Strong core business with top line growth and consistently high margin, which helped mitigate the impacts from ongoing supply chain challenges

Solid 4Q21 net profit of THB 1,930mn, up 33% YoY
Record 2021 net profit of THB 8,013mn, up 28% YoY

Revenue

4Q21 sales were all-time high at THB 38.5bn (+15.1% YoY), boosted by growing ambient seafood (+4.9% YoY), a significant rebound of frozen and chilled seafood (+21.0% YoY), and continued strong growth in PetCare & value-added (+27.2% YoY), and higher FX gains.

2021 sales were at record of THB 141.0bn (+6.5% YoY).

Gross profit and margin

4Q21 gross profit marked at THB 7.0bn (+16.6% YoY). We continued to deliver high gross profit margin (GPM) at 18.2% both in 4Q21 and 2021, mainly thanks to a margin surge for frozen seafood. GPM for PetCare & value-added and ambient businesses grew, despite higher raw material prices and freight costs.

Operating profit

4Q21 operating profit was at THB 2.0bn (+2.0%YoY). SG&A/sales ratio was at 13.1% in 4Q21 vs. 12.2% in 4Q20, due to higher logistics and marketing expenses. As a result, SG&A expenses were up 23.6% YoY. 2021 operating profit was THB 8.3bn (+5.6% YoY), supported by strong core business, despite higher SG&A cost.

Net profit and margin

4Q21 and 2021 net profit was high at THB 1.9bn (+32.5% YoY) and THB 8.0bn (+28.3%YoY) respectively, thanks to strong core operations with top line growth, consistently high margin, lower share of loss from associates, and higher FX gains, which helped mitigate the impacts from ongoing supply chain challenges. 4Q21 and 2021 net profit margins (NPM) were remarkable at 5.0% and 5.7%

4Q21 and 2021 adjusted net profit was at THB 2.0bn (+24.8% YoY) and THB 8.4bn (+26.7% YoY) respectively.

Cash flow and ND/E

4Q21 free cash flow (FCF) remained positive after a temporary impact from negative net working capital change from a high inventory of finished goods and goods in transit on delayed shipments and container shortages. TU's end-4Q21 net D/E ratio was at 0.99x.

Dividend

The Company announced a dividend of THB 0.50 per share for 2H21 performance, making a 2021 full-year record-high dividend of THB 0.95 per share (up from 0.72 DPS in 2020).

Stock Information
(Bloomberg/ Reuters)
(TU TB/ TU.BK)

Share price (21/2/2022)	THB 20.90
Historical closing price:	
52-week high	THB 23.00
52-week low	THB 13.50
No. of shares:	4,771.8m
Par value:	THB 0.25
Market Cap.	THB 99.7bn
Avg. value trade/day (YTD)	THB 543.0mn

Major shareholders (30/12/2021)

Chansiri Family	19.60%
Thai NVDR Co., LTD.	13.26%
Mitsubishi Corporation	7.29%
Niruttinanon Family	6.86%
Social Security Office	4.54%

Business Overview

Thai Union Group PCL (TU) is one of the world's largest seafood player. TU owns leading brands portfolio in key markets and global sourcing, production and distributing networks. TU's key products are canned tuna and frozen shrimp. TU also produces for external customers through its private label business. On the sustainability front, TU has shown strong commitments and is confident in its positive long term contribution to socio-economic development, conservation of natural resources and practice of ethical business conduct.

Key financial figures

Unit: THB mn	2021	2020	2019
Sales	141,048	132,402	126,275
Gross profit	25,727	23,418	20,110
EBITDA	14,928	12,959	12,032
Net profit	8,013	6,246	5,217
EPS (THB)	1.66	1.26	0.80
GPM (%)	18.2%	17.7%	15.9%
NPM (%)	5.7%	4.7%	4.1%
ND/E (x)	0.99	0.94	1.07
ROCE (%)	10.1%	8.8%	8.1%
ND/EBITDA (x)	4.11	4.02	4.59

Financial Statements Analysis:

Unit: THB mn	4Q21	4Q20	YoY	2021	YoY
Sales	**38,501**	**33,464**	***15.1%***	**141,048**	***6.5%***
COGS	(31,478)	(27,441)	*14.7%*	(115,321)	*5.8%*
GP	**7,023**	**6,023**	***16.6%***	**25,727**	***9.9%***
SG&A	(5,047)	(4,085)	*23.6%*	(17,471)	*12.0%*
FX gain (loss)	136	38	*260.1%*	922	*927.6%*
Other income	546	291	*87.7%*	1,835	*13.3%*
Share of profits from investments in assoc. & JVs	(161)	(189)	*-14.5%*	(269)	*-49.0%*
EBIT	**2,498**	**2,079**	***20.2%***	**10,743**	***19.3%***
Finance cost	(455)	(415)	*9.7%*	(1,730)	*0.3%*
EBT	**2,043**	**1,664**	***22.8%***	**9,013**	***23.8%***
Tax	(61)	(127)	*-52.0%*	(742)	*2.5%*
Net income	**1,930**	**1,457**	***32.5%***	**8,013**	***28.3%***
EPS	0.40	0.29	*35.9%*	1.66	*31.5%*
FX: USD/THB	33.38	30.61	*9.0%*	32.01	*2.3%*
GPM	*18.2%*	*18.0%*		*18.2%*	
%SG&A/Sales	*13.1%*	*12.2%*		*12.4%*	
NPM	*5.0%*	*4.4%*		*5.7%*	

Sales

4Q21 sales were at a quarterly new high of THB 38,501mn, up 15.1% YoY, driven by frozen and chilled seafood (+21.0% YoY), PetCare and value-added (+27.2% YoY), ambient seafood (+4.9% YoY), and higher FX gains.

- The ambient seafood business sales growth was thanks to higher tuna sales in Europe and Asia, on the back of higher selling price.
- The frozen and chilled seafood business recovered significantly from strong demand of food service businesses after last year's impact during the pandemic, as well as from higher selling price.
- The PetCare and value-added business continued to deliver strong PetCare sales growth from new and existing products and a broadening portfolio of new customers, as well as higher sales of value-added products and packaging businesses.

During 4Q21, the Thai Baht moved against key currencies as follows; USD/THB (+9.0% YoY), EUR/THB (+4.7% YoY) and GBP/THB (+11.4% YoY), which supported sales growth. Excluding FX impact, Thai Union's sales in 4Q21 still rose 10.3% YoY.

4Q21 sales volumes decreased 0.9% YoY, mainly due to lower sales volumes in ambient seafood, despite higher sales volumes in the frozen and chilled seafood business.

2021 sales were at a new high of THB 141,048mn, up 6.5% YoY, boosted by frozen and chilled seafood (+17.8% YoY), PetCare and value-added (+17.9% YoY), and higher FX gains. This was partly offset by a normalization of the ambient seafood business (-6.0% YoY), after last year's pantry-loading during the pandemic.

In 2021, the Thai Baht moved against key currencies as follows; USD/THB (+2.2% YoY), EUR/THB (+6.0% YoY) and GBP/THB (+9.6% YoY), which supported sales growth. Excluding FX impact, Thai Union's sales in 2021 still rose 4.0% YoY.

2021 sales volumes decreased 1.2% YoY, as a result of lower sales volumes in ambient seafood, despite higher sales volumes of frozen and chilled seafood and PetCare and value-added.

Gross profit and gross profit margin

4Q21 GPM and gross profit rose to 18.2% at THB 7,023mn (+16.6% YoY), driven by:

- Ambient seafood: GPM and gross profit increased, thanks to higher selling prices and higher sales.
- Frozen and chilled seafood: GPM and gross profit increased from a recovery of food service operations.
- PetCare and value-added: Gross profit increased from strong sales of PetCare, value-added products, and packaging. However, GPM dropped slightly, as a result of higher raw material prices and freight costs.

	GPM (%)		Gross profit (THBmn)		
	4Q21	4Q20	4Q21	4Q20	YoY
Overall	18.2%	18.0%	7,023	6,023	*16.6%*
Ambient	22.7%	20.1%	3,444	2,908	*18.4%*
Frozen & chilled	11.7%	11.4%	1,941	1,560	*24.5%*
PetCare & value-added	24.4%	29.4%	1,638	1,555	*5.3%*

2021 GPM and gross profit rose to 18.2% at THB 25,727mn (+9.9% YoY), driven by:

- Ambient seafood: GPM remains resilient, despite a decline in gross profit due to lower sales from normalization effect.
- Frozen and chilled seafood: GPM and gross profit increased from a recovery of food service operations.
- PetCare and value-added: Gross profit increased from strong sales of PetCare and packaging. GPM was maintained and well-managed despite impacts from the pandemic, higher raw material prices and freight costs.

	GPM (%)		Gross profit (THBmn)		
	2021	2020	2021	2020	YoY
Overall	18.2%	17.7%	25,727	23,418	*9.9%*
Ambient	21.4%	21.1%	12,638	13,261	*-4.7%*
Frozen & chilled	11.8%	9.7%	6,872	4,789	*43.5%*
PetCare & value-added	26.3%	26.7%	6,216	5,368	*15.8%*

Selling and administrative expenses

4Q21 SG&A expenses increased 23.6% YoY, or THB 962mn, mainly due to sharp rising logistics costs estimated at THB 680mn in 4Q21.

4Q21 SG&A to sales ratio was at 13.1%, up from 12.2% in 4Q20. The increase was mainly due to higher freight and marketing costs for our core and new businesses.

2021 SG&A expenses increased 12.0% YoY, at THB 1,874mn, mainly due to sharp rising logistics costs estimated at THB 1,580mn in 2021.

2021 SG&A to sales ratio was at 12.4%, up from 11.8% in 2020, as a result of higher freight and marketing costs for our core and new businesses.

FX Gain/Loss

Thanks to prudent FX exposure management, Thai Union reported 4Q21 FX gains of THB 136mn (vs. THB 38mn in 4Q20) and 2021 FX gains of THB 922mn (vs. THB 90mn in 2020).

Share of income from investment in associates

4Q21 share of loss was at THB 161mn (vs. THB 189mn share of loss in 4Q20). The loss contribution came from;

Red Lobster's operations in 4Q21 at THB 256mn share of loss (a combination of THB 147mn operational loss and THB 109mn lease accounting adjustment). This was much better than THB 321mn loss contribution in 4Q20, which resulted from loss operations and without the effect from lease accounting adjustment.

The Avanti business contributed a lower share of profit YoY in 4Q21, due to its weakening feed and frozen businesses from higher raw material prices and freight costs, and the recall of some of its frozen products exported to the U.S.

2021 share of loss was THB 269mn (vs. THB 527mn share of loss in 2020). This was thanks to Red Lobster's lower loss contribution.

Red Lobster's operations in 2021 contributed THB 815mn share of loss (THB 178mn operational loss and THB 637mn lease accounting adjustment). This was much better than THB 1,188mn loss contribution in 2020, which was generated by pure operations and no effect from lease accounting adjustment.

Red Lobster continues to progress in its strategic initiatives, including driving profitable guest count growth as the top priority.

The Avanti business contributed a lower share of profit YoY in 2021, due to the above-mentioned reasons.

Other income

4Q21 other income was at THB 546mn vs. THB 291mn in 4Q20. The increase was due to a one-off impairment booked in other income in 4Q20.

2021 other income was at THB 1,835mn vs. THB 1,620mn in 2020. There was a one-off impairment booked in 2020 other income, while we received a higher management fee from Red Lobster in 2021.

Apart from that, Thai Union continued to record a consistent interest income from its investment in Red Lobster's preferred units.

Finance cost

4Q21 finance cost was at THB 455mn vs. THB 415mn in 4Q20. The increase was due to our planned pre-financing of long-term loans and bonds reaching maturity in early 2022.

2021 finance cost was stable at THB 1.7bn from 2020.

Income tax expense

4Q21 income tax expense was at THB 61mn vs. THB 127mn in 4Q20. The decrease was thanks to higher tax credits from the U.S. business.

2021 income tax expense was at THB 742mn vs. THB 724mn in 2020. The increase was in line with the higher operating profit of the company.

Net profit on reported basis

4Q21 net profit was solid at THB 1,930mn, up 32.5% YoY. 4Q21 NPM was at 5.0% vs. 4.4% in 4Q20.

2021 net profit was record-high at THB 8,013mn, up 28.3% YoY. 2021 NPM was at 5.7% vs. 4.7% in 2020.

The increase was thanks to strong core operations with robust top line growth, consistently high margin, higher FX gains, and lower share of loss from investment in associates. These helped mitigate the impacts from ongoing supply chain challenges in 4Q21 and 2021.

Adjusted net profit

4Q21 and 2021 adjusted net profit was at THB 2,001mn (+24.8% YoY) and THB 8,353mn (+26.7% YoY). The one-off items were as follows:

Period	THB mn	One-off items
1Q21	-207	Lease accounting adjustment from Red Lobster during 2020 (share of loss)
	+53	Tax credit related to Red Loster's lease accounting adjustment in 2020 (tax income)
	-73	Change in fair value adjustment from Russian business (expense in other income)
2Q21	-105	Impairment of TMAC goodwill (SG&A)
3Q21	+63	An insurance claim related to a fire incident at a factory (other income)
4Q21	-154	MerAlliance Poland restructuring cost (mostly COGS)
	+83	Positive effect from Red Lobster's Paycheck Protection Program (PPP) loan forgiveness (share of loss)

Financial position analysis:

As of December 31, 2021, Thai Union's total assets were at THB 166,604mn, increased by 15.2% from end-2020 at THB 144,575mn, mainly thanks to higher cash and cash equivalents, inventory value, investment in subsidiaries and joint ventures.

Total liabilities increased to THB 104,391mn (up 17.5% from THB 88,838mn at end-2020), mostly from the pre-financing plan for long-term loans reaching maturity in early 2022.

Current liabilities increased by 9.2% from end-2020, due to a larger amount of loans reaching maturity. The non-current liabilities rose by 25.6% from end-2020, given sustainability-linked term bonds and loans were issued during 2021.

Total equity (including perpetual debentures of THB 6bn) increased by 11.6% (+THB 6.5bn) from end-2020 to THB 62,213mn, thanks to strong net profit during the year.

Cash Flow analysis:

During 2021, net cash receipts from operating activities were at THB 6,292mn. Positive cash flow was mostly driven by profitable operations (EBITDA: THB 14,928mn in 2021).

Net cash payments for investing activities were at THB 8,104mn, increased from THB 3,736mn at the same period of last year, mainly due to cash payments for a new investment in an associate company, R&B Food Supply PCL (RBF) of THB 3bn, Rügen Fisch shares buyout of THB 1.7bn, and an acquisition of shares in Clover Corporation for THB 0.7bn during 2021.

Thai Union recorded net cash receipts from financing activities of THB 4,583mn during 2021, which was largely due to cash receipts from long-term loans from financial institutions and debenture issuance.

Net increase in cash and cash equivalents, including exchange losses, was at THB 2,737mn, resulting to outstanding cash and cash equivalents of THB 9,023mn as of the end of the year (including the impact from the use of Bank Overdraft).

Financial ratio highlights:

	2021	2020	2019
A/R Days	30	32	38
Inventory Days	133	125	128
Current Ratio (x)	1.56	1.37	1.66
ROCE (%)	10.1%	8.8%	8.1%
ROE (%)	16.1%	14.1%	12.2%
ROA (%)	6.9%	6.3%	5.9%
ND/E (x)	0.99	0.94	1.07
ND/EBITDA (x)	4.11	4.02	4.59
Interest Coverage (x)	8.63	7.51	5.85
BV (Baht/share)	11.18	9.69	8.90

Remark:
Current ratio = Total current assets / total current liability
ROCE = 12-month rolling EBIT / Average capital employed
Capital Employed = total assets - total current liabilities (incl. current portion of long-term debt)
ROE = 12-month rolling net profit / average total shareholders' equity
ROA = 12-month rolling EBIT / average total assets
ND/E = Interest-bearing debt – cash & cash equivalents/ total shareholders' equity
Debt/EBITDA = Interest-bearing debt / 12-month rolling EBITDA
Interest coverage = EBIT / interest expense
BV = Total shareholders' equity / outstanding shares

2021 profitablity ratios increased significantly compared to a year ago with ROCE at 10.1% (vs. 8.8% in 2020); ROE at 16.1% (vs. 14.1% in 2020); and ROA at 6.9% (vs. 6.3% in 2020), thanks to increasing EBIT and net profit in 2021, compared to the same period last year.

Receivable days in 2021 were at 30 days, which slightly decreased from 2020 at 32 days, thanks to a higher focus on cash conversion and collection.

Inventory days during 2021 were up to 133 days, from 125 days in 2020, due to higher inventory value (+21.0% YoY) and higher goods in transit during the year.

The Current ratio at end-2021 was at 1.56 times, increased from 1.37 times at end-2020, as a result of a huge increase in inventory value (+21.0% YoY)

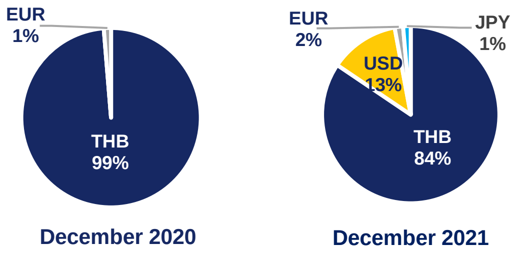
Interest-bearing debt increased by THB 12,626mn from end-2020 (up 21.6%), due to the pre-financing plan for long-term loans reaching maturity in early 2022. As a result, 2021 net debt-to-equity was at 0.99 times, up from 0.94 time at the end-2020.

Despite an increase in EBITDA to THB 14,928mn at end-2021, from THB 12,959mn at end-2020, or up 15.2%, the net-debt to EBITDA ratio increased to 4.11 times at end-2021, from 4.02 times end-2020, due to increasing net debt from:

- Investments in RBF, Rügen Fisch minority shares buyout, and Clover Corporation
- Negative change in net working capital
- Dividend payments
- Capital expenditure

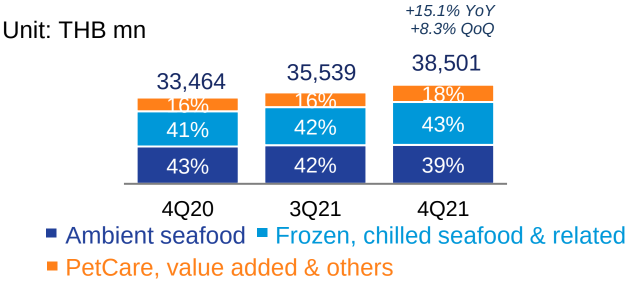
The interest coverage ratio during 2021 was at 8.63 times vs. 7.51 times in 2020, largely thanks to stronger EBITDA (+15.2% YoY) despite higher finance cost (+0.3% YoY).

Interest-bearing debt profile by currency:



As of end-2021, interest-bearing debt was at THB 71,041mn, mainly denominated in the local currency. THB debt accounted for 84%, USD at 13%, EUR at 2% and JPY at 1%. We successfully launched a total of THB 27bn in our blue finance portfolio in 2021; comprising THB 12bn sustainability-linked loans (SLL) in THB, USD, and JPY in Feb 2021, THB 5bn sustainability-linked bond (SLB) in THB in July 2021, 2nd SLB of THB 6bn in 4Q21, and 2nd SLL of THB 4bn in 4Q21.

Business overview by business unit:
Total sales value



Ambient seafood[1]:
Healthy top line growth and improving margin

	4Q20	1Q21	2Q21	3Q21	4Q21
Value	**14,440**	**13,580**	**15,272**	**14,954**	**15,149**
Brand	*53.1%*	*59.3%*	*61.6%*	*61.5%*	*54.7%*
PL	*46.9%*	*40.7%*	*38.4%*	*38.5%*	*45.3%*
Volume	**93,652**	**86,197**	**88,959**	**85,865**	**88,595**

Value (unit: THB mn), Volume (unit: ton)
Remark: PL stands for Private Label business
[1] Ambient seafood business includes entire tuna, entire sardine & mackerel and ambient & pouch salmon businesses

4Q21 ambient seafood sales grew 4.9% YoY, thanks to higher tuna sales in Europe and Asia, supported by higher selling price. However, the drop in sales volumes reflected a softer demand, particularly in the U.S., after the pantry loading last year.

Continued to deliver high gross profit margin at 22.7% in 4Q21, thanks to higher selling price, favorable product mix, and improving tuna, sardine & mackerel and salmon businesses.

2021 ambient seafood sales dropped 6.0% YoY, as a normalization effect from 2020's pantry loading during the pandemic. However, GPM was maintained at 21.4%, thanks to our cost efficiency management.

Ambient seafood business expanded on sales and lifted its margin, compared to 4Q19 pre-COVID level.

Frozen, chilled seafood and related[2]:
Sales growth and margin recovery

	4Q20	1Q21	2Q21	3Q21	4Q21
Value	**13,738**	**12,076**	**14,869**	**14,843**	**16,628**
Brand	*38.1%*	*38.4%*	*35.2%*	*40.2%*	*37.8%*
PL	*61.9%*	*61.6%*	*64.8%*	*59.8%*	*62.2%*
Volume	**69,236**	**63,081**	**78,791**	**77,100**	**72,637**

Value (unit: THB mn), Volume (unit: ton)
[2] Frozen, chilled seafood and related business includes shrimp & related (shrimp, lobster, shrimp feed & value-added shrimp), frozen, chilled & smoked salmon and other seafood (frozen cephalopod, crab, scallop, shellfish and other fish) businesses

4Q21 frozen and chilled seafood sales grew substantially at 21.0% YoY, boosted by higher selling prices and strong demand.

Gross profit margin recovered well to 11.7% in 4Q21, thanks to strong demand, lower conversion cost, and favorable product mix.

2021 frozen and chilled seafood sales growth of 17.8% YoY and margin turnaround, driven by business recovery in shrimp and lobster, reflecting improving foodservice and retail businesses in Asia and the U.S. Thus, GPM rebounded to 11.8%.

Frozen and chilled seafood sales expanded strongly and favorable product mix, compared to 4Q19 pre-COVID level, with firm margin.

PetCare, value-added and others[3]:
Continued solid growth and margin

	4Q20	1Q21	2Q21	3Q21	4Q21
Value	**5,287**	**5,469**	**5,741**	**5,742**	**6,724**
Brand	5.1%	4.8%	7.1%	6.6%	6.0%
PL	94.9%	95.2%	92.9%	93.4%	94.0%
Volume	**75,409**	**72,957**	**74,603**	**67,542**	**74,880**

Value (unit: THB mn), Volume (unit: ton)
[3] PetCare, value added & others business includes PetCare (wet seafood-based cat and dog foods, cat and dog food), value-added businesses (Ingredients, supplements, alternative protein, ready-to-eat products, packaging, surimi-based fish snacks, dim sum, packaged cooking sauce, scrap from fish and shrimp processing lines, crude and refined tuna oil, bakery products, printing service for can labels).

4Q21 and 2021 PetCare and value-added sales increased 27.2% YoY and 17.9% YoY respectively, thanks to PetCare's strong demand, new products launched, broadening portfolio with new customers, and higher sales of value-added products and packaging businesses.

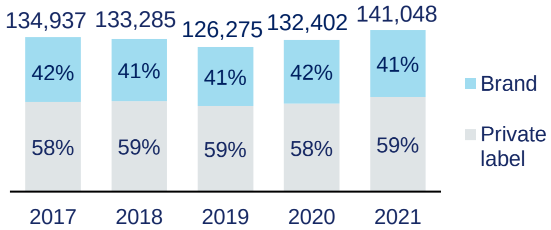
However, the decline in 4Q21 sales volumes was from less portions of low-margin products, followed our profitability focus strategy.

Gross margin softened to 24.4% in 4Q21, due to higher raw material prices and higher freight cost to impact the PetCare trading business unit in the US. 2021 gross margin stood at high level of 26.3%, thanks to focus on profitability and new, innovative products launched.

Sales and margin expanded remarkably, compared to 4Q19 pre-COVID level.

Sales breakdown by brand vs. private label:

Unit: THB mn



2021 branded and private-label business sales mix remained at 41% and 59%, respectively.

2021 total branded sales rose 5.6% YoY, supported by higher sales in branded frozen & chilled seafood business.

2021 private-label sales reported growth of 7.2% YoY, driven by higher sales of frozen & chilled seafood and PetCare & value-added in the U.S. and Thailand.

Business overview by region:

THB mn	2017	2018	2019	2020	2021
Total sales	**134,937**	**133,285**	**126,275**	**132,402**	**141,048**
USA	*38.8%*	*37.7%*	*39.6%*	*41.9%*	*43.1%*
Europe	*30.8%*	*30.4%*	*27.9%*	*29.0%*	*28.3%*
Japan	*6.3%*	*5.7%*	*5.8%*	*5.3%*	*5.1%*
Domestic	*9.2%*	*10.5%*	*11.5%*	*10.0%*	*10.3%*
Others	*14.9%*	*15.7%*	*15.2%*	*13.8%*	*13.2%*

*Remark: *Others represent Asia, Australia, Middle East, Canada, Africa, South America and others*

2021 sales in key regions; the U.S. and Europe increased 9.6% YoY and 4.1% YoY, thanks to the solid recovery of frozen and chilled seafood sales, as well as Thai Baht depreciation against key currencies; USD/THB (+2.2% YoY), EUR/THB (+6.0% YoY) and GBP/THB (+9.6% YoY).

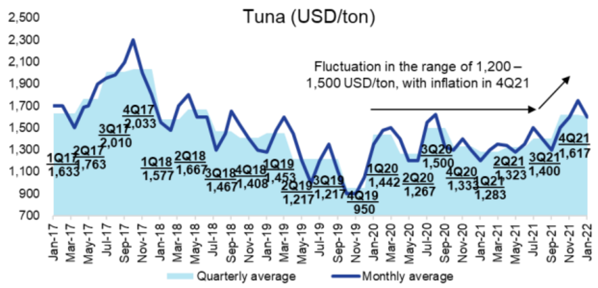
Sales growth in the U.S. was driven by FX gains, the recovery of frozen seafood sales, and the strong demand of PetCare business. These were partly offset by the normalization of the ambient seafood business due to lower demand and container shortage effects.

Sales growth in Europe was driven by FX gains, higher sales volumes of ambient branded business, particularly in France, Germany, and Italy, thanks to our strong branded positions in Europe.

Sales in Thailand were also up 9.7% YoY, from the recovery of the frozen seafood, resilent sales growth in ambient seafood, and strong demand of the packaging business.

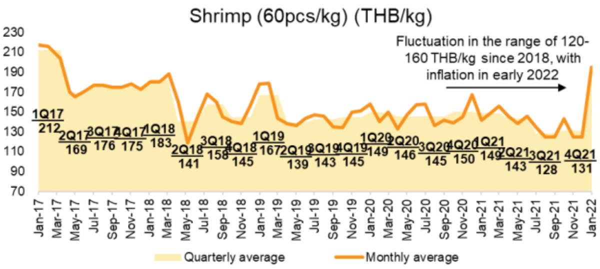
Key operating factors:
Raw material prices

Skipjack tuna
(USD/ton)



In Jan. 2022, tuna price was at USD 1,600/ton. In 4Q21, avg. price was at USD 1,617/ton (+21.3% YoY, +15.5% QoQ).

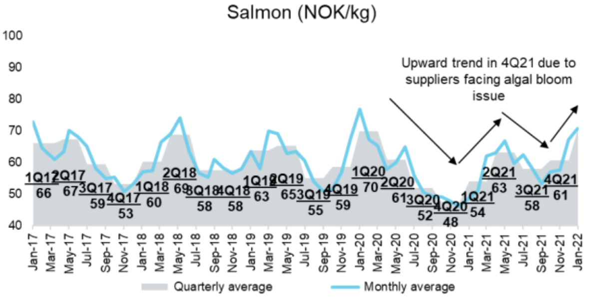
White shrimp
(THB/kg. of 60 pieces/kg)



In Jan. 2022, shrimp price was at THB 195/kg. In 4Q21, avg. price was at THB 131/kg (-12.9% YoY, +2.1% QoQ).

Salmon

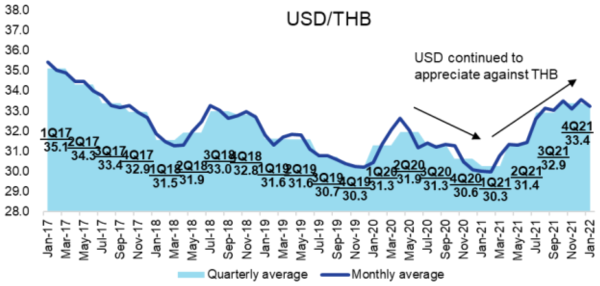
(NOK/kg)



In Jan 2022, salmon price was at NOK 71/kg. In 4Q21, avg. price was at NOK 61/kg (+27.3% YoY, +4.7% QoQ).

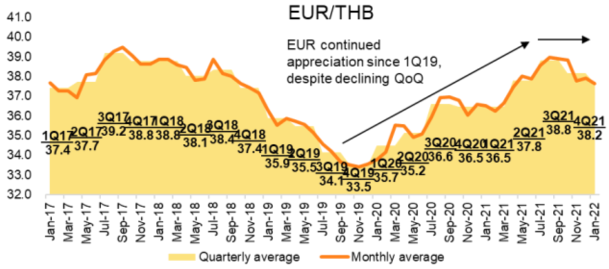
Exchange rates

USD/THB



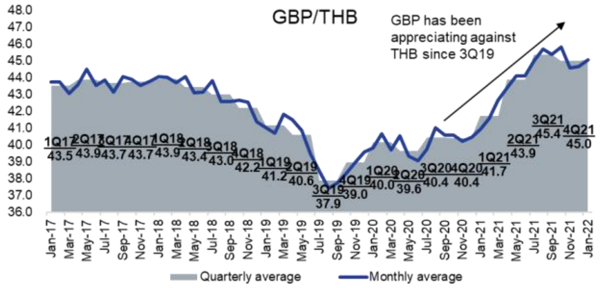
In Jan 2022, USD/THB was at THB 33.24. In 4Q21, avg. was USD/THB 33.38 (+9.0% YoY, +1.4% QoQ).

EUR/THB



In Jan 2022, EUR/THB closed at THB 37.63. In 4Q21, avg. was EUR/THB 38.18 (+4.7% YoY, -1.6% QoQ).

GBP/THB



In Jan 2022, GBP/THB closed at THB 45.08. In 4Q21, avg. was GBP/THB 45.01 (+11.4% YoY, -0.8% QoQ).

Key Developments

COVID-19 Update

Our global production network at normal operations

- Our global vaccine roll-out is in advanced progress in Seychelles, the U.K., and the U.S. In Thailand, our employees received vaccination with 96% (first dose), 88% (fully vaccinated), 28% (booster).
- We continue monitoring and enforcing strict COVID-19 preventive measures, with 100% ATK for all employees in Thailand after new year holidays, workforce clustering, Bubble & Seal, Factory Sandbox, health screening, and work-from-home.
- All plants in Asia are at normal operations. PetCare business normalized in 4Q21 after a production hiccup last quarter.

Strategic Corporate Actions

Two new strategic joint ventures (JV)

- Thai Union, R&B Food Supply (RBF), Srinivasa Cystine Private Limited (SCPL) (Avanti's associate company), announced new JV in India on Jan 28, 2022, to expand food ingredients business to Indian market.
- Thai Union Manufacturing (TUM) launched new JV with JWD InfoLogistics subsidiary, Pacific Cold Storage (PCS), on Jan 5, 2022, to build a new cold storage warehouse and secure raw mat. storage for TU in Samut Sakhon.

Set up of i-Tail America

- i-Tail set up i-Tail Americas, Inc. in the U.S. to better serve its fast growing pet food business and lead it's ongoing development and expansion.

New ready-to-eat culinary and protein hydrolysate and collagen peptide plants in 2022

- We consolidated three factories to a single new factory with 38% increased capacity and automation at THB 1.1bn CAPEX investment. We are on track to commercialize in 4Q22.
- Protein hydrolysate and collagen peptide plant construction is ongoing since June 2021, with aim to commercialize in 4Q22 to serve fast-growing markets of collagen and protein in Asia, i.e. Japan and China, with THB 877mn CAPEX investment.

Completed divestment of MerAlliance Poland in 1Q22

- We divested our plant to a local player and recorded THB 154mn impairment in 4Q21. MerAlliance in France remains our key smoked salmon and wild fish producer for Europe.

Key Steps to Our 2025 Strategy

- In 2022, we continue to strengthen our core business with "Healthy Living" portfolio expansion, culinary plant (4Q22), flexible packaging for food products, and expanding further into private-label, innovative segments in PetCare.
- For new businesses, we continue food tech start-ups collaboration (CVC), food ingredients, protein hydrolysate and collagen peptide plant (4Q22), and alternative protein expansion, with 2025 target to achieve 10% of revenue from innovation with gross margin >20%.

New Product Development

Growing our "Healthy Living" portfolio across key businesses

- We continued expanding "Healthy Living" portfolio in ambient business, with naturally-enriched, healthy canned tuna under key European brands.
- We continued launching higher-margin NPDs to new and existing customers for increased demand of value-added frozen seafood.
- i-Tail launched more wet cat and dog innovative products, focused on improving the health of our pets.
- We are expanding our portfolio to shrimp and other next generation alternative protein products.

Our new, innovative products launched

- ZEAVITA launched in Sep. 2021, four key products: collagen, calcium, immunity and fish oil, capturing top 3 market share for calcium and collagen in health & beauty stores in super/hypermarkets in Thailand.
- LISA DHA shot was launched in Nov 2021 by Zeavita by Interpharma, with 600mg of DHA, essential for brain and health. It's available in cereal malt milk flavour at Interpharma online store, FB, and Shopee.
- ZEA Tuna Essence was launched in Dec 2021 by ThaiBev, 1st ever in the world, with THB 10bn market opportunity in Thailand. It's a health booster with omega-3 and other nutrients in passion fruit and original flavours at 7-eleven, modern trade, and online channels.

Corporate Venture Capital

Investing in food-tech startups to drive innovation

- We continue engaging with SPACE-F in product trials and investment, Batch III started with 19 startups (50% from overseas), 9 accelerator and 10 incubator startups.
- Apart from adding four new startups to our corporate venture (CVC) fund in 2021, Flying Spark, our first investment, will start production at new Thailand insect protein factory in 1H22.

Sustainability

SeaChange® - A vision towards 2025 and beyond

- Apart from 2025 tuna commitment and sustainable packaging, we will (1) announce Science Based Targets (SBTs) to tackle climate change in 2Q22, (2) drive responsible aquaculture in shrimp supply chains, (3) protect marine biodiversity, and (4) reduce food loss in our ambient and frozen operations by 50% by 2025 (from 2021).

Successfully launched Blue Finance portfolio

- Thai Union issued Blue Finance portfolio with first ever sustainability-linked loan (SLL) and bond (SLB) in Thailand, with 2 SLLs and 2 SLBs issued of THB 27bn (more than 50% of long-term debt) in Thailand and Japan. In 4Q21, TU issued THB 2bn sustainability-linked revolving loan for working capital and secured USD 70mn sustainability-linked supply chain finance in Thailand.

2022 Financial Target: Our guidance

Sales	4 - 5% YoY growth
GPM	~ 18.0 – 18.5%
SG&A to sales	~ 12.0 – 13.0%
Effective interest rate	No material change from 2021
CAPEX	~ THB 6.0bn
Dividend Policy	At least 50% dividend payout ratio

Thai Union has set 2022 financial targets based on current preliminary forecast which may subject to change if key operating factors that affect company's performance variate from the assumptions.

Key Risk Factors

Prudently managing global supply chain challenges

- Rising freight cost and container shortages were key challenges and we expect it be ongoing in 1H22, with a total 2021 impact of THB 1.6bn from freight price increase at THB 900mn (9M21) and THB 680mn (4Q21).
- Packaging and ingredients key raw material prices remain a key challenge in 2022.
- Inventory management, large-scale benefit, FOB contracts, cost sharing, and price negotiation policies are in place to mitigate the industry-wide impact. Despite these challenges, Thai Union delivered solid performance in 2021.

For more key risk factors, refer to our Annual Report.

4Q21 Statement of Income

(Unit: THB mn)	Consolidated							
	4Q21	% to sales	4Q20	% to sales	3Q21	% to sales	4Q21 4Q20 Change	4Q21 3Q21 Change
Sales	38,501	100%	33,464	100%	35,539	100%	15.1%	8.3%
Cost of sales	(31,478)	-81.8%	(27,441)	-82.0%	(29,148)	-82.0%	14.7%	8.0%
Gross profit	**7,023**	**18.2%**	**6,023**	**18.0%**	**6,391**	**18.0%**	**16.6%**	**9.9%**
SG&A expenses	(5,047)	-13.1%	(4,085)	-12.2%	(4,506)	-12.7%	23.6%	12.0%
FX gain (loss)	136	0.4%	38	0.1%	330	0.9%	260.1%	-58.7%
Other income	546	1.4%	291	0.9%	498	1.4%	87.7%	9.7%
Share of profits from investments in assoc. & JVs	(161)	-0.4%	(189)	-0.6%	(3)	0.0%	-14.5%	5720.4%
EBIT	**2,498**	**6.5%**	**2,079**	**6.2%**	**2,711**	**7.6%**	**20.2%**	**-7.9%**
Finance cost	(455)	-1.2%	(415)	-1.2%	(444)	-1.3%	9.7%	2.4%
EBT	**2,043**	**5.3%**	**1,664**	**5.0%**	**2,266**	**6.4%**	**22.8%**	**-9.9%**
Tax	(61)	-0.2%	(127)	-0.4%	(251)	-0.7%	-52.0%	-75.8%
Profit (Loss) from discontinued operation	-	0.0%	(13)	0.0%	-	0.0%	-100.0%	-
Net income	**1,982**	**5.1%**	**1,525**	**4.6%**	**2,015**	**5.7%**	**30.0%**	**-1.7%**
Net income (loss) attributable to:								
Equity holders of the Company	**1,930**	**5.0%**	**1,457**	**4.4%**	**1,937**	**5.4%**	**32.5%**	**-0.3%**
Non-controlling interests of the subs	51	0.1%	67	0.2%	78	0.2%	-23.5%	-34.4%
Earnings per share								
Basic earnings per share	0.40		0.29		0.40		35.9%	-0.3%
Exchange rate								
THB/USD	33.38		30.61		32.92		9.0%	1.4%

FY2021 Statement of Income

(Unit: THB mn)	Consolidated				
	2021	% to sales	2020	% to sales	2021 2020 Change
Sales	141,048	100%	132,402	100%	6.5%
Cost of sales	(115,321)	-81.8%	(108,985)	-82.3%	5.8%
Gross profit	**25,727**	**18.2%**	**23,418**	**17.7%**	**9.9%**
SG&A expenses	(17,471)	-12.4%	(15,596)	-11.8%	12.0%
FX gain (loss)	922	0.7%	90	0.1%	927.6%
Other income	1,835	1.3%	1,620	1.2%	13.3%
Share of profits from investments in assoc. & Jvs	(269)	-0.2%	(527)	-0.4%	-49.0%
EBIT	**10,743**	**7.6%**	**9,003**	**6.8%**	**19.3%**
Finance cost	(1,730)	-1.2%	(1,724)	-1.3%	0.3%
EBT	**9,013**	**6.4%**	**7,279**	**5.5%**	**23.8%**
Tax	(742)	-0.5%	(724)	-0.5%	2.5%
Profit (Loss) from discontinued operarion	-	0.0%	(46)	0.0%	n.a.
Net income	**8,272**	**5.9%**	**6,509**	**4.9%**	**27.1%**
Net income (loss) attributable to:					
Equity holders of the Company	**8,013**	**5.7%**	**6,246**	**4.7%**	**28.3%**
Non-controlling interests of the subs	259	0.2%	263	0.2%	-1.6%
Earnings per share					
Basic earnings per share	1.66		1.26		31.4%
Exchange rate					
THB/USD	32.01		31.28		2.3%

Statement of Financial Position

(Unit: THB mn)	2021	% to total assets	2020	% to total assets	Change
Cash and cash equivalents*	9,723	5.8%	6,286	4.3%	54.7%
Trade and other receivables - net	16,308	9.8%	13,320	9.2%	22.4%
Inventories - net	46,636	28.0%	38,546	26.7%	21.0%
Other current assets	2,196	1.3%	2,312	1.6%	-5.0%
Total current assets	**74,863**	**44.9%**	**60,465**	**41.8%**	**23.8%**
Fixed assets	28,443	17.1%	28,098	19.4%	1.2%
Investments	28,529	17.1%	21,752	15.0%	31.2%
Goodwill and other intangible assets	30,390	18.2%	29,950	20.7%	1.5%
Other non-current assets	4,380	2.6%	4,310	3.0%	1.6%
Total Assets	**166,604**	**100%**	**144,575**	**100%**	**15.2%**
Bank overdrafts and short-term loans	9,673	5.8%	13,465	9.3%	-28.2%
Trade and other payables	21,351	12.8%	19,068	13.2%	12.0%
Current portion of long-term loans	14,937	9.0%	8,088	5.6%	84.7%
Other current liabilities	2,121	1.3%	3,392	2.3%	-37.5%
Total current liabilities	**48,081**	**28.9%**	**44,013**	**30.4%**	**9.2%**
Long-term loans	46,431	27.9%	36,862	25.5%	26.0%
Other non-current liabilities	9,878	5.9%	7,964	5.5%	24.0%
Total Liabilities	**104,391**	**62.7%**	**88,838**	**61.4%**	**17.5%**
Non-controlling interests of the subsidiaries	2,894	1.7%	3,551	2.5%	-18.5%
Total Shareholders' Equity	**62,213**	**37.3%**	**55,737**	**38.6%**	**11.6%**
Total liabilities and shareholders' equity	**166,604**	**100%**	**144,575**	**100%**	**15.2%**

*Including short term investment

Cash flow statement

	Consolidated		
(Unit: THB mn)	2021	2020	Change
Profit before income tax	**9,013**	**7,233**	**1,780**
Adjustments for depreciation & amortisation expenses	4,184	3,955	228
Other adjustments	1,318	2,490	(1,172)
Changes in operating assets and liabilities	(7,339)	423	(7,762)
Cash flows receipts from operating activities	7,175	14,101	(6,925)
Net cash receipts (payments) from operating activities	**6,292**	**13,432**	**(7,140)**
Net cash payments for investing activities	**(8,104)**	**(3,736)**	**(4,368)**
Net cash receipts (payments) for financing activities	**4,583**	**(8,203)**	**12,786**
Net increase (decrease) in cash and cash equivalent	2,771	1,494	1,278
Cash and cash equivalents - opening balance	6,019	4,483	1,536
Exchange gain (loss) on cash and cash equivalents	38	42	(4)
Cash and cash equivalents - closing balance	**8,828**	**6,019**	**2,809**
CAPEX	**3,730**	**3,726**	**4**
Management Est. Free Cash Flows*	**3,445**	**10,375**	**(6,930)**

*Figures as reported in February 2022