59	25,431.25	26,461.38
Trade and other payables	4,356.24	2,355.24	1,520.11	1,782.53
Short-term loans from a related party	672.32	-	-	-
Current portion of lease liabilities, net	9.63	13.84	13.79	12.00
Income tax payable	-	22.88	80.20	59.45
Derivative liabilities	123.80	106.70	85.49	461.85
Other current liabilities	8.11	28.30	10.82	8.77
Liabilities of disposal groups classified as held-for-sale from discontinued operations	4,705.51	-	-	-
Total current liabilities	9,875.61	2,526.96	1,710.41	2,324.60
Long-term loans from a related party	100.26	-	-	-
Lease liabilities, net	22.48	28.46	33.00	31.38
Employee benefit obligations	578.30	559.17	507.88	529.07

Opinion of the Independent Financial Advisor on the Connected Transaction
(For the purpose of translation only)

Balance Sheet (THB Million)	As of 31 December			As of 30 June
	2021	2022	2023	2024
Derivative liabilities - non-current	1.92	-	-	-
Other non-current liabilities	23.75	28.86	61.10	41.45
Total non-current liabilities	726.71	616.49	601.98	601.90
Total liabilities	10,602.32	3,143.45	2,312.39	2,926.50
Authorised share capital	360.00	3,000.00	3,000.00	3,000.00
Issued and paid-up share capital	360.00	3,000.00	3,000.00	3,000.00
Premium on share capital	240.00	18,394.89	18,394.89	18,394.89
Retained earnings				
Appropriated - legal reserve	36.00	300.00	300.00	300.00
Appropriated - other reserve	0.04	0.04	0.04	0.04
Unappropriated	4,258.33	784.20	1,670.22	2,480.76
Other components of equity	(565.75)	128.08	(246.89)	(641.00)
Total equity attributable to owners of the parent	4,328.62	22,607.21	23,118.26	23,534.69
Non-controlling interests	2.85	(1.07)	0.60	0.19
Total equity	4,331.47	22,606.14	23,118.86	23,534.88
Total liabilities and equity	14,933.79	25,749.59	25,431.25	26,461.38

Source: The Company's consolidated financial statements for 2021 - 2023 and interim financial information for the six-month period of 2024, which have been audited and/or reviewed by the Company's auditors.

Income Statement (THB Million)	For the year ending 31 December			For six-month period ending 30 June	
	2021	2022	2023	2023	2024
Revenue from sales and services	7,107.87	22,528.47	15,576.93	6,829.51	8,595.62
Cost of sales and services	(6,043.09)	(17,103.97)	(12,539.35)	(5,606.78)	(6,192.91)
Gross profit	1,064.78	5,424.50	3,037.58	1,222.73	2,402.71
Other income	84.27	247.89	602.56	253.63	343.08
Profit before expenses	1,149.05	5,672.39	3,640.14	1,476.36	2,745.79
Selling expenses	(210.14)	(547.82)	(454.78)	(213.15)	(257.18)
Administrative expenses	(370.08)	(718.68)	(728.68)	(385.41)	(442.63)
Loss from impairment of financial assets, net	(12.14)	(18.73)	1.49	0.69	(11.63)
Other gains (losses), net	142.17	199.19	(32.60)	22.45	(157.12)
EBIT	698.86	4,586.35	2,425.57	900.94	1,877.23
Finance costs	(24.68)	(86.00)	(11.01)	(7.69)	(2.79)
Income tax	19.74	(70.12)	(131.74)	(21.25)	(44.26)
Profit for the year from continuing operations	693.92	4,430.23	2,282.82	872.00	1,830.18
Profit for the year from discontinued operations	881.93	39.50	-	-	-
Profit for the year	1,575.85	4,469.73	2,282.82	872.00	1,830.18

Source: The Company's consolidated financial statements for 2021 - 2023 and interim financial information for the six-month period of 2024, which have been audited and/or reviewed by the Company's auditors.

Cash Flows Statement (THB Million)	1 Jan – 31 Dec			1 Jan – 30 Jun
	2021	2022	2023	2024
Net cash receipts from operating activities	1,122.80	2,042.83	2,890.55	2,164.18
Net cash receipts from (payments for) investing activities	(549.48)	(3,388.78)	(2,993.54)	49.84
Net cash receipts from (payments for) financing activities	(588.59)	12,133.83	(1,374.39)	(1,059.30)
Net increase (decrease) in cash and cash equivalents	(15.27)	10,787.88	(1,477.38)	1,154.72

Source: The Company's consolidated financial statements for 2021 - 2023 and interim financial information for the six-month period of 2024, which have been audited and/or reviewed by the Company's auditors.

Financial Ratios	Unit	2021	2022	2023	Q2/2024
Liquidity Ratios					
Current ratio	times	1.06	8.04	10.86	8.64
Quick ratio	times	0.11	5.68	7.70	6.62
Profitability Ratios					
Gross profit margin	%	14.98	24.08	19.50	27.95
Operating margin	%	6.65	18.37	11.91	19.68
Net profit margin	%	22.49	19.84	14.65	21.30
Return on Equity	%	15.68	32.89	9.98	15.69
Efficiency Ratios					
Return on assets	%	12.46	21.97	8.92	14.11
Asset turnover	times	0.57	1.12	0.63	0.69
Financial Policy Ratios					
Debt to equity ratio	times	2.45	0.14	0.10	0.12
Interest bearing debt to equity ratio	times	0.18	-	-	-
Interest coverage ratio	times	37.87	59.97	269.11	768.84

Source: The Company's consolidated financial statements for 2021 - 2023 and interim financial information for the six-month period of 2024, which have been audited and/or reviewed by the Company's auditors.

Management Discussion and Analysis of the Company's Operating Results and Financial Status

Operating Results

Revenue from sales and services

For the year 2021 - 2023, and the six-month period of 2024, the Company had revenue from sales and services of THB 7,107.87 million, THB 22,528.47 million, THB 15,576.93 million, and THB 8,595.62 million, respectively. The revenue was derived from the sale of pet food products, processed seafood products, other businesses including plant-based food products, and by-products from the Company's marine raw materials. The details are summarized as follows:

In 2022, the Company reported revenue from sales and services of THB 22,528.47 million, representing an increase of THB 15,420.60 million or 216.95% compared to the previous year. This significant growth was primarily driven by (1) a 284.8% increase in pet food sales compared to the previous year, and (2) the acquisition of TUM's pet food business as part of a business restructuring, along with other ventures, which led to a 512.0% increase in sales of by-products from our seafood raw materials at the Samut Sakhon plants. This growth was partially offset by a 42.2% decline in ambient seafood sales, as the Company transitioned away from the ambient seafood business to concentrate on the pet food segment.

In 2022, the Company reported revenue from sales and services of THB 15,576.93 million, representing a decrease of THB 6,951.54 million or 30.86% compared to the previous year. Mainly due to (1) Previous year's exceptional performance (2) a slow-down of orders from inventory destocking in the U.S. and Europe in the first half of 2023 (3) inflationary environment which affected consumer spending, (4) unfavorable premium product sales (5) lower freight revenue. However, there were signs of recovery from restocking of customers and retailers in the U.S. and Europe, a declining level of inventory, and new innovative products launch in second half of 2023.

For the first six months of 2024, the Company reported revenue from sales and services of THB 8,595.62 million, an increase of THB 1,766.11 million or 25.86% compared to the same period in the previous year. This growth was primarily driven by heightened demand for pet food across all markets, particularly in the U.S. and Europe, an increased share of premium product sales, and the Company's pricing adjustment strategy.

Gross Profit

For the year 2021 - 2023, and the six-month period of 2024, the Company had gross profit of THB 1,064.78 million, THB 5,424.50 million, THB 3,037.58 million, and THB 2,402.71 million, respectively. The details are summarized as follows:

In 2022, the Company's gross profit increased by THB 4,359.72 million or 409.45% compared to the previous year. This significant rise was primarily due to (1) the acquisition of the pet food business from TUM, (2) higher selling prices, (3) efficient cost management, and (4) a higher proportion of premium products. The gross profit margin was 24.08%.

In 2023, the Company's gross profit decreased by THB 2,386.93 million or 44.00%, compared to the previous year. This decline was primarily due to (1) reduced sales revenue stemming from lower purchase orders as customers disposed of inventory in the first half of the year, (2) increased fixed costs per unit, and (3) a lower proportion of premium product sales. However, gross profit improved in the latter half of 2023 due to a recovery in sales revenue, reduced raw material costs, particularly for tuna raw materials and higher selling prices. Consequently, the Company's gross profit margin was 19.50%, aligning with the 2023 target range of 19.00% to 20.00%.

For the first six months of 2024, the Company's gross profit rose by THB 1,179.98 million or 96.50%, compared to the same period in the previous year. This significant increase was primarily due to higher sales and service revenue, reflecting a rebound from weaker performance in the prior year. Additionally, the proportion of premium product sales grew, and production costs were reduced due to effective cost management strategies. As a result, the Company's gross profit margin improved to 27.95%.

Selling and Administrative Expenses

For the year 2021 - 2023, and the six-month period of 2024, the Company had selling and administrative expenses of THB 592.36 million, THB 1,285.23 million, THB 1,181.97 million, and THB 711.44 million, respectively. The details are summarized as follows:

In 2022, the Company's selling and administrative expenses increased by THB 692.87 million or 116.97%, compared to the previous year. This rise was mainly attributed to (1) increased commissions, (2) higher freight rates, (3) personnel expenses associated with the transfer of staff from TUM, and (4) one-time costs related to the initial public offering (IPO) and consultant fees. Despite this increase, the ratio of selling and administrative expenses to sales revenue improved to 5.62%, down from 8.16% in the previous year, reflecting a higher growth in sales revenue relative to sales and service expenses.

In 2023, the Company's selling and administrative expenses decreased by THB 103.26 million or 8.03%, compared to the previous year. This reduction was primarily due to lower sales and service revenue,

which led to decreased selling expenses, though it was partially offset by higher administrative expenses related to business expansion. The ratio of selling and administrative expenses to sales and service revenue increased to 7.60%, up from 5.62% in 2022, due to a greater decline in sales and service revenue compared to the decline in selling and administrative expenses. Nonetheless, in the second half of 2023, selling and administrative expenses rose to support marketing and sales activities, aligning with the recovery in sales revenue. As a result, the ratio of selling and administrative expenses to sales and service revenue remained within the 2023 target which ranges from 7.00% to 8.00%.

For the first six months of 2024, the Company's selling and administrative expenses rose by THB 113.57 million or 19.00%, compared to the same period in the previous year. This increase was primarily due to higher consulting fees and selling expenses related to marketing activities. Despite this rise in expenses, the ratio of selling and administrative expenses to sales revenue improved from 8.75% in the first half of 2023 to 8.28% in the first half of 2024.

Earnings Before Interest and Tax (EBIT)

For the year 2021 - 2023, and the six-month period of 2024, the Company reported Earnings Before Interest and Tax (EBIT) of THB 698.86 million, THB 4,586.35 million, THB 2,425.57 million, and THB 1,877.23 million, respectively. The detailed breakdown is as follows:

In 2022, the Company's EBIT increased by THB 3,887.49 million or 556.26%, compared to the previous year. This substantial rise was primarily due to (1) higher profits resulting from increased purchase orders and (2) the acquisition of TUM's pet food business as part of the business restructuring plan. Additionally, the Company recorded a profit of THB 199.19 million from foreign exchange rates, an increase of THB 57.02 million from the previous year, attributed to the appreciation of the US dollar against Thai baht.

In 2023, the Company's EBIT decreased by THB 2,160.78 million or 47.11%, compared to the previous year, primarily due to lower sales revenue and operating profit. However, the profit before interest and tax improved in the second half of 2023, driven by better business operations and increased operating profit during that period. Additionally, the Company experienced a foreign exchange loss of THB 32.60 million, a decline from the profit of THB 199.19 million recorded in 2022, primarily due to the appreciation of Thai baht.

For the first six months of 2024, the Company's profit before interest and taxes rose by THB 976.29 million, or 108.36%, compared to the same period in the previous year. This increase was primarily driven by higher operating profit and other income. Despite this growth, the Company experienced higher exchange rate losses due to the depreciation of Thai baht.

Net Profit

For the year 2021 - 2023, and the six-month period of 2024, the Company had net profit of THB 1,575.85 million, THB 4,469.73 million, THB 2,282.82 million, and THB 1,830.18 million, respectively. The details are summarized as follows:

In 2022, the Company's net profit increased by THB 2,893.88 million or 183.64%, compared to the previous year. This significant growth was attributed to (1) robust sales revenue and gross profit, (2) effective management of selling and administrative expenses, and (3) higher exchange rate profits compared to the previous year.

In 2023, the Company's net profit decreased by THB 2,186.91 million or 48.93%, from the previous year. This decline was primarily due to (1) customer inventory disposal in the first half of the year, (2) inflation leading to reduced customer spending, (3) a lower proportion of premium product sales, and

(4) increased fixed costs per unit. Despite these challenges, the net profit improved in the second half of 2023 due to (1) a recovery in sales revenue and gross profit, (2) increased operating profit compared to the first half of the year, (3) higher other income, and (4) reduced exchange rate losses compared to the second half of the previous year. Consequently, net profit rebounded in the fourth quarter of 2023, resulting in an annual net profit margin of 14.65%, down from 19.84% in 2022.

For the first six months of 2024, the Company recorded an increase in net profit of THB 958.19 million or 109.88%, compared to the same period in the previous year. This improvement was driven by higher sales revenue, operating profit, and other income, although it was partially offset by increased exchange rate losses. The net profit margin for this period rose to 21.30%, an increase from 12.77% in the same period last year.

Financial position

Asset

The Company's total assets as of 31 December 2021 -2023 and 30 June 2024, were THB 14,933.79 million, THB 25,749.59 million, THB 25,431.25 million, and THB 26,461.38 million, respectively. The current assets accounted for 70.04%, 78.92%, 73.03%, and 75.89% of total assets, while non-current assets accounted for 29.96%, 21.08%, 26.97%, and 24.11% of total assets for each respective year. The Company's main current assets include cash and cash equivalents, trade and other receivables, inventories, and investments in debt instruments measured at amortized cost. The main non-current assets is the property, plant and equipment.

As of 31 December 2022, the Company's total assets amounted to THB 25,749.59 million, an increase of THB 10,815.79 million or 72.42% from the previous year primarily driven by an increase in total current assets by THB 9,862.65 million, or 94.29%. The growth was largely due to (1) a significant increase in cash and cash equivalents by THB 10,795.61 million or 327,853.23% due to the proceeds received from the public offerings, and (2) a rise in net trade receivables by THB 2,464.04 million or 226.08%, due to increased sales revenue from the factory in Samut Sakhon Province following the acquisition of TUM's pet food business. This was partially offset by a decrease in assets classified as held for sale due to a business restructuring involving APC, a subsidiary in the packaging sector.

As of 31 December 2023, the Company's total assets were THB 25,431.25 million, a decrease of THB 318.34 million or 1.24%, from the previous year primarily driven by a decrease in total current assets by THB 1,749.97 million, or 8.61%, which can be attributed to the following changes in key items (1) a decrease in cash and cash equivalents by THB 1,493.82 million or 13.83%, due to the use of funds toward the IPO's objectives while the Company's working capital increased from business operations, (2) a slight increase in net trade receivables by THB 306.28 million, or 8.62%, due to reduced sales of receivables (factoring) as factoring fees rose, (3) a decrease in inventories by THB 1,214.19 million or 27.24% to align with reduced sales revenue, and (4) an increase in investments in debt instruments - current by THB 1,023.18 million or 138.71% from the Company's investments in debentures rated at least A+ since the first quarter of 2023. Non-current assets increased by THB 1,430.64 million or 26.36%, due to (1) an increase in property, plant and equipment by THB 588.88 million, or 12.04%, from investment in new manufacturing plant machinery, and (2) an increase in non-current investments in debt instruments by THB 877.92 million from debenture investments with a minimum credit rating of A+ since the first quarter of 2023.

As of 30 June 2024, the Company's total assets had risen to THB 26,461.38 million, an increase of THB 1,030.13 million, or 4.05%, from 31 December 2023. This growth was primarily driven by increases in cash and cash equivalents, short-term investments, and investments in property, plant and

equipment for new manufacturing plant machinery, as well as higher inventories to support sales in the latter half of 2024.

Liability

The Company's total liabilities as of 31 December 2021 - 2023 and 30 June 2024, were THB 10,602.32 million, THB 3,143.45 million, THB 2,312.39 million, and THB 2,926.50 million, respectively. The liabilities include current liabilities represented 93.15%, 80.39%, 73.97%, and 79.43% of total liabilities, while non-current liabilities comprised 6.85%, 19.61%, 26.03%, and 20.57% for each respective year. The Company's main current liabilities is trade and other payables, and the main non-current liabilities is employee benefit obligations.

As of 31 December 2022, the Company's total liabilities decreased by THB 7,458.87 million or 70.35% from the previous year. This reduction was largely due to a decrease in total current liabilities by THB 7,348.64 million or 74.41%, which can be attributed to the following changes in key items: (1) a complete elimination of liabilities of disposal groups classified as held-for-sale from discontinued operations, totaling THB 4,705.52 million or 100.00% from selling APC, and (2) a reduction in trade and other payables by THB 2,001.00 million or 45.93% due to the repayment of debt to TUM in connection with the acquisition of the pet food business.

As of 31 December 2023, the Company's total liabilities decreased by THB 831.06 million, or 26.44%, from the previous year, with current liabilities decreasing by THB 816.55 million, or 32.31%. This decrease was primarily due to a reduction in trade and other payables by THB 835.13 million, or 35.46%, in line with lower raw material orders resulting from decreased customer orders.

As of 30 June 2024, the Company's total liabilities increased to THB 2,926.50 million, an increase of THB 614.11 million, or 26.56%, from 31 December 2023. This rise was primarily due to an increase in derivative liabilities resulting from the adjustment of the fair value of forward foreign exchange contracts in accordance with the Company's risk hedging accounting policy.

Shareholder's equity

The Company's total shareholders' equity as of 31 December 2021 - 2023 and as of 30 June 2024, were THB 4,331.47 million, THB 22,606.14 million, THB 23,118.86 million, and THB 23,534.88 million, respectively.

As of 31 December 2022, the Company's total shareholders' equity increased by THB 18,274.67 million or 421.90%, due to (1) an increase in profit for the year of THB 2,893.89 million or 183.64%, including an increase in other comprehensive income; (2) an increase in registered capital from THB 360 million to THB 3,000 million; and (3) a premium on shares from the initial public offering of 600 million shares with a par value of THB 1 per share at an offering price of THB 32 per share. The direct costs related to the offering amounted to THB 445.11 million (net of tax), which were shown as a deduction in the excess of share capital and legal reserves.

As of 31 December 2023, the Company's total shareholders' equity increased by THB 512.72 million, or 2.27%, primarily due to the profit from operations in 2023, with a net profit of THB 2,282.82 million.

As of 30 June 2024, the Company's shareholders' equity was THB 23,534.88 million, an increase of THB 1,030.13 million or 4.05%, resulting from the operating results of the first six months of 2024 which partially offset by dividend payments.

Liquidity

As of 31 December 2021 - 2023 and 30 June 2024, the Company reported cash and cash equivalents of THB 3.29 million, THB 10,798.91 million, THB 9,305.09 million, and THB 10,546.79 million, respectively.

For the years 2021 - 2023 and the first six months of 2024, the Company's net cash payments for investing activities were THB 1,122.80 million, THB 2,042.83 million, THB 2,890.55 million, and THB 2,164.18 million, respectively, primarily from operating profits in each period.

For the years 2021 - 2023 and the first six months of 2024, the Company's net cash receipts from (payments for) investing activities were THB (549.48) million, THB (3,388.78) million, THB (2,993.54) million, and THB 49.84 million, respectively. These amounts were largely attributed to expenditures for the purchase of property, plant, and equipment, cash flows related to investments in debt instruments, and cash used for business combinations under common control.

For the years 2021 - 2023 and the first six months of 2024, the Company's net cash receipts from (payments for) financing activities were THB (588.59) million, THB 12,133.83 million, THB (1,374.39) million, and THB (1,059.30) million, respectively. In 2022, the Company recorded significant cash inflows from the public share offering amounting to THB 18,754.89 million, net of share issuance costs. The received proceeds were subsequently allocated according to the IPO objectives. In other periods, the changes in net cash from financing activities were primarily due to dividend payments and net cash used for loan repayments.

7. Industry Outlook

Industry Overview

Pet food industries, similar to other consumer goods industries, was not immune to the impact of inflationary pressures in 2023. On one hand, COVID-19 had a positive impact on pet food supported by increased pet adoption rates during work-from-home and increased attention on existing ones, especially caring for the health and longevity of their beloved pets. On the other hand, strong consumer demand, supported by monetary and fiscal stimulus measures adopted by various countries, and constrained supply due to supply chain issues, created inflationary pressures across the world.

The situation worsened in 2022 due to Russia's invasion of Ukraine. Disrupted supplies along with an uncertain outlook resulted in raw materials such as energy and ingredients rising in price during the past year. To manage higher costs and maintain profit margins, businesses responded by increasing prices, reducing volumes, modifying formulations, and revising portfolios.

Due to increasing prices and an uncertain economic outlook, consumers had to prioritize their spending. While retail value performance of pet food showed strong growth across price tiers thanks to the direct impact of price hikes, impact on consumption can be better understood through changes in volume growth and higher sales of mass or mid-priced products.

Consumption levels across all price tiers grew continuously as a result of pet adoptions, and spending increased in 2020 - 2022. However, the appetite for premium continued to remain relatively strong in 2023, which was reflected by the positive year-on-year growth delivered in the pet food segment of leading global consumer companies in the first nine months of 2023. While the premium segment enjoyed relatively lower price elasticity, it also benefited from the ongoing pet humanization trend. It is worth noting that in absolute terms, economy cat and dog food continued to dominate volume

sales, followed by mid-priced and then premium products. However, in terms of growth, the premium segment showed a stronger performance.

High inventory levels impacted many industries globally

The effects of COVID-19 impacted global supply chains, especially the logistics industry, which was hit due to port congestion and container shortages, and businesses around the world were affected by longer lead times. Consequently, there was an effect on shipping costs as container prices surged in 2021 and 2022 due to limited availability and increased demand. These higher costs impacted the profit margins of many businesses. Additionally, in the year of 2022, retailers and companies had to build up inventory due to long lead times.

After the container shortages of 2021 and 2022 and inventory build-up from retailers and brand owners in 2022, the industry spent the past year trying to destock inventories, meanwhile consumers cut their spending in the face of steep inflation, which resulted in retail inventories reaching their peak in 2023. For well over a year, players in the industry have been working to bring inventory levels back in line with demand.

In the second half of 2023, there were signs of recovery as many retailers and brands saw their efforts bear fruit. Inventories for many were down, while margins were up, and the combination of leaner stocks and faster supply chains allowed supply chain managers to chase trending categories through their purchasing practices.

The pet food industry, both manufacturers and retailers, was also affected due to longer lead times, resulting in many brands ordering large quantities of products in advance from manufacturers in 2022. As a result, businesses had to release their products from their inventory in 2023, which resulted in a slow-down of orders and lower sales volumes among pet food producers with signs of recovery in the second half of the year.

Continued appeal of premium beyond inflationary headwinds

Today, inflation remains varied across the world. Looking at key pet food markets such as the US and the UK, while pet food inflation has been slowing in the US since February 2023, the UK continued to grapple with fluctuating and higher rates of pet care inflation. Even when considering moderating rates in many economies, the compounded effect over these past few years means that prices have grown considerably since 2019 levels. As per Euromonitor data, at a global level, the average unit price of dogs and cat food has grown by 20% from 2019 to 2022 and is expected to increase further in 2023.

Consumers challenged by price sensitivity resorted to alternatives such as trading down. However, consumers with the appropriate purchasing power continued to opt for premium offerings for their pets.

In the short term, as inflationary pressures linger, similar dynamics are expected to continue. However, in the long term, the premium price tier is expected to be one of the fastest-growing tiers in volume and value terms.

Continued humanization of pets supported demand of premium products

Growth potential of the premium segment stemmed from a variety of factors. While rising disposable incomes and expected stability in price rises are expected to provide economic benefits to consumers, a key driver of premiumization remains the pet humanization trend. From human-grade ingredients to formats and packaging that resemble human food, the humanization trend has been a key driver of innovation in the pet food industry in recent years. It is expected to have considerable influence on developments in this industry for the next few years.

As consumers increasingly view their pets as family members, they are more likely to consider paying a premium to ensure the best for their pets. In fact, owners who are already paying that premium tag are less likely to switch out of this price tier. This is not only due to the relative price inelasticity of this consumer segment but also the desire to not downgrade their pets' quality of life.

The rising influence of Millennial and Gen Z pet parents is also expected to support demand for premium products. This is driven by their strong emotional connection with their pets, access to information and a desire to align their pet care choices with their own values and lifestyles.

Private labels and retailers continued to grow

For the U.S. market, though inflation started to slow in the U.S. and other markets, it definitely hit consumers hard, particularly in essential categories like groceries, and pet food, with an increase in number of U.S. adults agreeing that "generic/store-brand products are as effective as brand-name products". In Europe, the growing regard for private labels was driven from more consumers perceiving them as being innovative and as good or better than many of the national brands that they compete with. The quality of private label pet food in particular, with specialized nutrition or the inclusion of high-quality human food ingredients, differentiates private label significantly.

Industry trends

Focusing on nutrition and moving towards pet supplements

Consumer focus on pet nutrition can be better understood through the lens of evolving health preferences for themselves and pet humanization. As consumer awareness around health and wellness continued to grow, there was increased attention being paid to dietary choices, nutritional and calorific intake, and ingredients in food and beverages. This attention varies across pet owners and non-pet owners, where pet owners who are paying closer attention to their own diets are correspondingly looking for healthier and nutritious options for their pets as well.

Besides pet food, pet dietary supplements enable pet owners not just to manage health issues but to enhance their pet's overall health and wellbeing.

Global pet dietary supplements market was estimated to be a USD 2.1 billion market in 2023, having grown at a CAGR of 7% over 2018-2023E. At a regional level, North America was the biggest in absolute retail value terms while Asia Pacific was one of the fastest growing regions, surpassing Western Europe in overall size. While in China the category is becoming more specialized and humanized, in South Korea leading pharmaceutical players are entering the market with new launches.

Overview Classified by Pet Food Type

Dog Feed

CAGR of Wet and Dry Dog Food Market by Value

Items	CAGR 2018 – 2022 (%)	CAGR 2022 – 2028 (%)
Dry Food	6.5	5.8
Wet Food	7.9	5.5
Treats	8.4	5.4
Total	7.1	5.7

Source: The Company's Form 56-1 One Report 2023, which references data from Euromonitor.

From 2022 to 2028, the Dog food market is expected to grow at 5.7% of compound annual growth rate (CAGR). During 2018-2022, the compound annual growth rate (CAGR) of wet dog food was higher

than that of dry dog food. However, the situation reversed in 2022-2028E, with dry food projected to have a higher CAGR than wet dog food. Despite this, the retail value of wet food continues to increase due to high prices and the trend towards premiumization of wet food and treats.

Cat Food

CAGR of Wet and Dry Cat Food Market by Value

Items	CAGR 2018 – 2022 (%)	CAGR 2022 – 2028 (%)
Dry Food	8.6	7.3
Wet Food	7.3	6.5
Treats	12.3	8.2
Total	8.4	7.0

Source: The Company's Form 56-1 One Report 2023, which references data from Euromonitor.

From 2022 to 2028, the Cat food market is expected to grow at 7.0% of compound annual growth rate (CAGR), which higher than Dog food market due to increasing urbanization and the move toward cats and smaller dogs by pet owners. While the cat treats market are projected to have the highest growth during 2022-2028E at 8.2% CAGR.

Appendix 2: Information of Thai Union Group Public Company Limited

1. General Information of TU

Company Name	:	Thai Union Group Public Company Limited (“TU”)
Nature of business	:	Manufacture of frozen prepared meals and dishes
Head Office	:	72/1 Moo. 7 Setthakit 1 Rd. Tha Sai, Mueang Samut Sakhon, Samut Sakhon 74000
Company Register No.	:	0107537000891
Issued share capital	:	THB 1,463,783,174
Paid-up share capital	:	THB 1,463,783,174 divided into 4,455,132,696 ordinary shares with a par value of THB 0.25 per share
Telephone	:	+66 (0) 3481-6500
Website	:	http://thaiunion.com

Key Milestones

Year	Key Milestones
1977	<ul style="list-style-type: none"> Thai Union Group was originally founded under Thai Union Manufacturing Company Limited, as a processor and exporter of canned tuna.
1994	<ul style="list-style-type: none"> TU went public with a listing on the Stock Exchange of Thailand on 22 November 1994 as Thai Union Frozen Products PCL. (TUF).
1997 - 2006	<ul style="list-style-type: none"> First overseas investment with the acquisition of Chicken of the Sea, which had the third-highest market share of canned tuna brands in the U.S. Acquired Empress International Ltd., a frozen seafood importer and distributor in the U.S. Established Tri-Union Frozen Products, Inc. (Chicken of the Sea Frozen Foods) to market frozen seafood in the U.S. Chicken of the Sea Frozen Foods was later merged with Empress International.
2008	<ul style="list-style-type: none"> Acquired a majority stake in Yueh Chyang Canned Food, a canned seafood producer and exporter based in Vietnam, and fully owned 100 % of shares since 2017.
2009	<ul style="list-style-type: none"> Invested in Avanti Feeds Limited, a shrimp feed and frozen shrimp producer based in India.
2010 - 2014	<ul style="list-style-type: none"> Expanded into Europe with the acquisition of MW Brands (now Thai Union Europe), a producer and distributor of shelf-stable tuna and other seafood with leading European brands such as John West, Petit Navire, Parmentier, and Mareblu. The acquisition of MerAlliance, Europe’s number four smoked salmon producer and number one in France. Acquired King Oscar AS of Norway, the number one premium shelf-stable sardine brand in Norway, the U.S. and Australia and with over 140 years of heritage.
2016	<ul style="list-style-type: none"> Completed acquisition of majority stake in Rügen Fisch, the leading seafood Company in Germany, and fully owned 100 % of shares since 2021. Acquired a 40 % equity stake of Avanti Feeds Limited’s shrimp processing unit Avanti Frozen Foods Private Limited. Made a USD 575 million strategic investment in Red Lobster Seafood Co., the world’s largest seafood restaurant Company.
2017	<ul style="list-style-type: none"> Fully established Thai Union China, with offices in Shanghai and Beijing.
2018	<ul style="list-style-type: none"> Acquired a 25.1 % stake in Thammachart Seafood Retail Co., Ltd. (TSR), increased to 65 % in 2019. Acquired a 45 % stake in TUMD Luxembourg S.a.r.l., which wholly-owns three Russian seafood companies, and increased to 90 % in 2020.

Year	Key Milestones
	<ul style="list-style-type: none"> • Increased our shareholding in Thai Union Feedmill Co., Ltd, a Thai Union Group subsidiary, to 66.9 %. • Thai Union Feedmill set up a joint venture Company, a manufacturer of aqua feed, particularly shrimp feed, based in the Indonesian city of Surabaya.
2019	<ul style="list-style-type: none"> • Invested in the foundation of a Corporate Venture Capital (CVC) fund as part of our continuous investment in innovation.
2020	<ul style="list-style-type: none"> • Further expanded our work with, and investments in, innovative food-tech startups. CVC fund grows to six investments in the areas of alternative protein, functional nutrition and value chain technology. • Invested in a new joint venture, Food and Beverage United Company Limited, with Thai Beverage PCL., to collaborate on product development, production and distribution of food and beverage products. • Repurchased 117 million shares for THB 1.5 billion to help manage the Company's excess liquidity.
2021	<ul style="list-style-type: none"> • Thai Union Feedmill PCL., or TFM, a manufacturer and distributor of aquaculture and commercial animal feeds, was listed on the Stock Exchange of Thailand. • Thai Union Ingredients (TUI) made a strategic minority investment of 10 % of shares in Clover Corporation, the world's leading tuna oil encapsulation company in Australia. • TU announced a 10 % strategic investment in R&B Food Supply PCL (RBF), Thailand's leading food ingredients company specializing in flavors, colors and coating. • Our Corporate Venture Capital (CVC) fund has grown eight investments in the areas of alternative protein, functional nutrition, and value chain technology
2022	<ul style="list-style-type: none"> • i-Tail Corporation PCL., 77.82 % held by TU, TU's flagship PetCare business and one of the world's leading manufacturers of pet food products focusing on premium wet and treat offerings, was listed on the Stock Exchange in the agriculture and food industry and was the largest ever IPO under the food and beverage category. • Invested in Mara Renewables Corporation (Mara), a leading micro-algae ingredients producer, with the aim of increasing more choice in the market for omega-3 fatty acids and expanding the reach of this critical nutritional element, from both algal and tuna-base sources. • TU converted its loan-based strategic investment in Aegir, a leading Icelandic cod liver company, into a 50 % shareholding through its subsidiary, King Oscar. • Thai Union Manufacturing Co., Ltd. (TUM), a subsidiary of TU, has agreed to launch a new joint venture with JWD InfoLogistics Public Company Limited's subsidiary Pacific Cold Storage Co., Ltd (PCS). The new joint venture Pacific TUM Cold Storage Co., Ltd. (PACT) will construct a new cold storage warehouse to accommodate the increasing raw material of TUM. • TU signed a joint venture agreement with R&D Food Supply PCL (RBF), Thailand's leading food ingredients company, and Srinivasa Cystine Private Limited (SCPL), to launch a new company focused on serving high quality food ingredients to the Indian market. • Invested in Jellagen, one of leading advanced collagen biomaterials company based in the UK, through our corporate venture fund. Jellagen is a startup that sourcing collagen from jellyfish to produce "Collagen Type-0"; a biomaterial for application in medicine & cell cultures.
2023	<ul style="list-style-type: none"> • TU has invested in Algama, a leading micro-algae ingredients company based in France, joining other industry- leading strategic and financial partners in backing the startup through its corporate venture capital (CVC). The investment in Algama,

Year	Key Milestones
	<p>and further collaboration, will support the future growth of TU's Alternative Protein business, coupled with exploration of other specialized ingredients, especially for marine products.</p> <ul style="list-style-type: none"> • TU completed an additional investment in ordinary shares of ITC as of 30 May 2023, the total cumulative number of shares repurchased was 30 million shares. Hence, the holding percentage increased to 78.82% of total shares in ITC. (previously stood at 77.82%) • TU announced its decision and intention to pursue an exit from a minority investment in Red Lobster Master Holding, L.P., an associated company held by Thai Union Investment North America LLC, a subsidiary wholly owned by the Company in the United States of America., to align with our strategic plan to focus on our core business. The company recorded a one- time approximate THB 18.4 billion (USD 527 million) non-cash impairment charge in the fourth quarter of 2023.

2. Shareholding Structure

As of 31 December 2023, TU has both direct and indirect shareholding as well as other investments, as detailed below:

Shareholding Structure of TU

No	Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
	Thai Union Group Public Company Limited (TU)	Manufacture of frozen prepared meals and dishes	THB 1,463,783,174	THB 1,163,783,174	4,655,132,696	-
Subsidiaries						
Thailand						
1.	Thai Union Manufacturing Co., Ltd. (TUM)	Manufacturer and exporter of canned tuna	THB 300,000,000	THB 300,000,000	30,000,000	99.66% held by TU
2.	i-Tail Corporation PCL. (ITC)	Manufacturer and exporter of canned seafood and pet food products	THB 3,000,000,000	THB 3,000,000,000	3,000,000,000	78.82% held by TU
3.	Thai Union Graphic Co., Ltd. (TUG)	Printing manufacturer	THB 40,000,000	THB 40,000,000	4,000,000	98% held by TU
4.	EHS Training and Services Co., Ltd. (EHS)	Providing training and management services	THB 70,000,000	THB 70,000,000	7,000,000	100% held by TU

Opinion of the Independent Financial Advisor on the Connected Transaction
(For the purpose of translation only)

No	Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
5.	Thai Union Feedmill PCL. (TFM)	Manufacturer and distributor of animal feeds	THB 1,000,000,000	THB 1,000,000,000	500,000,000	51% held by TU
6.	Pakfood PCL. (PPC)	Manufacturer and distributor of frozen foods and aquatic animal	THB 330,000,000	THB 330,000,000	330,000,000	99.74% held by TU
7.	Okeanos Food Co., Ltd. (OKF)	Manufacturer and distributor of frozen foods and aquatic animal	THB 380,000,000	THB 380,000,000	3,800,000	100% held by PPC
8.	Thai Union Seafood Co., Ltd. (TUS)	Manufacturer and exporter of frozen shrimp	THB 300,000,000	THB 300,000,000	30,000,000	51% held by TU
9.	Thai Union Online Shop Co., Ltd. (TUO)	E-Commerce	THB 1,000,000	THB 1,000,000	100,000	100% held by TU
10.	Asian-Pacific Can Co., Ltd. (APC)	Manufacturer and distributor of packaging for food products	THB 80,000,000	THB 80,000,000	200	99% held by TU, 0.5% held by TUM and 0.5% held by TUG
11.	Thai Union Ingredients Co., Ltd. (TUI)	Manufacturer distributor of Ingredients products	THB 450,000,000	THB 450,000,000	45,000,000	100% held by TU
12.	Thammachart Sea- food Retail Co.,Ltd. (TSR)	Importer of seafood and seafood restaurant outlets	THB 6,000,000	THB 6,000,000	60,000	65% held by TU
13.	TMAC Co., Ltd. (TMAC)	Distributor of shrimp feed and investment in breeding farms and shrimp farming	THB 1,130,000,000	THB 1,130,000,000	113,000,000	100% held by TU

Opinion of the Independent Financial Advisor on the Connected Transaction
(For the purpose of translation only)

No	Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
14.	Thai Union Hatchery Co., Ltd. (TUH)	Shrimp farming and hatchery and breeding improvement	THB 510,000,000	THB 510,000,000	51,000,000	100% held by TMAC
15.	TCM Fishery Co., Ltd. (TCM)	Shrimp farming	THB 70,000,000	THB 70,000,000	7,000,000	75% held by TMAC
16.	TMK Farm Co., Ltd. (TMK)	Shrimp farming	THB 270,000,000	THB 270,000,000	27,000,000	94.44% held by TMAC
17.	Thai Union Life- science Co., Ltd. (TUL)	Distribution of supplements	THB 300,000,000	THB 75,000,000	3,000,000	95.20% held by TU
Asia						
18.	Thai Union China Co., Ltd. (TUC)	Distributor of food products	RMB 166,731,614	RMB 166,731,614	-	100% held by TU
19.	Thai Union Asia Investment Holding Limited. (TUAIH)	Holding company	USD 80,620,000	USD 80,620,000	80,620,000	100% held by TU
20.	Yueh Chyang Canned Food Co., Ltd. (YCC)	Manufacturer and distributor of canned tuna and seafood	VND 27,233,525,395	VND 27,233,525,395	-	100% held by TUM
21.	PT Thai Union Kharisma Lestari (TUKL)	Manufacturer and distributor of animal feeds	IDR 309,360,000 thousand	IDR 309,360,000 thousand	3,093,600	65% held by TFM
22.	Thai Union South East Asia Pte. Ltd. (TUSEA)	Consultancy services	SGD 100	SGD 100	100	100% held by TU
23.	Japan Pet Nutrition Co., Ltd. (JPN)	Importer and distributor of pet food and pet related products	JPY 15,000,000	JPY 15,000,000	150,000	90% held by ITC
24.	AMG - Thai Union	Manufacturer and	PKR 500,000,000	PKR 500,000,000	5,000,000	51% held by TFM

No	Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
	Feedmill (Private) Limited (AMG-TFM)	distributor of animal feeds				
Europe						
25.	Thai Union EU Seafood 1 S.A. (TUES1)	Holding company	EUR 212,250,690	EUR 212,250,690	212,250,690	100% held by TU
26.	Thai Union Europe (TUE)	Headquarters activity	EUR 153,468,098	EUR 153,468,098	153,468,098	100% held by TUES1
27.	Thai Union Trading Europe B.v. (TUTE)	Distributor of seafood	EUR 10	EUR 10	10	100% held by TUES1
28.	Mareblu SRL (MBLU)	Importer and distributor of canned seafood	EUR 10,100,000	EUR 10,100,000	200,000	100% held by TUE
29.	European Seafood Investment Portugal (ESIP)	Manufacturer and exporter of canned seafood products	EUR 50,000	EUR 50,000	10,000	100% held by TUE
30.	Etablissements Paul Paulet SAS (EPP)	Manufacturer, importer, distributor and exporter of canned seafood	EUR 12,736,220	EUR 12,736,220	636,811	100% held by TUE
31.	UK Seafood Investments Limited (UKSI)	Holding company	GBP 100	GBP 100	100	100% held by TUE
32.	Irish Seafood Investments Limited (ISIL)	Importer and distributor of canned seafood	EUR 1,000	EUR 1,000	1,000	100% held by TUE
33.	John West Foods Limited (JWUK)	Importer and distributor of canned seafood	GBP 250,000	GBP 250,000	250,000	100% held by UKSI

Opinion of the Independent Financial Advisor on the Connected Transaction
(For the purpose of translation only)

No	Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
34.	John West Holland BV (JWNL)	Importer and distributor of canned seafood	EUR 90,000	EUR 18,000	18,000	100% held by ISIL
35.	Europeenne de la Mer SAS (EDM)	Holding company and Distributor of salmon	EUR 31,782,446	EUR 31,782,446	31,782,446	100% held by TUE
36.	Meralliance Armoric SAS (MEARM)	Manufacturer of smoked salmon	EUR 3,434,697	EUR 3,434,697	225,226	100% held by EDM
37.	Meralliance SAS (MERA)	Distributor of smoked salmon	EUR 500,000	EUR 500,000	50,000	100% held by EDM
38.	Imsaum SCI (IMS)	Property rental	EUR 1,524	EUR 1,524	100	100% held by EDM
39.	Thai Union Poland Sp z.o.o. (KO-TUP)	Manufacturer and distributor of canned seafood	PLN 50,945,000	PLN 50,945,000	1,000,100	100% held by TUES1
40.	King Oscar AS (KON)	Manufacturer and distributor of canned seafood	NOK 35,100,000	NOK 35,100,000	55,100	100% held by TUES1
41.	Norway Foods (Europe)NV (NFE)	Importer and distributor of canned seafood	EUR 62,000	EUR 62,000	62,000	100% held by EPP
42.	Thai Union Germany GmbH (TUGe)	Holding company	EUR 25,000	EUR 25,000	25,000	100% held by TUES1
43.	Thai Union Marine Nutrients GmbH (TUMN)	Tuna oil refinery	EUR 25,000	EUR 25,000	25,000	100% held by TUGe
44.	Rugen Fisch AG (RuFi)	Manufacturer and	EUR 2,827,840	EUR 2,827,840	2,827,840	100% held by TUGe

Opinion of the Independent Financial Advisor on the Connected Transaction
(For the purpose of translation only)

No	Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
		distributor of seafood				
45.	Hawesta-Feinkost Hans Westphal GmbH & Co. KG (HAW)	Manufacturer and distributor of seafood	EUR 4,000,000	EUR 4,000,000	4,000,000	100% held by RuFi
46.	Artur Heymann GmbH & Co.KG (HEY)	Distributor of seafood	EUR 1,250,000	EUR 1,250,000	1,250,000	100% held by HAW
47.	Meekrone Fisch-Feinkost GmbH (MKF)	Property rental	EUR 25,600	EUR 25,600	25,600	100% held by RuFi
48.	Ostsee Fisch GmbH & Co. Produktions- und Vertriebs KG (OFI)	Manufacturer and distributor of seafood	EUR 4,150,000	EUR 4,150,000	4,150,000	100% held by RuFi
49.	Ostsee Fisch Kretinga UAB (gAGHOFIK)	Manufacturer and distributor of seafood	EUR 1,781,214	EUR 1,781,214	1,781,214	100% held by RuFi
50.	TUMD Luxembourg s.a.r.l (TUMD)	Holding Company	EUR 552,583	EUR 552,583	-	90% held by TUES1
51.	Dalpromryb a LLC (DPR)	Manufactures and sales of canned and frozen seafood	EUR 25,000,000	EUR 25,000,000	-	100% held by TUMD
52.	i-Tail Europe B.V.(ITE)	Importer and distributor of pet food and pet related products	EUR 1,000,000	EUR 1,000,000	1,000,000	100% held by ITC
Africa						
53.	MW Brands Seychelles Limited (MWBSL)	Exporter of canned tuna	EUR 84,924	EUR 84,924	100	100% held by TUE

Opinion of the Independent Financial Advisor on the Connected Transaction
(For the purpose of translation only)

No	Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
54.	Indian Ocean Tuna Limited (IOT)	Manufacturer and exporter of canned tuna	EUR 9,273,000	EUR 9,273,000	41,500	60% held by TUE
55.	Pioneer Food Cannery Limited (PFC)	Manufacturer of canned tuna	USD 28,476,740	USD 28,476,740	28,476,740	100% held by EPP
56.	Tuna Logistics Services Limited (TLS)	Manufacturer and distributor of ingredients product	EUR 3,000,000	EUR 3,000,000	3,000	100% held by TUI
America						
57.	King Oscar Inc. (KOUS)	Importer and distributor of canned seafood	USD 100,000	USD 50,000	500	100% held by KON
58.	Thai Union North America, Inc. (TUNA)	Holding company	USD 12,000,000	USD 444,068,225	10,050,000	100% held by TU
59.	Tri-Union Seafoods, LLC (TRI-U)	Manufacturer and distributor of canned tuna and seafood	USD 169,738,979	USD 169,738,979	-	100% held by TUNA
60.	Tri-Union Frozen Products, Inc. (TUFPP)	Importer and distributor of frozen seafood	USD 10	USD 29,097,898	10,000	100% held by TUNA
61.	Tri-Union Frozen Products Canada, ULC (TUFPC)	Technical service provider	USD 640,000	USD 640,000	9,999	100% held by TUFPP
62.	US Pet Nutrition, LLC (USPN)	Importer and distributor of premium pet food	USD 71,500,000	USD 71,500,000	-	100% held by ITA
63.	Thai Union Investments North	Holding company	USD 200,000,000	USD 200,000,000	-	100% held by TUNA

Opinion of the Independent Financial Advisor on the Connected Transaction
(For the purpose of translation only)

No	Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
	America, LLC (TUINA)					
64.	i-Tail Americas, Inc. (ITA)	Holding company	USD 5,000,000	USD 5,000,000	5,000	100% held by ITC
Associated Companies						
Thailand						
1.	Lucky Union Foods Co., Ltd. (LUF)	Manufacturer and exporter of crab sticks	THB 150,000,000	THB 150,000,000	1,500,000	25% held by TU
2.	TN Fine Chemicals Co., Ltd. (TNFC)	Manufacturer and exporter of by-products from seafood	THB 90,000,000	THB 90,000,000	9,000	49% held by TUM
3.	R&B Food Supply PCL. (RBF)	Manufacturing and trading of bread products	THB 2,000,000,000	THB 2,000,000,000	2,000,000,000	10% held by TU
4.	Flying Spark Agritech Co., Ltd. (FSA)	Cultivation and process of laevae, files	THB 1,000,000	THB 1,000,000	-	49% held by TUI
Asia						
5.	Avanti Feeds Limited (AFL)	Manufacturer and exporter of animal feeds and shrimp products	INR 136,245,630	INR 136,245,630	136,245,630	15.43% held by TU and 8.78% held by TUAIH
6.	Avanti Frozen Foods Private Limited (AFFPL)	Manufacturer and exporter of shrimp products	INR 101,000,000	INR 101,000,000	10,100,000	60% held by AFL and 40% held by TU
Europe						
7.	LDH (La Doria) Limited (LDH)	Distributor of food products	GBP 1,000,000	GBP 1,000,000	200,000	20% held by JWUK
America						
8.	Red Lobster Group (RL)	Restaurants	USD 230,000,000	USD 230,000,000	7,600,000	25% held by TUINA

No	Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
9.	Mara Renewables Corporation (MARA)	Biotechnology company focused on the research	USD 84,158,120	USD 84,158,120	1,004,958	3.99% held by TUI
10	Helion Food USA (HFUS)	Distributor of ambient product	USD 716,663	USD 716,663	64,424	23.21% held by TUAIH
Joint Ventures						
Thailand						
1.	Food and Beverage United Co., Ltd. (F&B United)	Manufacturing and distributor of nutritious food and beverage products	THB 100,000,000	THB 100,000,000	10,000,000	49% held by TUI
2.	Interpharma – ZEA vita Co., Ltd. (1 - Zeavita)	Manufacturer and distributor of nutritious food and beverage products	THB 20,000,000	THB 20,000,000	2,000,000	49% held by TUI
3.	Star Union Packaging Co., Ltd. (SUP)	Manufacturer and distributor of flexible packaging and other related business including development of new packaging or products.	THB 250,000,000	THB 250,000,000	2,500,000	49.99% held by TUG
4.	Pacific TUM Cold Storage Co., Ltd. (PACT)	Cold storage warehouse to secure the raw material storage and loading services of TUM.	THB 160,000,000	THB 160,000,000	1,600,000	49.99% held by TUM

No	Name	Type of business	Registered Capital	Paid up Capital	Number of Issued Shares	% of holding
Europe						
5.	Aegir Sjavarfang Ehf (AEGIR)	Manufacturer of cod liver	-	-	-	50% held by KON
America						
6.	Moresby International Holdings, Inc. (MIH)	Holding company	USD 9,327,699	USD 9,327,699	10,000,000	33.33% held by TUM

3. Business Nature of TU

Revenue Structure of TU

Sales breakdown by category and production base	2021		2022		2023	
	THB Billion	%	THB Billion	%	THB Billion	%
1. Ambient Seafood	59.0	42	66.5	43	63.9	47
- Asia	18.5	13	23.5	15	20.8	15
- Europe & Africa	27.8	20	27.4	18	28.0	21
- USA	12.7	9	15.6	10	15.1	11
2. Frozen, Chilled Seafood and Related Business	58.4	41	57.0	36	47.3	35
- Asia	17.0	12	17.7	11	15.1	11
- Europe & Africa	5.6	4	6.3	4	6.6	5
- USA	35.8	25	33.0	21	25.6	19
3. Pet Food	14.6	10	21.7	14	15.1	11
- Asia	11.4	8	14.5	9	10.6	8
- Europe & Africa	-	-	-	-	-	-
- USA	3.2	2	7.2	5	4.5	3
4. Value-Added and Other Business	9.1	7	10.4	7	9.9	7
- Asia	6.6	5	7.5	5	6.5	5
- Europe & Africa	2.4	2	2.8	2	2.9	2
- USA	0.1	0	0.1	0	0.5	0
Total	141.0	100	155.6	100	136.2	100
- Asia	53.5	38	63.2	40	53.0	39
- Europe & Africa	35.8	25	36.5	24	37.5	28
- USA	51.8	37	55.9	36	45.7	33

Ambient Seafood Business

The ambient seafood category is mainly composed of shelf-stable items that are primarily sold to consumers through retail channels and wholesalers. The key seafood species include tuna, sardine, salmon, mackerel, and herring. The business dynamics and margin trends of these items has some similarities. The key factor influencing consumers' purchasing decisions is brand reputation. A product with a well-known brand can increase its value, due to the brand's trust and differentiation from its

competitors. Thus, consumer brands in this category generally command a price premium over their market price as well as the private label, so many alternatives are available. The level of the price premium will depend on the brand's market position, the competitiveness of the product category, the uniqueness of the brand, customers' experiences, and consumers' engagement with the brand.

In 2023, sales of this category amounted to THB 63.9 billion, representing 47% of the Group's total sales, and were led by tuna products, which remain the largest product category for Thai Union Group. About 57% of these sales came from our own brands, while the remainder came from the private label or contract manufacturing sales and food services. Key customers in this category are wholesalers and modern trade, such as supermarket chains, convenience stores, and pharmacies. The typical packagings are sealed can, pouch, and tray with lid. Most products are ready-to-eat with a shelf-life of around up to 5 years and can deliver nutrient levels equivalent to freshly cooked foods.

Frozen and Chilled Seafood and Related Business

The frozen and chilled seafood and related business category are mainly composed of shrimp and salmon, which are normally sold directly to retailers, restaurants, hotels, and food catering as ingredients for additional processing to create completed dishes for consumers. However, these items are also sold directly to consumers through retail channels. The products generally need to be stored in refrigerators or freezers to preserve their quality and shelf-life. Moreover, the aquafeed business, which is operated by Thai Union Feedmill Public Company Limited, is categorized in this category as a related business because aquafeed (for shrimp and fish) is part of the aquaculture industry's upstream supply chain. This business will create a foundation and strengthen the food industry in Asia for its sustainable aquaculture business, as Thailand is one of the world's leaders in the fisheries industry.

In 2023, sales of this category amounted to THB 47.3 billion, representing 35% of the Group's total. Shrimp contributed the largest portion in this category, followed by salmon, other seafood and feed. Sales from TU own brands (including industrial or non-consumer brands) accounted for about 35% of this category, while the remainder came from private labels and food services. However, most products are not ready to eat and the typical shelf life is less than a year, which is much shorter than ambient seafood.

PetCare Business

The PetCare category is now operated under TU's subsidiary, i-Tail Corporation Public Company Limited. PetCare products are mainly composed of wet-based food and treats, which are normally sold under private labels or clients' own brands. However, these products are also provided under our own brands to test end customer response to new innovative products on behalf of our customers. The business dynamics and per-capita spending growth is higher than human food. The key factor is constant dialogue with customers to provide support on product strategy and co-creation of new products, that suit the changing needs of customers and align with global trends in the pet food market.

In 2023, sales of this category amounted to THB 15.1 billion, representing 11% of TU Group's total sales. Sales from TU's own brands only accounted for about 0.3 % of this category. In other words, most products are produced for clients' own brands or distributed through their own channels. Key customers in this category are pet food brand businesses, modern trade & specialty stores (including online), and brokers and exporters. The typical packagings are a sealed can, sachet, pouch, and tray with lid.

Value-Added and Other Businesses

The value-added and other business categories combined a variety of various product categories. Due to the diversity, there is no common pattern demonstrated among these items in terms of sourcing, distribution, or consumption. Key items in this business segment include packagings such as cans for processed food, printing labels, and others, as well as high value-added products, mainly

ready-to-cook and ready-to-eat products such as Chinese dim sum and bakery (namely, pies, cake, or bread), and other products.

In 2023, sales of Value-added and other businesses amounted to THB 9.9 billion, representing 7% of TU's total sales. Sales from TU own brands only accounted for about 17 % of this category. The value-added and packaging business represents the largest portion of this category, and the majority are produced for TU Group. Despite these products don't have any common pattern, they generally command higher margins due to integrated innovation and new technology, which enhance the value of the product and enable TU to expand into new market segments.

4. Board of Directors

As of 9 April 2024, TU's Board of Directors is composed of 11 members, as outlined below:

List of Board of Directors

No.	Name	Position
1	Mr. Kirati Assakul	Chairman of the Board of Directors / Independent Director / Member of the Risk Management Committee
2	Mr. Cheng Niruttinanon	Chairman of the Executive Committee / Executive Director
3	Mr. Thiraphong Chansiri	Vice Chairman of the Board of Directors / Executive Director / Chairman of the Sustainable Development Committee / Member of the Executive Committee / Member of the Risk Management Committee / President and CEO
4	Mr. Rittirong Boonmechote	Executive Director / Member of the Executive Committee
5	Mr. Nart Liucharoen	Independent Director / Chairman of the Audit Committee / Member of the Nomination, Remuneration and Corporate Governance Committee
6	Mr. Thamnoon Ananthothai	Independent Director / Chairman of the Nomination, Remuneration and Corporate Governance Committee / Member of the Audit Committee / Member of the Risk Management Committee
7	Miss Parnsiree Amatayakul	Independent Director / Chairman of the Risk Management Committee / Member of the Audit Committee
8	Miss Pakapun Leevutinun	Independent Director / Member of the Risk Management Committee
9	Mr. Hiroyasu Sato	Director
10	Mr. Shue Chung Chan	Executive Director / Member of the Risk Management Committee / Member of the Sustainable Development Committee
11	Mr. Nakorn Niruttinanon	Director

Source: Information provided by TU and publicly disclosed through the SET.

5. Shareholders

As of 4 March 2024, the top 10 shareholders are listed as follows:

Top 10 Shareholders

No.	Name	No. of share (shares)	Shareholding (%)
1	Thai NVDR Company Limited	346,922,698	7.45
2	Mr. Thiraphong Chansiri	319,568,824	6.86
3	Mitsubishi UFJ Morgan Stanley Securities Co.,Ltd.	238,745,120	5.13
4	Thai Union Group PCL.	221,500,000	4.76
5	Mr. Cheng Niruttinanon	200,442,084	4.31
6	Miss Jarunee Chinwongvorakul	175,000,000	3.76
7	BNP Paribas Singapore Branch	172,367,700	3.70
8	Mr. Kraisorn Chansiri	134,804,288	2.90
9	Social Security Office	124,917,608	2.68
10	State Street Europe Limited	116,196,413	2.50
Total top 10 shareholders		2,050,464,735	44.05
Other shareholders		2,604,667,961	55.95
Total		4,655,132,696	100.00

Source: The SET

6. Financial Position and Operating Results

Financial information according to the consolidated financial statements of TU for the year ended 31 December 2021 – 2023 and six-month period ended 30 June 2024 has details summarized as follows:

Balance Sheet (THB Million)	As of 31 December			As of 30 June
	2021	2022	2023	2024
Cash and cash equivalents	9,022.94	12,241.38	14,489.77	11,877.37
Short-term investments	700.00	787.63	1,960.81	2,344.58
Trade and other receivables, net	16,307.76	17,525.05	16,031.09	17,862.33
Short-term loans to related and third parties, net	13.79	79.89	100.74	109.77
Inventories, net	46,636.16	52,622.10	50,482.01	47,364.09
Derivative assets	799.80	2,760.66	1,338.41	597.59
Other current assets	1,382.25	1,608.12	1,426.64	1,214.33
Total current assets	74,862.71	87,624.82	85,829.46	81,370.05
Restricted deposits with financial institutions	5.14	5.15	3.73	3.74
Investments accounted for using the equity method, net	12,765.95	12,183.30	9,335.07	9,232.53
Financial assets measured at fair value	15,757.44	16,153.39	600.28	499.86
Investments in debt instruments measured at amortised cost	-	-	877.92	100.86

Opinion of the Independent Financial Advisor on the Connected Transaction
(For the purpose of translation only)

Balance Sheet (THB Million)	As of 31 December			As of 30 June
	2021	2022	2023	2024
Long-term loans to related and third parties, net	0.67	0.69	-	-
Investment properties, net	85.98	82.87	67.84	67.84
Property, plant and equipment, net	27,026.90	28,474.76	30,031.00	30,369.11
Right-of-use assets, net	1,330.21	1,544.76	1,354.36	1,358.38
Intangible assets, net	16,894.53	16,199.50	16,342.11	16,699.57
Goodwill, net	13,495.29	13,063.01	13,515.42	14,003.74
Derivative assets	1,179.08	1,918.54	1,275.83	1,275.93
Deferred tax assets	2,350.83	4,068.45	5,396.98	5,913.32
Other non-current assets	849.32	1,250.22	820.33	601.11
Total non-current assets	91,741.33	94,944.64	79,620.86	80,125.97
Total assets	166,604.04	182,569.47	165,450.32	161,496.02
Bank overdrafts and short-term loans from financial institutions	9,567.49	9,612.68	8,573.98	8,993.39
Trade and other payables	21,350.79	22,017.67	18,797.77	18,634.06
Short-term loans from related and third parties	105.13	98.43	13.43	-
Current portion of long-term loans from financial institutions, net	12,586.01	51.83	96.47	104.59
Current portion of debentures, net	1,999.96	1,999.79	19,619.20	3,499.83
Current portion of lease liabilities, net	351.22	469.57	437.30	381.83
Income tax payable	398.96	513.99	517.48	445.45
Derivative liabilities	813.32	953.14	1,684.92	3,347.20
Other current liabilities	908.41	1,107.04	732.23	565.38
Total current liabilities	48,081.29	36,824.12	50,472.76	35,971.73
Long-term loans from financial institutions, net	13,097.36	16,643.74	27,535.96	28,096.65
Debentures, net	32,524.72	30,618.89	10,982.04	23,751.92
Lease liabilities, net	808.82	861.97	729.86	764.16
Employee benefit obligations	3,191.68	3,020.66	3,157.61	3,217.84
Deferred tax liabilities	4,741.82	4,545.43	4,708.98	4,822.30
Derivative liabilities	1,412.74	1,467.85	1,488.34	1,920.07
Other non-current liabilities	532.22	455.40	357.54	449.44
Total non-current liabilities	56,309.35	57,613.93	48,960.32	63,022.36
Total liabilities	104,390.64	94,438.04	99,433.08	98,994.09
Authorised share capital	1,492.95	1,492.95	1,463.78	1,463.78
Issued and paid-up share capital	1,192.95	1,192.95	1,163.78	1,163.78
Premium on share capital	19,948.33	19,948.33	19,948.33	19,948.33
Retained earnings				
Appropriated - legal reserve	149.30	149.30	149.30	149.30
Reserve for treasury shares	1,519.05	1,519.05	2,978.58	5,960.96
Unappropriated	36,777.99	39,634.82	18,890.82	17,173.10

Opinion of the Independent Financial Advisor on the Connected Transaction
(For the purpose of translation only)

Balance Sheet (THB Million)	As of 31 December			As of 30 June
	2021	2022	2023	2024
Less Treasury shares	(1,519.05)	(1,519.05)	(2,978.58)	(5,960.96)
Other components of equity	(4,699.18)	13,767.20	12,526.32	10,582.13
Perpetual debentures	5,949.69	5,949.69	5,949.69	5,949.69
Non-controlling interests	2,894.33	7,489.15	7,389.01	7,535.62
Total equity	62,213.40	88,131.42	66,017.24	62,501.93
Total liabilities and equity	166,604.04	182,569.47	165,450.32	161,496.02

Source: TU's consolidated financial statements for 2021 - 2023 and interim financial information for the six-month period of 2024, which have been audited and/or reviewed by the Company's auditors.

Income Statement (THB Million)	For the year ending 31 December			For six-month period year ending 30 June	
	2021	2022	2023	2022	2023
Sales and services	141,047.70	155,586.35	136,152.71	66,709.10	68,502.69
Cost of sales and services	(115,321.17)	(128,380.19)	(112,928.12)	(56,044.78)	(56,225.83)
Gross profit	25,726.53	27,206.16	23,224.60	10,664.32	12,276.86
Interest income	50.23	63.23	226.39	83.79	239.04
Dividend income	2.72	6.26	5.69	2.80	-
Other income	757.57	904.46	828.06	373.54	346.69
Profit before expenses	26,537.04	28,180.12	24,284.73	11,124.45	12,862.59
Selling and administrative expenses	(17,470.67)	(19,155.80)	(16,313.02)	(8,096.17)	(8,779.00)
Reversal (Loss) from impairment of financial assets, net	(36.03)	(195.48)	(80.10)	4.60	4.66
Other gains (losses), net	1,982.00	762.44	(456.13)	(140.82)	(78.33)
Share of profit from investments accounted for using the equity method	(269.06)	599.05	679.21	264.52	338.25
EBIT	10,743.29	10,190.32	8,114.69	3,156.59	4,348.16
Finance costs	(1,730.05)	(1,997.87)	(2,302.09)	(1,082.60)	(1,267.17)
Income tax	(741.53)	839.66	619.94	439.57	(172.51)
Profit (Loss) for the year from continuing operations	8,271.71	9,032.11	6,432.54	2,513.55	2,908.47
Loss for the year from discontinued operation	-	(1,628.84)	(19,632.82)	(170.15)	-
Profit (Loss) for the year	8,271.71	7,403.27	(13,200.29)	2,343.40	2,908.47
Non-controlling interests	258.72	265.27	732.92	293.18	536.79
Profit (Loss) for the year	8,013.00	7,138.00	(13,933.21)	2,050.22	2,371.68

Source: TU's consolidated financial statements for 2021 - 2023 and interim financial information for the six-month period of 2024, which have been audited and/or reviewed by the Company's auditors.

Cash Flows Statement (THB Million)	1 Jan – 31 Dec			1 Jan – 30 Jun
	2021	2022	2023	2024
Net cash receipts from operating activities	6,292.03	5,870.75	11,241.45	6,541.14
Net cash receipts from (payments for) investing activities	(8,103.69)	(5,414.69)	(6,578.86)	(126.29)
Net cash receipts from (payments for) financing activities	4,582.91	2,741.95	(2,404.67)	(9,167.39)
Net increase (decrease) in cash and cash equivalents	2,771.25	3,198.02	2,257.92	(2,752.54)

Source: TU's consolidated financial statements for 2021 - 2023 and interim financial information for the six-month period of 2024, which have been audited and/or reviewed by the Company's auditors.

Financial Ratios	Unit	2021	2022	2023	Q2/2024
Liquidity Ratios					
Current ratio	times	1.56	2.38	1.70	2.34
Quick ratio	times	0.54	0.83	0.64	0.73
Profitability Ratios					
Gross profit margin	%	18.24	17.49	17.06	17.92
Operating margin	%	6.43	5.80	5.85	5.96
Net profit margin	%	5.7	4.6	3.3 ^{/2}	3.5
Return on Equity	%	16.1	11.1	7.1 ^{/2}	8.7
Return on assets	%	6.9	4.9	4.0 ^{/2}	5.4
Return on Average Equity	%	10.4	6.8	5.6 ^{/2}	7.4
Efficiency Ratios					
Inventory Turnover	days	133	139	164	162
Account Payable Turnover	days	36	36	39	35
Financial Policy Ratios					
Debt to equity ratio	times	1.68	1.07	1.51	1.52
Interest bearing debt to equity ratio ^{/1}	times	0.99	0.54	0.78	0.82
Interest coverage ratio	times	6.21	4.29	3.00 ^{/2}	5.46

Remark: ^{/1} Net interest-bearing debt

^{/2} Reported numbers excluded THB 18.4 billion one-time non-cash impairment of Red Lobster and IFRS 5 reclassification.

Management Discussion and Analysis of TU's Operating Results and Financial Status

Operating Results

Revenue from sales

For the year 2021 - 2023, and the six-month period of 2024, the Company had revenue from sales of THB 141,047.70 million, THB 155,586.35 million, THB 136,152.71 million, and THB 68,502.69 million, respectively. This revenue was generated from various segments, including ambient seafood, the frozen, chilled food and related businesses, pet food, and the value-added products and others, as detailed below:

In 2022, TU achieved a total revenue from sales of THB 155,586.35 million, marking an increase of THB 14,538.66 million or 10.31% from the previous year. This growth was primarily driven by robust performance in the core business operations, as detailed below:

- Ambient seafood business recorded all-time high sales at THB 66,509.80 million, accounting for 42.75% of total sales in 2022, and reflecting a 12.81% increase from the previous year. This growth was driven by higher selling prices and strong demand following the normalization of sales levels after the initial wave of the COVID-19 outbreak in 2020.
- Frozen, chilled seafood and related business experienced a slight decrease in sales revenue of 2.49% from the previous year, leading to a reduction in its share of total sales to 36.61% in 2022, down from 41.42% in 2021. This decline was attributed to lower demand in the retail and restaurant sectors in the United States, partially due to higher inflation rates, though this was offset by strong demand in Asia and Europe, supported by increased selling prices.
- PetCare business grew from 10.39% of total sales in 2021 to 13.94%, or THB 21,692.62 million, in 2022. This growth was largely driven by higher selling prices and strong demand.
- Value-added and other businesses recorded sales revenue of THB 10,419.86 million, representing a 15.56% increase from the previous year, with growth observed across all business segments in 2022.

In 2023, TU achieved a total revenue from sales of THB 136,152.71 million, a decrease of THB 19,433.64 million or 12.49% from the previous year. The main reason was the decrease in sales revenue in all core business groups, as detailed below:

- Ambient seafood business achieved sales revenue of THB 63,904.23 million, accounting for 46.94% of total sales in 2023, reflecting a 3.92% decrease from the previous year. This decline was due to reduced sales volume and persistently high fish prices over nearly three quarters, partially offset by higher selling prices. However, customers began to reorder products as tuna prices showed a downward trend in the fourth quarter of 2023.
- Frozen, chilled seafood and related business recorded sales revenue of THB 47,295 million, making up 34.74% of total sales in 2023, and marking a 16.97% decline from the previous year. This drop was mainly due to rightsizing, softer demand in the U.S. market, and price deflation. Nevertheless, our strategy is to prioritize the U.S. frozen profitability over the size of revenue.
- PetCare business reported sales revenue of THB 15,058.43 million, representing 11.06% of total sales in 2023, a significant decrease of 30.58% from the previous year. This decline was driven by a high sales base in 2022 and elevated inventory levels among customers, particularly in the first half of 2023. Nonetheless, sales and gross profit margins began to improve in the second half of 2023.
- Value-added and other businesses generated sales revenue of THB 9,894.67 million, representing 7.27% of total sales in 2023, a 5.04% decrease from the previous year. This reduction was mainly due to weaker performance in the packaging business, impacted by the downstream canning business, partially offset by the growth of value-added products and ingredients as well as portfolio expansion for new customers.

For the first six months of 2024, TU reported sales revenue of THB 68,502.69 million, an increase of THB 1,793.59 million or 2.69% compared to the same period of the previous year. This growth was driven by recoveries in three main business areas: the ambient seafood business, the PetCare business, and the value-added products business. However, sales revenue from the frozen seafood business saw a significant decline compared to the same period last year:

- Ambient seafood business achieved sales revenue of THB 34,532.30 million, reflecting a 6.71% increase from the same period last year. This growth was driven by heightened demand across all regions, particularly in the Middle East, Europe, and the United States. Sales volume increased by 7.4%, primarily due to higher orders from OEM customers in the United States and Canada, along with a recovery in demand in the Middle East market.
- Frozen, chilled seafood and related business generated sales revenue of THB 20,459.89 million, a decrease of 11.73% from the same period last year. This decline was due to reduced demand in the United States, particularly for shrimp and crab meat products, and a strategic

reduction in the proportion of frozen seafood sales in the U.S. since Q2 2023. Sales volume also fell by 4.3% due to decreased orders from both OEM customers and brands.

- PetCare business reported sales revenue of THB 8,410.92 million, a notable increase of 26.23% from the same period last year. This growth was attributed to from the higher sales contribution from premium products and selling prices. Sales volume rose by 10.7%, driven by increased demand from both OEM customers and Brand.
- Value-added and other businesses reported sales revenue of THB 5,099.59 million, up 13.13% from the same period last year. This increase was mainly due to revenue growth in the food ingredients business, value-added products, packaging, and expansion into new markets. However, sales volume decreased by 9.1%, primarily due to the lower volume of by-products, which partially offset by higher sales from ingredients, value-added products.

Gross Profit

For the year 2021 - 2023, and the six-month period of 2024, TU had gross profit of THB 25,726.53 million, THB 27,206.16 million, THB 23,224.60 million, and THB 12,276.86 million, respectively. The details are summarized as follows:

In 2022, TU's gross profit increased by THB 1,479.63 million, or 5.75%, from the previous year, with a gross profit margin of 17.49%. This growth was primarily driven by robust sales revenue in the PetCare business, ambient seafood business, and value-added products business, as outlined below:

- Ambient seafood business achieved a gross profit margin of 21.3%, attributed to effective sales proportion adjustments despite rising raw material costs, particularly for tuna.
- Frozen, chilled seafood and related business had a gross profit margin compared to the previous year. This decline was due to market adjustments in the United States, high raw material prices for shrimp and salmon, and ongoing supply chain challenges.
- PetCare business reported a gross profit margin of 26.3%, benefiting from a focus on automated production systems and the introduction of innovative products, such as pet treats.
- Value-added and other businesses achieved a gross profit margin of 28.0%, thanks to more automation and a growing new innovative products portfolio such as ready-to-eat, new value-enhancing products, and sustainable packaging.

In 2023, TU's gross profit decreased by THB 3,981.56 million, or 14.63%, from the previous year, with a gross profit margin of 17.06%. The breakdown is as follows:

- Ambient seafood business had gross profit margin at 19.0%, declining from the previous year due to high fish prices, lower sales volume and reducing freight revenue.
- Frozen, chilled seafood and related business had gross profit margin improved notably to 11.3%, up from 7.7% in 2022, thanks to favorable logistic costs, good inventory management and raw material prices.
- PetCare business had gross profit margin at 20.5%, down from the previous year mainly from lower sales volume, unfavorable product mix, and higher cost per unit.
- Value-added and other businesses and others business remained a healthy gross profit margin at 27.1%, thanks to lower raw materials prices, production efficiency improvement, and new ranges of product, offset by lower sales volume.

For the first six months of 2024, TU's gross profit increased by THB 1,612.54 million, or 15.12%, compared to the same period last year, achieving a gross profit margin of 17.92% up from 15.99% in the prior year. This improvement is attributed to the recovery in gross profit margins across the frozen seafood, pet food, and value-added products business, as detailed below:

- Ambient seafood business had a decreased gross profit margin to 17.8% in the first six-month period of 2024 due to the movement of Skipjack Tuna prices, which is the Company's key raw material.
- Frozen, chilled seafood and related business had an improved gross profit margin to 11.2% in the first six-month period of 2024 from the reduction of low margin products and the lower raw material prices.
- PetCare business had an improved gross profit margin increased to 28.7%, reaching a high level due to higher sales and premium product mix, higher selling prices, and reduced production costs.
- Value-added and other businesses had an improved gross profit margin to 28.0%, mainly driven by a recovery in the packaging business, supported by lower raw material prices, particularly for steel and aluminum.

Selling and Administrative Expenses

For the year 2021 - 2023, and the six-month period of 2024, TU had total selling and administrative expenses of THB 17,470.67 million, THB 19,155.80 million, THB 16,313.02 million, and THB 8,779.00 million, respectively, with details as follows:

In 2022, TU experienced an increase in selling and administrative expenses of THB 1,685.13 million, or 9.65%, compared to the previous year. This increase in line with sales growth and the impact from freight costs increase, partially offset by lower marketing and advertising expenses. The ratio of selling and administrative expenses to sales revenue in 2022 slightly decreased to 12.3%, compared to 12.4% in 2021.

In 2023, TU's selling and administrative expenses decreased by THB 2,842.78 million, or 14.84 %, from the previous year. This reduction was attributed to sales reduction, a fall in freight costs and profit protection plan. In 2023, the selling and administrative expenses to sales ratio declined to 12.0% compared to 12.3% in 2022.

For the first six months of 2024, TU's selling and administrative expenses increased by THB 682.83 million, or 8.43%, from the previous year. This rise was mainly due to the impact of foreign exchange rate translation, higher marketing expenses, and additional expense from project consultation fees.

Net Profit

For the year 2021 - 2023, and the six-month period of 2024, TU had profit (loss) of THB 8,271.71 million, THB 7,403.27 million, THB (13,200.29) million, and THB 2,908.47 million, respectively. The details are summarized as follows:

In 2022, TU's net profit decreased by THB 868.44 million, or 10.5%, compared to the previous year. The decrease in net profit was mainly from Red Lobster's higher share of loss, lower other income from Red Lobster's fair value adjustment, and one-time impact of Rügen Fisch restructuring costs of THB 195 million (after tax). Excluding these non-cash impacts, TU's adjusted net profit for 2022 would have been THB 8.2 billion, with a net profit margin of 4.6%, compared to 5.7% in 2021.

In 2023, TU's net profit decreased by THB 20,603.56 million, or 278.30%, compared to the previous year. The decrease in net profit is primarily due to a one-time non-cash impairment loss associated with the divestment plan for the Red Lobster business. In addition, Red Lobster-related transactions in 2023, mostly share of losses from operation and lease accounting, were reclassified to present under discontinued operations line under IFRS5 (assets held for sale/discontinued operations) in the fourth quarter of 2023.

For the first six months of 2024, TU's net profit increased by THB 565.08 million, or 24.11%, compared to the previous year. This growth was driven by improvements across all business segments, despite higher selling and administrative expenses, increased financial costs due to rising global interest rates, and higher income tax expenses.

Financial position

Asset

The total assets of TU as of 31 December 2021 - 2023 and 30 June 2024, amounted to THB 166,604.04 million, THB 182,569.47 million, THB 165,450.32 million, and THB 161,496.02 million, respectively. These assets consisted of current assets at 44.93%, 48.00%, 51.88%, and 50.39% and non-current assets at 55.07%, 52.00%, 48.12%, and 49.61% of the total assets for each respective period. The main current assets of TU include cash and cash equivalents, net trade receivables, short-term investments, other current receivables, net inventories, derivative assets, and other current assets. The main non-current assets of TU include investments accounted for using the equity method, financial assets measured at fair value, land, buildings, and equipment, intangible assets, goodwill, and deferred tax assets.

As of 31 December 2022, the total assets of TU were THB 182,569.47 million, an increase of THB 15,965.43 million or 9.58% from the previous year. This increase was due to higher inventory levels and trade receivables in line with the growth in sales revenue, as well as an increase in cash and cash equivalents from the IPO of ITC.

As of 31 December 2023, TU's total assets stood at THB 165,450.32 million, a significant decrease of THB 17,119.15 million or 9.38% from the previous year. This decline was primarily due to (1) the divestment of the investment in Red Lobster, resulting in a complete reduction of investments in common and preferred shares, (2) net inventories amounted to THB 50,482.01 million, a decrease of 4.07% from THB 52,622.10 million at the end of 2022, partly due to effective inventory management and declining raw material prices, particularly for Skipjack tuna (down 8.6% from the previous year), shrimp (down 13.0% from the previous year), and aluminum and steel for cans (down 7.2% and 16.7% from the previous year, respectively), and (3) net fixed assets amounted to THB 31.5 billion, an increase of THB 1,350.81 million or 4.49% from the end of 2022, due to new factories and machinery in the pet food business, food ingredient factories, ready-to-eat product facilities, and new cold storage in Europe.

As of 30 June 2024, TU's total assets stood at THB 161,496.02 million, a decrease of THB 3,954.30 million or 2.39% from 31 December 2023. This decline was primarily due to a reduction in net inventories by THB 3,117.92 million, largely resulting from effective inventory management and seasonal factors, particularly the decrease in tuna prices compared to the same period last year. However, this decline was partially offset by an increase in trade and other receivables by THB 1,831.24 million, an increase in goodwill and intangible assets by THB 845.79 million, and an increase in land, buildings, and equipment by THB 338.11 million.

Liability

The total liabilities of TU as of 31 December 2021 – 2023 and 30 June 2024, were THB 104,390.64 million, THB 94,438.04 million, THB 99,433.08 million, and THB 98,994.09 million, respectively. These liabilities consisted of current liabilities at 46.06%, 38.99%, 50.76%, and 36.34%, and non-current liabilities at 53.94%, 61.01%, 49.24%, and 63.66% of the total liabilities for each respective period. The main current liabilities of TU include trade and other payables, bank overdrafts and short-term loans from financial institutions, the current portion of debentures, and derivative liabilities. The main non-current liabilities of TU include non-current portion of debentures, net long-term loans from financial institutions, employee benefit obligations, deferred tax liabilities, and non-current derivative liabilities.

As of 31 December 2022, the company had total liabilities of THB 94,438.04 million, a decrease of THB 9,952.60 million or 9.53% from the end of 2021. This reduction was mainly due to the decrease in the current portion of long-term loans from financial institutions by THB 12,586.01 million as the company repaid the loan after the IPO of ITC.

As of 31 December 2023, the company had total liabilities of THB 99,433.08 million, an increase of THB 4,995.04 million or 5.29% from the end of 2022. This increase was primarily due to the rise in long-term loans and borrowings, partially offset by a decrease in trade and other payables, as well as a reduction in short-term loans.

As of 30 June 2024, the company had total liabilities of THB 98,994.09 million, a decrease of THB 439.00 million or 0.44% from the end of 2023. This decrease was primarily due to the reduction in the current portion of debentures, as well as a decrease in trade and other payables. However, this decline was partially offset by an increase in the non-current portion of debentures, derivative liabilities, and long-term loans from financial institutions.

Shareholder's equity

The total shareholders' equity as of 31 December 2021 - 2023, and 30 June 2024, was THB 62,213.40 million, THB 88,131.42 million, THB 66,017.24 million, and THB 62,501.93 million, respectively.

As of 31 December 2022, the company's total shareholders' equity stood at THB 88,131.42 million, an increase of THB 25,918.03 million or 41.66% from the end of 2021. This increase was mainly due to positive changes in ownership interest in subsidiaries from ITC's IPO.

As of 31 December 2023, the company's total shareholders' equity was THB 66,017.24 million, a significant decrease of THB 22,144.19 million or 25.09% from the end of 2022. This decline was primarily due to the divestment plan in Red Lobster and a one-time non-cash impairment recorded in the fourth quarter of 2023.

As of 30 June 2024, the company's total shareholders' equity amounted to THB 62,501.93 million, a decrease of THB 3,515.30 million or 2.39% from the end of 2023, mainly due to the share buyback program amounting to THB 2,982.38 million.

Liquidity

Cash and cash equivalents as of 31 December for the years 2021 - 2023 and as of 30 June 2024, were THB 9,022.94 million, THB 12,241.38 million, THB 14,489.77 million, and THB 11,877.37 million, respectively. The net increase (decrease) in cash and cash equivalents was THB 2,771.25 million, THB 3,198.02 million, THB 2,257.92 million, and THB (2,752.54) million, respectively. The details are summarized as follows:

Net cash receipts for operating activities for the years 2021 – 2023 and six-month period of 2024 amounted to THB 6,292.03 million, THB 5,870.75 million, THB 11,241.45 million, and THB 6,541.14 million, respectively. The changes each year are primarily due to variations in free cash flow, changes in EBITDA, and working capital management.

Net cash receipts (payment) for investing activities for the years 2021 – 2023 and six-month period of 2024 amounted to THB (8,103.69) million, THB (5,414.69) million, THB (6,578.86) million, and THB (126.29) million, respectively. The changes each year are mainly from investments in associates, cash received from short-term investments reaching maturity, cash payment for debt securities, short-term investments, and fixed deposits of ITC.

Net cash receipts (payment) for financing activities for the years 2021 – 2023 and six-month period of 2024 amounted to THB 4,582.91 million, THB 2,741.95 million, THB (2,404.67) million, and THB (9,167.39) million, respectively. The changes each year are mainly from cash repayments for long-term loans from financial institutions, repayments for debentures, ITC stock repurchase and cash receipts from net proceeds from ITC IPO and short-term loans from financial institutions.

7. Industry Outlook

The seafood industry continues to play a significant role in global food production. In 2023, fisheries and aquaculture production are estimated to have experienced a slight increase of 0.6% compared to 2022. This growth was primarily driven by the ongoing expansion in aquaculture, offsetting a decline in fisheries production. Challenging weather conditions (i.e., El Niño) and reduced fishing quotas led to an approximate 2% decline in capture fisheries production in 2023. Despite rising feed costs, the aquaculture sector continues to experience steady growth due to technological improvements, currently growing at about 3%, and is estimated to achieve a production volume of 96 million tons of aquatic animals in 2023. With sustained growth, especially in Asia, Europe, Latin America, and Oceania, the total production of aquatic animals is expected to surpass 202 million tons in 2030.

While concerns of an economic downturn eased somewhat, various global economic factors are still threatening the growth of the seafood industry, including inflation, energy prices, and global conflicts. Throughout 2023, domestic food price inflation maintained its high trajectory, with many countries experiencing double-digit inflation rates. This trend restricted overall consumer spending, including seafood consumption. Moreover, there was a shift in customer preferences towards more affordable farmed fish, as opposed to increasingly expensive wild-caught fish. The Russia-Ukraine war intensified the global energy crisis, resulting in a rise in energy prices. This surge in energy costs hindered economic growth, diminishing the overall returns of seafood processors due to increased expenses in production, transportation, and distribution.

Seafood prices were on an upward trend throughout 2023, with the value of global trade in aquatic products surpassing the previous year. The FAO Fish Price Index rose from 122 points at the beginning of 2023 to 130 points in April. Corresponding to the price rise, total exports in 2023 went up by approximately 1.0% compared to the previous year, reaching USD 192 billion, while volumes remained relatively unchanged with an increase of around 0.3 % in the same period.

Key Segments and Regions

The processed seafood market is divided into three primary segments: chilled, frozen and shelf-stable. In 2023, this market demonstrated mid-single-digit growth. Chilled and shelf-stable seafoods dominated the global processed seafood market. While chilled seafood held the largest market share, it exhibited the weakest growth with low single-digit expansion. Conversely, shelf-stable seafood exhibited the most rapid growth with a high single-digit increase, followed by frozen processed seafood with mid-single-digit growth.

In 2023, major seafood markets, including Japan, China, and the EU experienced a noticeable slowdown in growth. In contrast, the U.S. market maintained a steady mid-single-digit growth rate, primarily due to weakened consumer spending power. Japan retained its position as the largest market for chilled processed seafood, commanding roughly half of the market share, while the U.S. took the lead in frozen and shelf-stable seafood products. Despite the industry's deceleration, Russia and Brazil maintained strong growth with a double-digit growth rate.

Competitive Landscape and Pricing Trends of Main Raw Materials: Tuna, Shrimp, and Salmon

Tuna

In the first half of 2023, the tuna catch rate in major fishing grounds saw a marginal decline compared to Q1 2022. This decrease had a ripple effect, leading to an increase in frozen raw material prices. Rising raw material costs have coincided with the reduction in global demand for frozen tuna raw material and end products.

Frozen tuna prices started the year at an elevated level and remained so throughout the year, continuing the upward trend since October 2022. The delivery price of frozen skipjack to Thailand reached a five-year peak, hitting USD 2,000-2,030 per ton during April to July 2023, driven by a decrease in supply. Moreover, prices of pre-cooked skipjack loins also soared, reaching high levels at USD 6,670 and USD 8,800 per ton. Faced with these elevated costs, tuna canners worldwide became cautious, limiting raw material imports. The overall supply of tuna is anticipated to be weak due to reduced fishing operations, creating the way for potential price increases.

Non-canned Tuna Trade

The largest markets for non-canned tuna were in Japan, the U.S., and the EU. The post COVID-19 reopening restored the demand for premium-quality fresh and frozen tuna, as seen in Japan, where imports of fresh and frozen tuna imports surged by 20% in Q1 2023. On the other hand, there was limited consumer demand from both the U.S. and the EU. In Q1, European frozen tuna fillet imports fell by 25 %, and the U.S. also saw about a 40% decline in frozen tuna fillet and steak imports due to weak retail demand. Additionally, Thailand frozen raw tuna import volumes dropped by 14% between Q1 and Q3 2023 compared to the previous year. While frozen tuna imports slowed down, fresh tuna gained popularity with increased import volumes in both the U.S. and the EU.

Canned Tuna Trade

International processed and semi-processed tuna trade started weakening in the last quarter of 2022 due to escalating tuna raw material prices, and this trend persisted into 2023, driven by the slowdown in Western markets. Rising end product prices led to flat demand in the U.S. and Europe. The U.S., the largest market for ready-to-eat tuna, experienced an approximate 5% increase in processed and canned tuna imports, while the EU imported nearly 3% less during Q1 2023 compared to the previous year. During the first half of 2023, canned tuna exports from Thailand, Ecuador, and China saw a decline. Krungsri reported that while domestic canned tuna consumption in Thailand surged by nearly 60% year over year in the first five months of 2023, production declined by roughly 12% year over year. Additionally, demand for canned tuna in Southeast Asia remained consistently low.

Shrimp

The weakening global economy and rising inflation brought substantial challenges to the shrimp industry. International shrimp trade remained weak, despite lower prices compared to 2022, reflecting reduced consumer demand. Imports declined in most countries, except China, which saw a significant 33% increase in Q1 2023 compared to 2022. Despite rising production costs affecting shrimp farmers throughout H1 2023, Ecuador, a leading producer, increased its production by 43% year over year in the first quarter.

As a result of excess inventories since 2022, the U.S. experienced a continuous decline in imports, with an 18% drop during H1 2023, before a recovery in August. Affected by high inflation, consumer demand for shrimp throughout Europe was weak in the retail and restaurant sectors. Consequently, there was a 15% reduction in import value and a 10% decrease in volume during H1 2023. On the other hand, Japan saw a five-year low in total shrimp imports in the first quarter of 2023, especially in value-added shrimp products.

Asian shrimp farmers reacted to falling farm gate prices and weak demand from Japan, Australia, and major Western markets by reducing production volumes. The drop in shrimp prices can be linked to Ecuador's significant production expansion over the past few years, aimed to achieve 1.5 million tons in production by 2023. This response was compounded by a significant increase in production costs, which escalated by approximately 15-20% since 2022. Additionally, consumers became more financially conscious, tackling surging fuel prices, inflationary pressure, and increased logistics expenses. These situations have left a degree of uncertainty in the market, with the possibility of prices falling even further.

Salmon

The salmon market experienced healthy growth, propelled by consumer health considerations, availability, the strength of the U.S. dollar, and supply constraints. However, tight government regulations on overproduction and fish escapes, and increased taxes in Norway and the Faroe Islands, pose potential threats to the future of Atlantic salmon supply. Export values were notably elevated, primarily due to higher salmon prices. The U.S. saw a 5% increase in volume and an 8% increase in value in Q1 2023 compared to the previous year.

Despite consistently high salmon prices throughout the year, consumer demand remains strong. The NASDAQ salmon index peaked at over NOK 125 per kg, followed by a decline in Q2 and Q3. Prices for fresh Chilean Atlantic salmon fillets exports to the U.S. market reached nearly USD 6 per kg, beginning an upward trend from July. According to the FAO, global salmon production is projected to grow by approximately 4% in 2024, exceeding 3 million tons. However, the lack of growth in supply for farmed salmon will continue to drive high prices until at least 2025.

Source: TU's 56-1 One Report 2023 which referred from FAO, GLOBEFISH, WORLD BANK, WORLD ECONOMIC FORUM, NOAA, INTERNATIONAL TRADE ADMINISTRATION, DEPARTMENT OF COMMERCE, KRUNGSRI, TTIA