

Delivered all-time high quarterly sales of THB 38.9bn in 2Q22, up 8.5% YoY, with a healthy gross profit of THB 6.6bn and GPM at 16.9%.

Revenue

Thai Union delivered all-time high quarterly sales in 2Q22. This was driven by higher selling prices, FX, and rising demand in PetCare & value-added (+41.7% YoY) and ambient seafood (+10.7% YoY), while frozen and chilled seafood declined (-6.5% YoY) reflecting market normalization in the U.S., and declining performances of the feed and salmon businesses.

Gross profit and margin

2Q22 quarterly gross profit was at THB 6.6bn, slightly declined YoY, while rose 3.6% QoQ, driven by growth in PetCare and value-added from higher demand, our price increasing strategy, and product mix, offset by a drop in frozen and ambient seafood businesses due to market normalization in the U.S. and restructuring costs related to a Rügen Fisch plant closure in Germany, as well as higher raw material prices and freight costs. Gross profit margin (GPM) was healthy at 16.9%.

Operating profit

2Q22 operating profit was at THB 1.7bn declining YoY from last year's exceptional performance and growing SG&A expenses (+14.9% YoY), primarily from higher logistic costs (~THB 560mn from freight price increase) and Rügen Fisch restructuring costs. SG&A/sales ratio increased to 12.6% in 2Q22 vs. 11.9% in 2Q21.

Net profit and margin

TU reported 2Q22 net profit at THB 1.6bn, declined YoY mainly from last year's exceptional performance and two non-cash one-off impacts. This was partially offset by strong core businesses, favorable FX, and higher tax credit. Net profit margin (NPM) was resilient at 4.2%.

Adjusted net profit marked at 2.2bn. The two one-off items were (1) THB 424mn (after tax) change in fair value of Red Lobster's preferred units and (2) THB 195mn (after tax) restructuring costs related to the closure of one Rügen Fisch plant (detailed in page 3).

Cash flow and ND/E

2Q22 free cash flow (FCF) turned positive despite a temporary impact from high net working capital due to higher inventory and high trade receivables from record sales. TU's end-2Q22 net D/E ratio was at 1.09x. TU announced 1H22 interim dividend of THB 0.40 per share.

Stock Information

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

Share price (5/8/2022)	THB 16.60
Historical closing price:	
52-week high	THB 22.70
52-week low	THB 15.20
No. of shares:	4,771.8m
Par value:	THB 0.25
Market Cap.	THB 79.2bn
Avg. value trade/day (YTD)	THB 508.1mn

Major shareholders

(30/06/2022)

Chansiri Family	20.44%
Thai NVDR Co., LTD.	9.62%
Niruttinanon Family	6.91%
Mitsubishi Corporation	6.24%
Social Security Office	3.36%

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	2Q22	2Q21	1Q22
Sales	38,946	35,883	36,272
Gross profit	6,584	6,805	6,355
EBITDA	2,840	4,135	3,039
Net profit	1,624	2,343	1,746
EPS (THB)	0.33	0.49	0.36
GPM (%)	16.9%	19.0%	17.5%
NPM (%)	4.2%	6.5%	4.8%
ND/E (x)	1.09	0.98	1.01
ROCE (%)	8.4%	10.7%	10.0%
ND/EBITDA (x)	5.17	3.91	4.50

Financial Statements Analysis:

Unit: THB mn	2Q22	2Q21	YoY	1Q22	QoQ
Sales	38,946	35,883	8.5%	36,272	7.4%
COGS	(32,361)	(29,078)	11.3%	(29,917)	8.2%
GP	6,584	6,805	-3.2%	6,355	3.6%
SG&A	(4,920)	(4,281)	14.9%	(4,688)	4.9%
FX gain (loss)	475	212	124.4%	(47)	-1116.9%
Other income	(66)	439	-115.0%	575	-111.5%
Share of profits from investments in assoc. & JVs	(283)	(74)	284.8%	(177)	59.7%
EBIT	1,791	3,101	-42.3%	2,018	-11.3%
Finance cost	(465)	(434)	7.1%	(445)	4.5%
EBT	1,326	2,667	-50.3%	1,573	-15.7%
Tax	346	(231)	-249.7%	188	84.2%
Net income	1,624	2,343	-30.7%	1,746	-7.0%
EPS	0.33	0.49	-31.7%	0.36	-7.2%
FX: USD/THB	34.40	31.36	9.7%	33.05	4.1%
GPM	16.9%	19.0%		17.5%	
%SG&A/Sales	12.6%	11.9%		12.9%	
NPM	4.2%	6.5%		4.8%	

Sales

Thai Union delivered all-time high sales in 2Q22 of THB 38,946mn, up 8.5% YoY, driven by ambient seafood (+10.7% YoY), PetCare and value-added (+41.7% YoY), and favorable FX, partially offset by frozen and chilled seafood (-6.5% YoY).

- The ambient seafood business sales recorded all-time high sales in 2Q22, thanks to higher sales across key regions, particularly in Thailand, Asia, and the U.S., as well as favorable FX, after last year's normalization from pantry-loading in 2020 during the first wave of COVID-19.
- The frozen and chilled seafood business dropped from market normalization in the U.S. due to last year's strong recovery of foodservice businesses after easing of lockdown measures and declining performances of the feed and salmon businesses.
- The PetCare and value-added business grew exceptionally from strong demand for pet food, higher selling prices, and portfolio expansion to new customers, as well as higher sales in value-added products and the packaging business.

During 2Q22, the Thai Baht moved against key currencies as follows; USD/THB (+9.7% YoY), EUR/THB (-3.0% YoY) and GBP/THB (-1.5% YoY). USD/THB movement was a key factor supporting our sales growth. Excluding FX impact, sales in 2Q22 still rose 6.2% YoY.

2Q22 sale volumes increased 0.9% YoY, mainly thanks to higher volumes of ambient seafood and PetCare and value-added, offset by frozen and chilled seafood business.

Gross profit and gross profit margin (GPM)

2Q22 gross profit slightly declined YoY to THB 6,584mn, while rose 3.6% QoQ, with resilient GPM at 16.9% (adjusted GPM 17.4%) vs 19.0% in 2Q21, mainly from:

- Ambient seafood: gross profit and GPM declined due to higher raw material prices (tuna price +21.5% YoY) and Rügen Fisch restructuring costs (THB 164mn), partially offset by higher selling prices, volume growth, and favorable product mix.
- Frozen and chilled seafood: gross profit and GPM decreased, mainly from market price correction in the U.S., particularly crab and lobster, a high level of logistics costs, and higher raw material prices, particularly salmon.
- PetCare and value-added: gross profit significantly increased from strong sales of PetCare, value-added products, and packaging. GPM was exceptional, driven by strong PetCare demand and higher selling prices.

	GPM (%)		Gross profit (THBmn)		
	2Q22	2Q21	2Q22	2Q21	YoY
Overall	16.9%	19.0%	6,584	6,805	-3.2%
Ambient	19.5%	22.0%	3,294	3,362	-2.0%
Frozen & chilled	6.6%	11.5%	918	1,717	-46.5%
PetCare & value-added	29.2%	30.1%	2,372	1,726	37.5%

Selling and administrative expenses

2Q22 SG&A expenses increased 14.9% YoY, or THB 639mn, mainly due to rising logistics costs estimated at THB 560mn and Rügen Fisch restructuring costs at THB 86mn.

2Q22 SG&A to sales ratio was at 12.6%, up from 11.9% in 2Q21. The increase was mainly due to higher freight costs and Rügen Fisch restructuring costs.

FX Gain/Loss

Thai Union reported 2Q22 FX gains of THB 475mn (vs. FX gains of THB 212mn in 2Q21), thanks to Thai Baht depreciation against USD of 9.7% YoY.

Share of income from investment in associates

2Q22 share of loss was at THB 283mn (vs. THB 74mn share of loss in 2Q21). The loss contribution came from:

Red Lobster's operations in 2Q22 at THB 383mn share of loss (THB 281mn loss from operations and THB 102mn loss from lease accounting adjustment). This was higher than THB 162mn loss contribution in 2Q21 (THB 49mn loss from operations and THB 113mn loss from lease accounting adjustment).

The Avanti business contributed a higher share of profit YoY in 2Q22, thanks to improving feed and recovering

frozen businesses, despite higher raw material prices and ongoing supply chain challenges.

Other income

2Q22 other income was at THB -66mn vs. THB 439mn in 2Q21. The decrease was mostly due to a THB 564mn (THB 424mn after tax credit) non-cash, one-time impact from fair value adjustment in Red Lobster's preferred units in 2Q22.

The one-time impact was due to an increase in the U.S. interest rate under the assumption of an interest rate hike (+225bps in 1H22 and July this year) and further increase expected in 2H.

Finance cost

2Q22 finance costs were at THB 465mn vs. THB 434mn in 2Q21, mainly due to our increasing financing plan to support subsidiary operations.

Income tax expense

2Q22 tax was at THB 346mn tax credit vs. tax expense of THB 231mn in 2Q21, mainly from (1) the U.S. operations, (2) tax credit from Red Lobster's fair value adjustment of THB 140mn and Rügen Fisch's restructuring costs of THB 79mn.

Net profit on reported basis

2Q22 net profit was resilient at THB 1,624mn, down 30.7% YoY after last year's exceptional performance and two non-cash one-time impacts, partially offset by our strong core businesses, favorable FX, and higher tax credits. NPM was at 4.2% vs. 6.5% in 2Q21.

Adjusted net profit

2Q22 adjusted net profit was at THB 2,243mn, close to last year's exceptional performance. The one-off items were as follows:

THB mn	One-off items
-424	Fair value adjustment on Red Lobster's preferred units (THB -564mn before tax) (in other income)
-195	Restructuring costs accrual related to the closure of one Rügen Fisch plant in Lübeck, Germany (THB -274mn before tax) (in COGS and SG&A)

Financial position analysis:

As of June 30, 2022, Thai Union's total assets were at THB 171,415mn, increased by 2.9% from end-2021 at THB 166,604mn, from higher inventory and trade and other receivables, offset by lower cash and cash equivalents from the completed refinancing of matured long-term loans in January 2022.

Total liabilities increased to THB 108,547mn (up 4.0% from THB 104,391mn at end-2021). The non-current

liabilities rose by 8.7% from end-2021, given sustainability-linked term bonds were issued during 1Q22.

Total equity (including perpetual debentures of THB 6bn) increased by 1.1% (+THB 655mn) from end-2021 to THB 62,868mn, thanks to 1H22 net profit and hedging reserve favorable change during the quarter, offset by dividend payment of THB 2,431mn.

Cash Flow analysis:

In 1H22, net cash payments for operating activities were at THB 1,360mn. Negative cash flow in 1H22 was mostly driven by increasing sales leading to higher trade and other receivables while logistics issues remained resulting in higher inventories, offset by THB 5,879mn EBITDA in 1H22.

Net cash payments for investing activities were at THB 1,370mn, decreased from THB 2,380mn at the same period of last year, mainly from lower new investments, cash receipt from short-term investments reaching maturity, and lower CAPEX, which is in line with the Company's plan to invest in automation and projects for improving operational efficiency.

Thai Union recorded net cash payments from financing activities of THB 4,369mn in 1H22, which were largely due to cash repayments for long-term loans from financial institutions and debenture issuance which reached maturity in January 2022.

Net decrease in cash and cash equivalents, including exchange gains, was at THB 7,062mn, resulting to outstanding cash and cash equivalents of THB 2,102mn as of the end of this quarter (including the impact from the use of Bank Overdraft).

Financial ratio highlights:

	2Q22	2Q21	1Q22
A/R Days	35	34	33
Inventory Days	139	126	132
Current ratio (x)	1.65	1.29	1.83
ROCE (%)	8.4%	10.7%	10.0%
ROE (%)	13.8%	16.2%	15.4%
ROA (%)	5.5%	7.2%	6.7%
ND/E (x)	1.09	0.98	1.01
ND/EBITDA (x)	5.17	3.91	4.50
Interest Coverage (x)	7.32	8.64	8.18
BV (Baht/share)	11.33	10.60	11.68

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

$ROE = \frac{\text{12-month rolling net profit}}{\text{average total shareholders' equity}}$
 $ROA = \frac{\text{12-month rolling EBIT}}{\text{average total assets}}$
 $ND/E = \frac{\text{Interest-bearing debt} - \text{cash \& cash equivalents}}{\text{total shareholders' equity}}$

$\text{Debt/EBITDA} = \frac{\text{Interest-bearing debt}}{\text{12-month rolling EBITDA}}$
 $\text{Interest coverage} = \frac{\text{EBITDA}}{\text{finance costs} - 4\text{Q trailing}}$
 $BV = \frac{\text{Total shareholders' equity}}{\text{outstanding shares}}$

2Q22 profitability ratios slightly decreased compared to a year ago with ROCE at 8.4% (vs. 10.7% in 2Q21); ROE at 13.8% (vs. 16.2% in 2Q21); and ROA at 5.5% (vs. 7.2% in 2Q21), primarily due to decreased EBIT and net profit in 2Q22 vs 2Q21, as mentioned above.

2Q22 receivable days were at 35 days, slightly increased from 2Q21 at 34 days due to higher trade receivables from high record sales.

2Q22 inventory days were up to 139 days, from 126 days in 2Q21, due to higher inventory value (+23.4% YoY), higher goods in transit during the container shortage period, and strategic decision to increase inventories to cope with inflation and ongoing logistic issues.

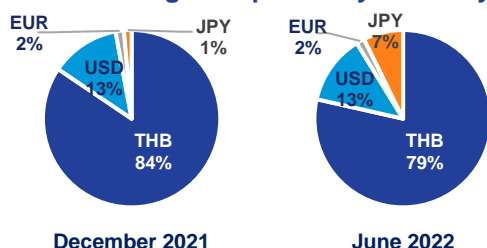
The Current ratio at end-2Q22 was at 1.65x, increased from 1.29x in 2Q21, as a result of a significant increase in inventory value (+23.4% YoY).

Interest-bearing debt decreased by THB 395mn from end-2021 (down 0.6%), due to long-term loans having reached maturity in January 2022. 2Q22 net debt-to-equity was at 1.09x, up from 0.99x at the end-2021.

The net-debt to EBITDA ratio increased to 5.17x as of end-2Q22, from 4.11x as of end-2021, mainly explained by decreased EBITDA, despite lower interest-bearing debt.

The interest coverage ratio during 2Q22 was at 7.32x vs. 8.64x in 2Q21, largely from lower EBITDA (-31.3% YoY) and higher finance cost (+7.1% YoY).

Interest-bearing debt profile by currency:

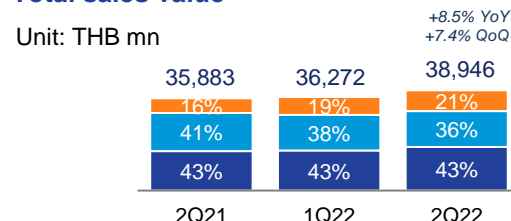


As of end-2Q22, interest-bearing debt was at THB 70,646mn, mainly denominated in the local currency. THB debt accounted for 79%, USD at 13%,

JPY at 7%, and EUR at 2%. The amount of interest-bearing debt was reduced from end-2021 mainly due to withdrawal to repay bonds and loans which matured in January 2022.

Business overview by business unit:

Total sales value



- Ambient seafood
- Frozen, chilled seafood & related
- PetCare, value added & others

Ambient seafood¹:

Record sales with healthy GPM

	2Q21	3Q21	4Q21	1Q22	2Q22
Value	15,272	14,954	15,149	15,527	16,912
Brand	61.6%	61.5%	54.7%	52.3%	57.1%
PL	38.4%	38.5%	45.3%	47.7%	42.9%
Volume	88,959	85,865	88,595	91,967	90,347

Value (unit: THB mn), Volume (unit: ton)

Remark: PL stands for Private Label business

¹ Ambient seafood business includes entire tuna, entire sardine & mackerel, ambient & pouch salmon businesses, and other ambient seafood.

2Q22 ambient seafood sales grew well at 11% YoY, driven by higher selling prices and continued strong demand, led by private-label, particularly in Asia and the U.S., as well as favorable FX, after last year's normalization from pantry-loading in 2020.

2Q22 gross profit margin was at 19.5%, slightly declining due to Rügen Fisch restructuring costs and higher raw material prices, partially offset by higher selling prices, volume growth, and product mix.

Ambient seafood business expanded on sales compared to 2Q20's pantry-loading, margin remained at a high level.

Frozen, chilled seafood and related²:

Softened sales and margin YoY, after last year's exceptional performance

	2Q21	3Q21	4Q21	1Q22	2Q22
Value	14,869	14,843	16,628	13,790	13,900
Brand	35.2%	40.2%	37.8%	41.6%	38.0%
PL	64.8%	59.8%	62.2%	58.4%	62.0%
Volume	78,791	77,100	72,637	64,146	71,086

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

2Q22 frozen and chilled seafood sales slightly dropped YoY, after last year's exceptional performance, market normalization in the U.S., and

challenging feed and salmon performances, despite continued recovery of foodservice businesses, particularly in Asia, and higher selling prices.

Gross profit was impacted from market price correction in the U.S., particularly lobster and crab, a high level of logistics costs, and higher raw material prices, particularly salmon.

Frozen and chilled seafood sales expanded strongly, compared to 2Q20 COVID, despite margin impacted.

PetCare, value-added and others³: Exceptional sales and margin

	2Q21	3Q21	4Q21	1Q22	2Q22
Value	5,741	5,742	6,724	6,955	8,133
Brand	7.1%	6.6%	6.0%	4.4%	5.3%
PL	92.9%	93.4%	94.0%	95.6%	94.7%
Volume	74,603	67,542	74,880	78,814	83,096

Value (unit: THB mn), Volume (unit: ton)

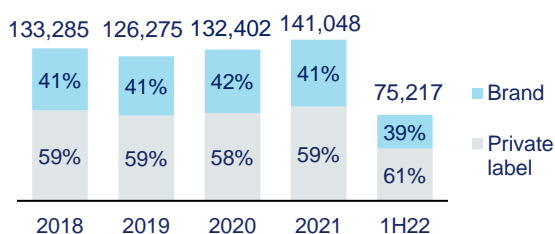
³ PetCare, value-added & other businesses includes PetCare (wet seafood-based cat and dog foods, cat and dog food), value-added businesses (Ingredients, supplements, alternative protein, ready-to-eat products, packaging, surimi-based fish snacks, dim sum, packaged cooking sauce, scrap from fish and shrimp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

2Q22 PetCare and value-added sales grew exceptionally at 42% YoY with higher volume (+11% YoY), thanks to continued strong demand for pet food, higher selling prices, new innovative products, portfolio expansion to new customers, higher value-added and packaging sales, and favorable FX.

Gross margin was exceptional at 29.2%, stable YoY from peak level, driven by strong PetCare demand, higher selling prices, particularly in PetCare business, and our focus on new, innovative products with higher margins. Sales and margin grew firmly compared to 2Q20, during the pandemic.

Sales breakdown by brand vs. private label:

Unit: THB mn



1H22 branded and private-label business sales mix was at 39% and 61%, respectively.

1H22 total branded sales rose 6% YoY, thanks to strong ambient seafood demand and higher selling prices in our branded businesses.

1H22 total private-label sales reported strong growth of 17% YoY, driven by continued strong demand of PetCare & value-added and ambient seafood, particularly in Asia.

Business overview by region:

THB mn	2018	2019	2020	2021	1H22
Total sales	133,285	126,275	132,402	141,048	75,217
USA	37.7%	39.6%	41.9%	43.1%	42.4%
Europe	30.4%	27.9%	29.0%	28.3%	26.1%
Japan	5.7%	5.8%	5.3%	5.1%	5.9%
Thailand	10.5%	11.5%	10.0%	10.3%	10.5%
Others	15.7%	15.2%	13.8%	13.2%	15.1%

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

1H22 sales in key regions; North America, Europe, and Thailand increased 8.0% YoY, thanks to higher selling prices, continued strong demand for PetCare & value-added and ambient seafood products, and Thai Baht depreciation of USD/THB (+9.5% YoY) and GBP/THB (+2.3% YoY).

Sales in North America (the U.S. and Canada) rose 11.6% YoY, mainly from higher selling prices, continued strong demand of PetCare products, higher sales volumes of ambient seafood, and FX gains, offset by lower frozen seafood sales.

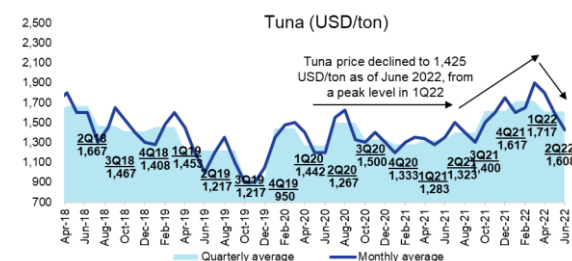
Sales in Europe increased 2.3% YoY, from higher selling prices and higher volumes of chilled seafood, particularly in Germany, offset by lower ambient volumes in the U.K. and France, and THB appreciation of EUR/THB (-0.7% YoY).

Sales in Thailand were also up 8.5% YoY, driven by growing in packaging business, higher ambient volumes and increasing selling prices.

Key operating factors:

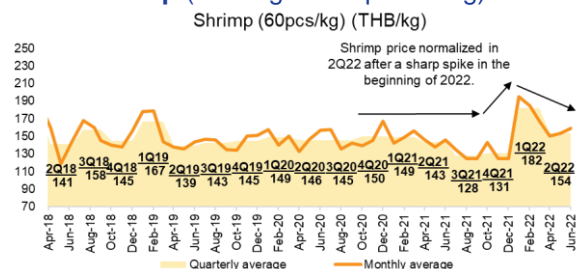
Raw material prices

Skipjack tuna (USD/ton)



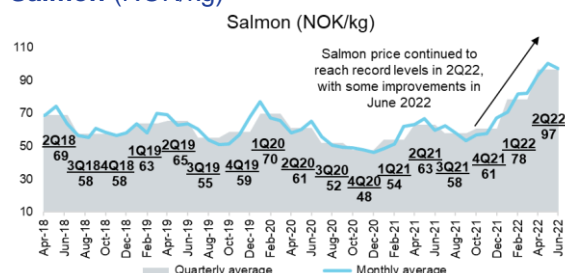
In July 2022, tuna price was USD 1,600/ton. In 2Q22, avg. price was USD 1,608/ton (+21.5% YoY, -6.3% QoQ).

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



In July 2022, shrimp price was THB 164/kg. In 2Q22, avg. price was THB 154/kg (+7.4% YoY, -15.5% QoQ).

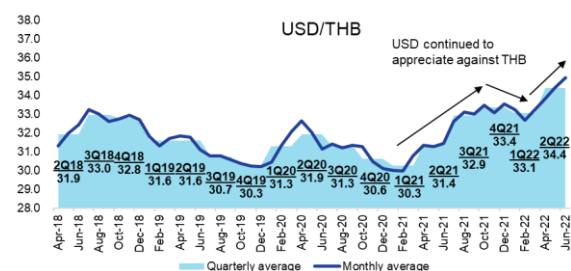
Salmon (NOK/kg)



In July 2022, salmon price was NOK 85/kg. In 2Q22, avg. price was NOK 97/kg (+53.0% YoY, +23.6% QoQ).

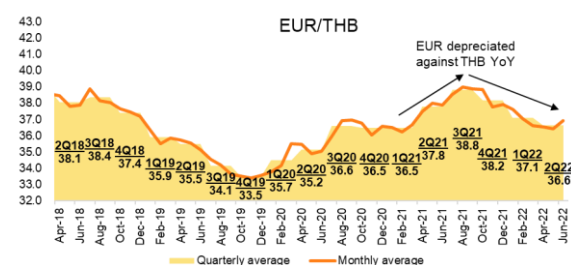
Exchange rates

USD/THB



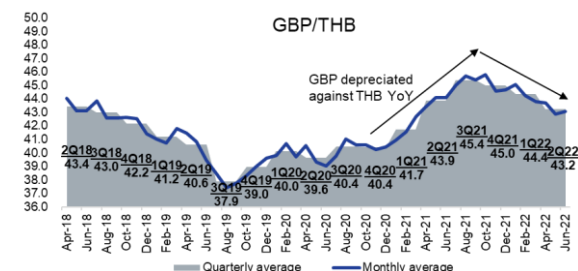
In July 2022, USD/THB was THB 36.33. In 2Q22, avg. was THB 34.40 (+9.7% YoY, +4.1% QoQ).

EUR/THB



In July 2022, EUR/THB was THB 37.05. In 2Q22, avg. was THB 36.64 (-3.0% YoY, -1.2% QoQ).

GBP/THB



In July 2022, GBP/THB closed at THB 43.55. In 2Q22, avg. was THB 43.22 (-1.5% YoY, -2.6% QoQ).

Key Developments

For more information, visit hyperlinks.

Strategic Corporate Actions

Managing our global portfolio

- [TU announced plan to transfer production from Lübeck to Sassnitz, Germany, to improve production efficiency, as we continue to optimize our manufacturing footprint \(until 2Q 2023\). Volker Büttel was appointed CEO, Rügen Fisch, in May 2022.](#)
- [TU sold the MerAlliance assets in Poland to a Polish seafood company, Dobry Pracownik, in May 2022.](#)

i-Tail Corporation (ITC) has submitted filing to SEC

- As part of TU's focus to spin-off its high-potential businesses, ITC, a leading premium quality pet food producer globally, has [submitted its filing to the Securities and Exchange Commission, Thailand \(SEC\) on July 5, 2022.](#)

Ongoing CAPEX projects

- Culinary plant for new, ready-to-eat production with +38% capacity and automation is on-track to be commercialized in 1Q23 (~THB 1.2bn).
- Protein hydrolysate and collagen peptide plant for Ingredients biz is on-track to be commercialized in 1Q23 (~THB 0.9bn).
- New cold storage project to expand tuna cold storage facility in Ghana started June 2021 and is on-track to complete in 1H23 (~THB 0.6bn).

New innovative products launched

To serve strong demand for ambient products

- In 1H22, TU continued to launch new, ready-to-eat ambient products under key brands globally.



New businesses

Diversified Ingredients portfolio into algae oil

- Thai Union Ingredients invested (~THB 270mn) in Mara Renewables, leading Canadian algae oil producer, to drive growth in omega-3 oils market (explore refining Mara’s crude oil).

Expanded ZEAVITA’s collagen & fish oil products

- Thai Union Lifescience launched two new products: Collagen + Prebiotics and Fish Oil Deepz with infused prebiotics & gluta (for healthy gut and skin) and green tea amino acids (for better sleep) in July & May 2022, respectively.

Introduced new, plant-based “shrimp” wonton

- Thai Union Alternative Protein launched a new “shrimp” innovation in wonton format in Thailand.

2025 Corporate strategies

We are on track towards 2025 targets (key metrics)

Commitments	Progress review
EBITDA of USD 450-550mn	Achieved EBITDA of USD ~470mn in 2021 from frozen turnaround and strong demand in PetCare & value added
Grow PetCare and Feed businesses at around 3x GDP growth	<ul style="list-style-type: none"> PetCare exceeded growth target for last few years Feed is challenged
New and adjacent businesses contribute >1/3 of EBITDA	PetCare and packaging contribute strong growth and margins, new value-enhancing businesses expected to scale up
Sustainable packaging	Achieved 80% of 2025 target for reusable/recyclable/compostable packaging (for branded business)

Sustainability

- We published 2021 Sustainability Report in June, which includes new areas, i.e. Blue Finance and completed its first ever full greenhouse gas inventory, including scope 3 emission, to maintain our position as sustainability leader in the industry. TU will announce new SeaChange® 2030 goals and science-based targets in 2022.
- We published our 1st ever report for Task Force on Climate-Related Financial Disclosures (TCFD), and we are officially listed on Science-Based Target Initiatives (SBTi) website as “committed”, with plans to submit targets soon.

2022 Financial target: We increased our sales guidance

Sales	10-12% YoY growth (from 7 - 8% YoY)
GPM	~ 17.5 – 18.0%
SG&A to sales	~ 12.0 – 12.5%
Effective interest rate	No material change from 2021
CAPEX	~ THB 6.0bn
Dividend Policy	At least 50% dividend payout ratio

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

Key risk factors

Headline inflation reached record-high levels in our key markets, with early signs of improvement in some of our material costs in 2Q22

COGS inflation in 1H22 (seafood raw materials, utilities, packaging, ingredients) resulted in overall COGS increase of 13.7% YoY. While inflation of consumer products was at all-time high in June (US +9.1%, EU +8.6%, TH +7.7% YoY).

1H22 logistics costs remained at high level of ~THB 1.3bn (Q1: 710mn + Q2: ~560mn), mainly from freight price increase, with some signs of improvement in Q2.

Our solutions are:

- Inventory management, hedging (seafood raw materials, FX), and economies of scale
- Two strategic levers: (1) price negotiation to pass on cost and (2) adjust promotion intensity
- Cost efficiency management, change to less expensive specs., and productivity improvement (automation)
- Monitor situation closely and remain agile

For more key risk factors, refer to 2021 One Report.

Statement of Income

(Unit: THB mn)	Consolidated							
	2Q22	% to sales	2Q21	% to sales	1Q22	% to sales	2Q22	2Q22
							2Q21	1Q22
							Change	Change
Sales	38,946	100%	35,883	100%	36,272	100%	8.5%	7.4%
Cost of sales	(32,361)	-83.1%	(29,078)	-81.0%	(29,917)	-82.5%	11.3%	8.2%
Gross profit	6,584	16.9%	6,805	19.0%	6,355	17.5%	-3.2%	3.6%
SG&A expenses	(4,920)	-12.6%	(4,281)	-11.9%	(4,688)	-12.9%	14.9%	4.9%
FX gain (loss)	475	1.2%	212	0.6%	(47)	-0.1%	124.4%	-1116.9%
Other income	(66)	-0.2%	439	1.2%	575	1.6%	-115.0%	-111.5%
Share of profits from investments in assoc. & JVs	(283)	-0.7%	(74)	-0.2%	(177)	-0.5%	284.8%	59.7%
EBIT	1,791	4.6%	3,101	8.6%	2,018	5.6%	-42.3%	-11.3%
Finance cost	(465)	-1.2%	(434)	-1.2%	(445)	-1.2%	7.1%	4.5%
EBT	1,326	3.4%	2,667	7.4%	1,573	4.3%	-50.3%	-15.7%
Tax	346	0.9%	(231)	-0.6%	188	0.5%	-249.7%	84.2%
Profit (Loss) from discontinued operation	-	0.0%	-	0.0%	-	0.0%	#DIV/0!	-
Net income	1,672	4.3%	2,436	6.8%	1,761	4.9%	-31.4%	-5.0%
Net income (loss) attributable to:								
Equity holders of the Company	1,624	4.2%	2,343	6.5%	1,746	4.8%	-30.7%	-7.0%
Non-controlling interests of the subs	48	0.1%	93	0.3%	15	0.0%	-48.9%	217.8%
Earnings per share								
Basic earnings per share	0.33		0.49		0.36		-31.7%	-7.2%
Exchange rate								
THB/USD	34.40		31.36		33.05		9.7%	4.1%

Statement of Financial Position

(Unit: THB mn)	2Q22	% to total assets	2021	% to total assets	Change
Cash and cash equivalents*	2,102	1.2%	9,723	5.8%	-78.4%
Trade and other receivables - net	20,025	11.7%	16,308	9.8%	22.8%
Inventories - net	52,528	30.6%	46,636	28.0%	12.6%
Other current assets	3,285	1.9%	2,196	1.3%	49.6%
Total current assets	77,941	45.5%	74,863	44.9%	4.1%
Fixed assets	28,844	16.8%	28,443	17.1%	1.4%
Investments	29,115	17.0%	28,529	17.1%	2.1%
Goodwill and other intangible assets	29,521	17.2%	30,390	18.2%	-2.9%
Other non-current assets	5,994	3.5%	4,380	2.6%	36.9%
Total Assets	171,415	100%	166,604	100%	2.9%
Bank overdrafts and short-term loans	19,681	11.5%	9,673	5.8%	103.5%
Trade and other payables	23,011	13.4%	21,351	12.8%	7.8%
Current portion of long-term loans	435	0.3%	14,937	9.0%	-97.1%
Other current liabilities	4,200	2.5%	2,121	1.3%	98.0%
Total current liabilities	47,327	27.6%	48,081	28.9%	-1.6%
Long-term loans	50,530	29.5%	46,431	27.9%	8.8%
Other non-current liabilities	10,690	6.2%	9,878	5.9%	8.2%
Total Liabilities	108,547	63.3%	104,391	62.7%	4.0%
Non-controlling interests of the subsidiaries	2,846	1.7%	2,894	1.7%	-1.7%
Total Shareholders' Equity	62,868	36.7%	62,213	37.3%	1.1%
Total liabilities and shareholders' equity	171,415	100%	166,604	100%	2.9%

*Including short term investment

Cash Flow Statement

(Unit: THB mn)	Consolidated		
	1H22	1H21	Change
Profit before income tax	2,898	4,704	(1,806)
Adjustments for depreciation & amortisation expenses	2,071	2,026	45
Other adjustments	1,340	812	528
Changes in operating assets and liabilities	(7,336)	(4,004)	(3,332)
Cash flows receipts from operating activities	(1,026)	3,538	(4,565)
Net cash receipts (payments) from operating activities	(1,360)	3,129	(4,490)
Net cash payments for investing activities	(1,370)	(2,380)	1,010
Net cash receipts (payments) for financing activities	(4,369)	(806)	(3,563)
Net increase (decrease) in cash and cash equivalent	(7,099)	(56)	(7,043)
Cash and cash equivalents - opening balance	8,828	6,019	2,809
Exchange gain (loss) on cash and cash equivalents	37	7	31
Cash and cash equivalents (net bank overdraft) - closing balance	1,767	5,969	(4,203)
CAPEX	1,846	2,030	(184)
Management Est. Free Cash Flows*	(2,873)	1,508	(4,381)

*Figures as reported in June 2022