

Executive Summary

i-Tail Corporation Public Company Limited (“i-Tail” or “the Company”) is one of the leading original equipment manufacturers (“OEMs”) in the wet pet food category and was ranked the second largest pet food company in Asia. Also, i-Tail was ranked one of the top 10 globally by annual revenue in 2021 by www.petfoodindustry.com. We manufacture and sell mainstream to premium quality pet food and treats for cats and dogs made from premium ingredients, primarily fish and chicken. As of 4Q22, we have over 5,637 SKUs serving over 435 customers worldwide in 45 countries. Apart from OEM, we also sell our pet food and pet treat products under our own brand names, includes Bellotta, Marvo, ChangeTer, Calico Bay and Paramount.

We manufacture our wet pet food products in two manufacturing plants located in the Samut Sakhon province and the Songkhla province with a total production capacity of more than 172,000 tons per year. We are in the process of constructing a new plant in the same area as our Samut Sakhon plant, which is expected to be completed and to commence commercial production in the second quarter of 2023.

About us

Ticker: ITC

Secondary market: SET, Food and Beverage

Paid-up capital: THB 3 billion

Par value: THB 1

Shareholding structures December 30, 2022: Thai Union Group Public Company Limited (“TU”) 78%, other shareholders 22%

Headquarter: Bangkok

Factory location: Samut Sakhon province and Songkhla province

Website: www.i-Tail.com

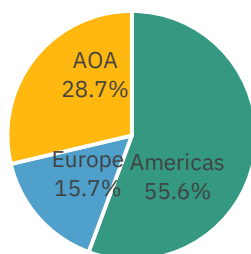
IR: Ms Neroli Goldman (Lina)

Email: ital_ir@thaiunion.com

Summary of FY2022 pro forma financial information

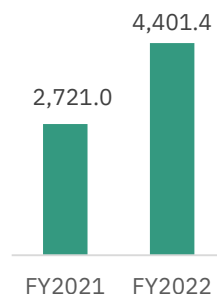
Pro forma revenue

THB 21,420.1mn



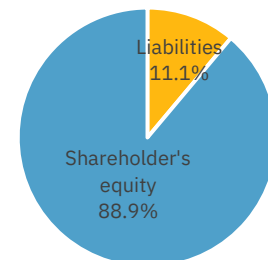
Pro forma net profit

THB 4,401.4mn



Pro forma financial position

Total assets: THB 28,177.7mn



Abbreviations referenced to related companies in this document

APC	- Asian-Pacific Can Co., Ltd. operates in the sales and manufacturing of packaging products in Thailand.
TUM	- Thai Union Manufacturing Co., Ltd., operates in the sales and manufacturing processes of seafood and pet food in Thailand.
YCC	- Yueh Chyang Canned Food Co., Ltd. operates in the sales and manufacturing of tuna cans and seafood cans in Vietnam.
ITA	- i-Tail Americas Inc., a subsidiary that is a Holding Company in the USA.
USPN	- US Pet Nutrition, LLC., a subsidiary that operates in sales and import premium pet food in the USA

4Q22/FY2022 Financial Performance

The explanation of the following Financial Performance will be divided into 2 parts

1 Discussion and Analysis of 4Q22/FY2022 Financial Information

are based on our 2021 Audited Consolidated Financial Statements, ending December 31, 2021. The summary recognizes the effect of the acquisition of a subsidiary as a business combination under common control as if the business combination had occurred since January 1, 2020.

2 Discussion and Analysis of 4Q22/FY22 proforma Financial Information

The objective of the pro forma consolidated financial information is to illustrate how certain completed transactions and events might have affected the unadjusted consolidated financial information had they occurred at January 1, 2019.

Please see appendix 1 for Significant Assumptions Used in Compiling the Pro Forma Consolidated Financial Information.

1. Discussion and Analysis of FY2022 Financial Information



Our Audited Consolidated Financial Statements for the year ended December 31, 2022, present the restated comparative consolidated financial information for the year ended December 31, 2021 in accordance with TFRS. In addition, we undertook certain business restructuring transactions, completed between December 2021 and February 2022. We did not reflect such business restructuring in the audited consolidated financial statements as of and for the year ended December 31, 2021.

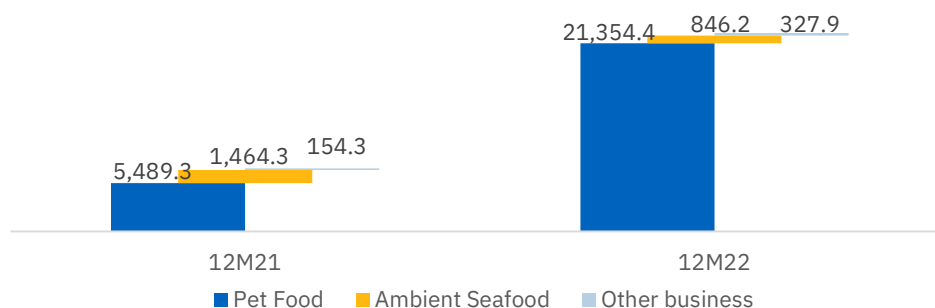
Income statement

	FY2022		FY2021		Changes	
	THB mn	%	THB mn	%	THB mn	%
Sales	22,528.5	100.0	7,107.9	100.0	15,420.6	217.0
Cost of Sales	17,104.0	75.9	6,043.1	85.0	11,060.9	183.0
Gross profit	5,424.5	24.1	1,064.8	15.0	4,359.7	409.4
Other income	247.9	1.1	84.2	1.2	163.7	194.4
Profit before expenses	5,672.4	25.2	1,149.0	16.2	4,523.4	393.7
Selling expenses	547.8	2.4	210.1	3.0	337.7	160.7
Administrative expenses	718.7	3.2	370.1	5.2	348.6	94.2
Reversal of (loss from) impairment of financial assets, net	(18.7)	(0.1)	(12.1)	(0.2)	(6.6)	54.3
Other gains (losses), net	199.2	0.9	142.2	2.0	57.0	40.1
EBIT	4,586.4	20.4	698.9	9.8	3,887.5	556.2
Finance costs	86.0	0.4	24.7	0.3	61.3	248.2
Profit before income tax	4,500.4	20.0	674.2	9.5	3,826.2	567.5
Income tax (expense)	(70.1)	(0.3)	19.7	0.3	(89.8)	(455.8)
Profit for the periods from continuing operations	4,430.3	19.7	693.9	9.8	3,736.4	538.4
Profit for the period from discontinued operations	39.5	0.2	881.9	12.4	(842.4)	(95.5)
Profit for the periods	4,469.8	19.9	1,575.8	22.2	2,894.0	183.6

	4Q22		4Q21		Changes	
	THB mn	%	THB mn	%	THB mn	%
Sales	5,764.8	100.0	1,881.0	100.0	3,883.8	206.5
Cost of Sales	4,496.3	78.0	1,750.5	93.1	2,745.8	156.9
Gross profit	1,268.5	22.0	130.5	6.9	1,138.0	872.1
Other income	107.5	1.9	15.8	0.8	91.7	580.4
Profit before expenses	1,376.0	23.9	146.3	7.7	1,229.7	840.4
Selling expenses	137.2	2.4	50.0	2.7	87.2	174.6
Administrative expenses	199.9	3.5	112.5	6.0	87.5	77.8
Reversal of (loss from) impairment of financial assets, net	(12.2)	(0.2)	(12.1)	(0.6)	(0.1)	0.9
Other gains (losses), net	(274.2)	(4.8)	0.2	0.0	(274.3)	(137,200.0)
EBIT	752.5	13.0	(28.1)	(1.6)	780.6	(2,777.9)
Finance costs	33.6	0.6	4.7	0.3	28.9	614.9
Profit before income tax	718.9	12.4	(32.8)	(1.9)	751.7	(2,291.8)
Income tax (Expense)	(48.7)	(0.8)	18.6	1.0	(67.3)	(361.8)
Profit for the periods from continuing operations	670.2	11.6	(14.2)	(0.9)	684.4	(4,819.7)
Profit for the period from discontinued operations	-	-	134.7	7.2	(134.7)	(100.0)
Profit for the periods	670.2	11.6	120.5	6.3	549.7	456.4

Sales

THB mn



Sales

Sales are comprised of sales from our pet food products, ambient seafood products and from other businesses, which comprise sales of plant-based products and by-products from our seafood raw materials.

In FY2022, sales were at THB 22,528mn (+217.0% YoY), driven by higher sales of pet food (+284.8% YoY) in Samut Sakhon plants following our acquisition of TUM's pet food business in connection with the business restructuring, and other businesses (+512.0%) from the sales by-products from our seafood raw materials. This was partially offset by lower ambient seafood sales (-42.2% YoY) primarily due to our transition away from the ambient seafood business to focus on the pet food business.

In 4Q22, sales were at THB 5,764.8mn (+206.5% YoY), mainly driven by pet food and other businesses for the abovementioned reasons.

Gross profit and margin

FY2022 gross profit was THB 5,424.50mn +409.4% YoY, mainly from the acquisition of a pet food business from TUM. Gross profit margin was at 24.1% from higher selling prices, cost management efficiency, and a greater mix of premium pet food products.

4Q22 gross profit was at THB 1,268.5mn (+872.1% YoY) from higher pet food sales as a result of business restructuring. 4Q22 gross profit margin was at 22.0%, increased from 6.94% in the same period last year, as a result of our transition away from the ambient seafood business.

SG&A expenses

FY2022 SG&A expenses increased 118.3% YoY, mainly due to an increase in sales commission, higher freight expenses, personnel costs in relation to employees transferred from TUM, and one-time expenses related the IPO and consultancy fees (detailed in p. 13). SG&A to sales ratio improved to 5.6% compared to 8.2% in the same period last year, mainly from sales increasing higher than SG&A expenses.

4Q22 SG&A expenses increased 107.6% YoY, while SG&A to sales ratio was at 5.8% from to 8.6% in 4Q21, for the abovementioned reasons.

Other income

FY2022 other income was at THB 247.9mn compared to THB 84.2mn in the same period last year, mainly thanks to increased tax coupons attributable to increased export sales.

FX gain / loss

We reported FX gain of THB 199.2mn in FY2022 (vs THB 142.2mn in FY2021), mainly from the appreciation of USD/THB.

We reported FX loss of THB 274.2mn in 4Q22 (vs THB 0.2mn gain in 4Q21), as a result of the strong THB appreciation during the quarter.

EBIT

FY2022 EBIT was up 556.2% YoY at THB 4,586.4mn, mainly thanks to the higher profit generated for the period from higher sales orders and from the acquisition of the pet food business from TUM in connection with the business restructuring.

4Q22 EBIT increased 2,777.9% YoY, mainly thanks to the abovementioned reasons.

Finance costs

FY2022 and 4Q22 finance cost was at THB 86.0mn (vs THB 24.7mn in FY2021) and THB 33.6mn (vs THB 4.7mn in 4Q21) respectively, mainly due to additional short-term borrowings from financial institutions and additional related interest expenses.

Income tax

FY2022 income tax expense was at THB 70.1mn vs THB 19.7mn tax expense in FY2021. The increase was mainly due to an adjustment on deferred tax assets from an increase in our gross profit on the ending inventories which were purchased from ITC and net profit before tax of our US subsidiary, US Pet Nutrition (USPN), and in line with the higher operating profit of the company.

4Q22 income tax expense was at THB 48.7 mn vs income tax benefit THB 18.6mn in 4Q21, as a result of the adjustment on deferred tax assets from an increase in our gross profit on the ending inventories of USPN which were purchased from ITC and net profit before tax.

Net profit

FY2022 net profit was at THB 4,469.8mn, increased 183.6% YoY, mainly thanks to strong sales and gross profit, well-managed SG&A expenses, and higher FX gain.

4Q22 net profit was at THB 670.2mn, increased 456.4% YoY, mainly thanks to the abovementioned reasons.

Financial position analysis

	31-Dec-22		31-Dec-21		Changes	
	THB mn	%	THB mn	%	THB mn	%
Assets						
Cash and cash equivalents	10,798.9	41.9	3.3	0.0	10,795.6	327,139.4
Trade and other receivables, net	3,553.9	13.8	1,089.9	7.3	2,464.0	226.1
Inventories, net	4,457.0	17.3	3,844.6	25.7	612.4	15.9
Assets of disposal groups classified as held-for-sale from discontinued operations	-	-	4,894.6	32.8	(4,894.6)	(100.0)
Property, plant and equipment, net	4,893.1	19.0	4,171.4	27.9	721.7	17.3
Other assets	2,046.7	7.9	929.9	35.3	4,339.0	120.1
Total assets	25,749.6	100.0	14,933.7	100.0	10,815.9	72.4
Liabilities						
Bank overdrafts and loans from financial institutions	-	-	-	-	-	(100.0)
Loans from related parties	-	-	772.6	5.2	(772.6)	(100.0)
Trade and other payables	2,355.2	9.1	4,356.2	29.2	(2,001.0)	(45.9)
Liabilities of disposal groups classified as held-for-sale from discontinued operations	-	-	4,705.5	31.5	(4,705.5)	100.0
Other liabilities	788.3	3.1	768.0	5.1	20.3	2.6
Total liabilities	3,143.5	12.2	10,602.3	71.0	(7,458.8)	(70.4)
Equity	22,606.1	87.8	4,331.4	29.0	18,274.7	421.9
Total liabilities and equity	25,749.6	100.0	14,933.7	100.0	10,815.9	72.4

Total assets

As of December 31, 2022, total assets were at THB 25,749.6mn, increased by 72.4% from end-2021 at THB 14,933.7mn, thanks to higher cash and cash equivalents received from the public offering net with cost of issuing shares, and higher trade and other receivables from the increase in sales from the Samut Sakhon plant following our acquisition of TUM's pet food business. This was partially offset by lower assets of disposal groups classified as held-for-sale from discontinued operations from the sale of a packaging subsidiary, Asian Pacific Can (APC), as a result of the business restructuring.

Total liabilities

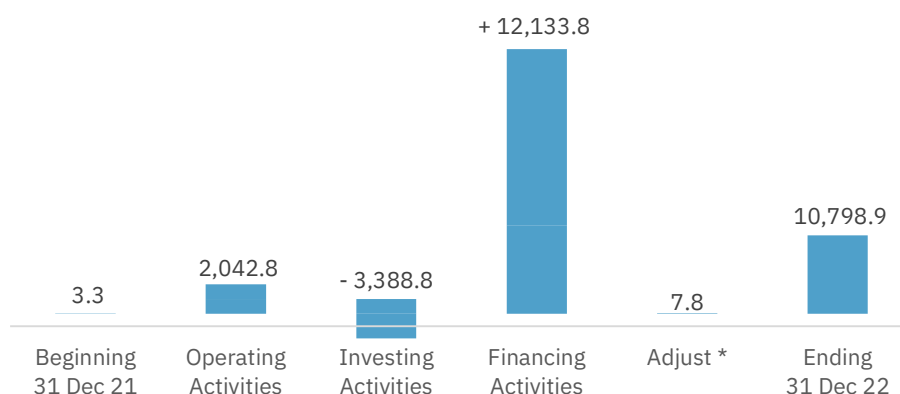
As of December 31, 2022, total liabilities were at THB 3,143.5mn, decreased by 70.4% from end-2021 at THB 10,602.3mn, thanks to lower liabilities of disposal groups classified as held-for-sale from discontinued operations from the sale of APC and lower trade and other payables from the repayment of payables owed to TUM in relation to the purchase of the pet food business.

Total equity

As of December 31, 2022, total equity was at THB 22,606.1mn, increased by 421.9% from end-2021 at THB 4,331.4mn, was primarily due to an increase in profit for the year and an increase in other comprehensive income, higher authorized share capital and a premium on share capital from offered 600 million shares to the public for the first time with a par value of Baht 1 per share at a price of Baht 32 per share. Directly attributable expenses of the initial public offering amounted to Baht 445.11 million (net of tax) were presented deducting from premium on share capital and legal reserve.

Cash Flows

THB mn



* Adjusted the value of net assets of the disposal group classified as held-for-sale from discontinued operations and exchange gain on cash and cash equivalents

As of December 31, 2022, we recorded cash and cash equivalents of THB 10,798.9mn. The increase was mainly from cash received from public offering net with cost of issuing shares and operating activities as a result of profitable continuing operations.

Net cash payments for investing activities was THB 3,388.8mn, consisting primarily of cash payments for business combination under common control of THB 2,301.6mn, property, for plant and equipment of THB 1,171.6mn, and for investment in debt instruments of THB 737.8mn, partially offset by THB 555.7mn for net cash receipts from short-term loans to the parent company.

Net cash receipts from financing activities was THB 12,133.8mn, consisting of cash received from public offering net with cost of issuing shares of THB 18,754.9mn and from issuance of common stock of THB 2,040.0mn, which is partially offset by a dividend payment to our shareholders of THB 7,670.4mn and payments for short-term loans from the parent company of THB 668.7mn and repayments for long-term loans from the parent company of THB 99.7mn.

2. Discussion and Analysis of FY2022 Pro Forma Consolidated Financial Information



The objective of the pro forma consolidated financial information is to illustrate how certain completed transactions and events might have affected the unadjusted consolidated financial information had they occurred at January 1, 2019. Pro forma consolidated financial information does not represent an entity's actual financial position or results. It addresses a hypothetical situation and is prepared for illustrative purposes only. There is no independent examination of any of the underlying financial information, including the adjustments to our accounting policies, nor of the pro forma assumptions used as the basis of the

adjustments to the pro forma consolidated financial information. Our historical results do not necessarily indicate results expected for any future periods. Our pro forma results have been compiled on the basis of certain assumptions for illustrative purposes only.

The pro forma consolidated financial information is based on our pro forma consolidated statements of comprehensive income, our pro forma consolidated statements of financial position and our pro forma consolidated statements of cash flows. The assumptions underlying the Pro Forma Consolidated Financial Information are described in the appendix 1, at end of this document.

Pro forma statement of comprehensive income

	FY2022		FY2021		YoY
	THB mn		THB mn		%
Sales	21,420.1	100.0%	14,528.7	100.0%	47.4%
Cost of sales	16,071.2	75.0%	11,172.7	76.9%	43.8%
Gross profit	5,348.9	25.0%	3,356.0	23.1%	59.4%
Other income	247.0	1.2%	120.6	0.8%	104.9%
Profit before expenses	5,595.9	26.1%	3,476.6	23.9%	61.0%
SG&A expenses	1,239.0	5.8%	981.5	6.8%	26.2%
Other gain (loss), net	175.1	0.8%	285.4	2.0%	-38.7%
EBIT	4,532.0	21.1%	2,780.5	19.1%	63.0%
Finance costs	82.5	0.4%	31.8	0.2%	159.6%
Profit before income tax	4,449.5	20.7%	2,748.7	18.9%	61.9%
Income tax	48.1	0.2%	27.7	0.2%	73.4%
Net profit	4,401.4	20.5%	2,721.0	18.7%	61.8%

	4Q22		4Q21		YoY
	THB mn		THB mn		%
Sales	5,591.2	100.0%	4,151.6	100.0%	34.7%
Cost of sales	4,341.0	77.6%	3,236.7	78.0%	34.1%
Gross profit	1,250.2	22.4%	914.9	22.0%	36.7%
Other income	107.4	1.9%	23.9	0.6%	350.1%
Profit before expenses	1,357.6	24.3%	938.8	22.6%	44.6%
SG&A expenses	341.0	6.1%	336.9	8.1%	1.2%
Other gain (loss), net	(265.9)	(4.8%)	11.0	0.3%	-2,504.8%
EBIT	750.7	13.4%	612.9	14.8%	22.5%
Finance costs	30.0	0.5%	6.8	0.2%	339.0%
Profit before income tax	720.7	12.9%	606.1	14.6%	28.8%
Income tax	44.9	0.8%	18.4	0.4%	144.0%
Net profit	675.90	12.1%	587.7	14.2%	15.0%

Sales

FY2022 sales were record high at THB 21,240.1mn (+47.4% YoY), mainly from continued strong demand for pet food, particularly in the U.S. and Asia, higher sales from key existing and new customers, new products launched, higher selling prices, depreciation of the Thai Baht against U.S. dollars (+9.2% YoY),

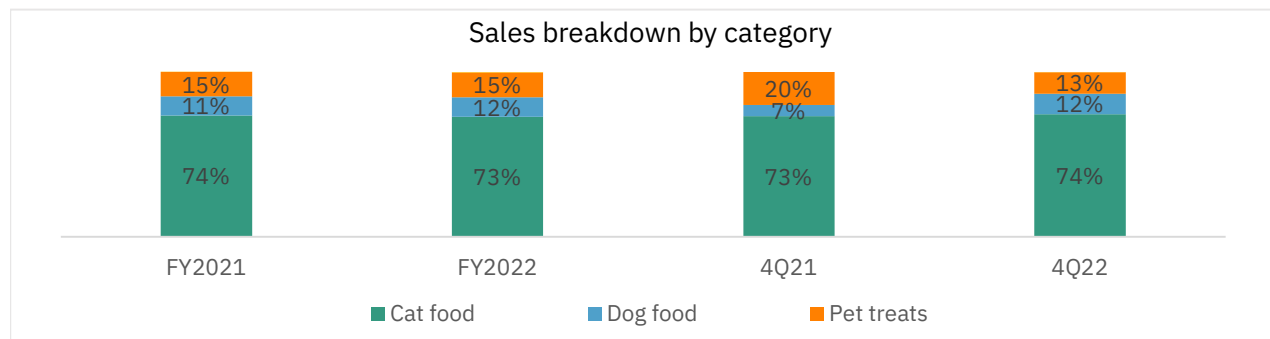
as well as an increased availability of shipping containers and container space which boosted our exports.

4Q22 sales grew 34.7% YoY at THB 5,591.2mn, from strong sales in the U.S. and Thailand.

Sales by category

In FY2022, cat food grew 45.3% YoY, mainly from new product launches, high sales orders, particularly from global pet food brands and global pet food retailers, and higher selling prices. Dog food grew 54.9% YoY, mainly from new products launched and higher sales from existing customers and new customers, particularly supermarkets in the U.S. Pet treats grew 49.8% YoY, thanks to new products launched, a greater mix of premium products, and an increase in our product prices.

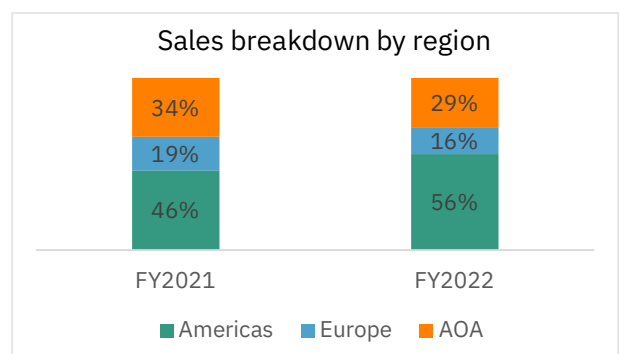
In 4Q22, cat food grew 36.9% YoY while dog food grew 147.2% YoY thanks to the abovementioned reasons. Pet treats dropped 10.7% YoY, mainly due to product mix.



Sales by region and channel

In FY2022, sales increased in key regions: Americas (+77.4% YoY), Europe (+19.1% YoY), and Asia, Oceania and Others (+23.1% YoY), mainly from continued strong demand for pet food, business expansion to new and existing customers, and THB depreciation. This was supported by improved logistics which helped boost exports. Americas grew significantly from higher sales from U.S. customers.

The sales mix was unchanged at 98.5% OEM and 1.5% own brand.



Gross profit

FY2022 gross profit was strong at THB 5,348.9mn (+59.4% YoY) from the abovementioned reasons. Gross profit margin was high and within our target at 25.0%, increased from 23.1% in the same period last year, thanks to increased selling prices, higher freight revenue, cost efficiency management, as well as a greater mix of premium products with high profit margins.

4Q22 gross profit grew 36.7% YoY at THB 1,250.2mn, while gross profit margin improved to 22.4% from 22.0% last year, thanks to strong pet food demand, higher selling prices, and our strategy to focus on premium products. This was partially offset by one-time recruitment fees for migrant workers in Q4 (THB 66.4mn) (in COGS) (detailed in p. 11), higher labor costs from a minimum wage increase in Thailand, and

customers' adjusting their assortment. Excluding the one-off item, FY2022 and 4Q22 adjusted GPM would be 25.5% and 23.5% respectively.

Other income

FY2022 and 4Q22 other income was at THB 247.0mn (+104.9% YoY) and THB 107.4mn (+350.1% YoY), respectively. The increase was mainly from higher tax coupons on exported goods, in line with higher export sales, as well as a customer claim from a discontinued product (in 4Q22).

SG&A expenses

FY2022 SG&A expenses increased 26.2% YoY mainly from higher sales commissions in line with increased sales, freight costs, higher marketing expenses to support customers' branding activities, and one-time consultant fees and IPO-related expenses in Q1-Q4 (THB 67.9mn) (in SG&A) (detailed in p. 11). SG&A to sales ratio was at 5.7%, down from 6.7% in FY2021, thanks to the proportion of sales growing higher than SG&A expenses.

4Q22 SG&A expenses increased 1.2% YoY, while SG&A to sales ratio was at 6.1%, down from 8.1% in 4Q21, from sales growing higher than SG&A expenses YoY.

Other income

FY2022 and 4Q22 other income was at THB 247.0mn (+104.9% YoY) and THB 107.4mn (+350.1% YoY), respectively. The increase was mainly from higher tax coupons on exported goods, in line with higher export sales, as well as a customer claim from a discontinued product (in 4Q22).

FX gain / loss

We reported FX gain of THB 175.1mn in FY2022 (vs THB 285.4mn in FY2021), mainly from the appreciation of USD/THB.

In 4Q22, we recorded FX loss of THB 265.9mn (vs THB 11.0mn gain in 4Q21), as a result of the strong THB appreciation during the quarter.

EBIT

FY2022 EBIT was up 63.0% YoY at THB 4,532.0mn, supported by strong business operations and FX gain, partially offset by higher SG&A expenses. Excluding the extra items on IPO-related and consultant fees, adjusted EBIT was up 65.4% YoY at THB 4,599.8mn.

4Q22 EBIT was up 22.5% YoY (at THB 750.7mn), as a result of the abovementioned reasons.

Finance costs

FY2022 and 4Q22 finance cost was at THB 82.5mn (vs THB 31.8mn in FY2021) and THB 30.0mn (vs THB 6.8mn in 4Q21) respectively, mainly due to additional short-term borrowings from financial institutions and additional related interest expenses. In 4Q22, we repaid short-term loans of THB 7,416mn from a portion of the proceeds from IPO.

Income tax

FY2022 income tax expense was at THB 48.1mn vs THB 27.7mn tax expense in FY2021. The increase was mainly due to an adjustment on deferred tax assets from an increase in our gross profit on the ending inventories of US subsidiary, US Pet Nutrition (USPN) which were purchased from ITC and net profit before tax, and in line with the higher operating profit of the company.

4Q22 income tax expense was at THB 44.9mn vs THB 18.4mn in 4Q21, as a result of the adjustment on deferred tax assets from an increase in our gross profit on the ending inventories of USPN which were purchased from ITC and net profit before tax.

Net profit

FY2022 net profit was all-time high at THB 4,401.4mn, up 61.8% YoY, while FY2022 net profit margin stood at 20.5% vs 18.7% in FY2021. The uplifted net profit margin was thanks to strong business operations with record sales and gross margin maintained at a high level, despite higher SG&A expenses.

4Q22 net profit was at THB 675.9mn, up 15.0% YoY, thanks to higher sales and operating profit. This was offset by one-time expenses (detailed in p. 11) and FX losses during the quarter. As a result, net profit margin stood at 12.1% compared to 15.0% in 4Q21.

Adjusted net profit

FY2022 adjusted net profit was at THB 4,535.7mn (+66.9% YoY) and net margin at 20.9%. 4Q22 adjusted net profit was at THB 751.0mn (+27.8% YoY) and net profit margin at 13.4%.

Period	THB mn	One-off items
1Q22-3Q22	59.2	IPO-related and consultant fees (in SG&A expense)
4Q22	8.7	IPO-related and consultant fees (in SG&A expense)
	66.4	Recruitment fees for migrant workers as part of company's new sustainability initiative (in COGS)

Note: In 4Q22, we reclassified total of THB 10.5mn of IPO-expenses to equity (in 1Q-3Q). After the reclassification, the net impact of IPO-related expenses and consultant fees in 2022 is THB 67.9mn (THB 59.2mn as of 9M22 and THB 8.7mn in 4Q22).

Dividend

The Company announced a dividend of THB 0.20 per share for 4Q22 performance.

Pro forma financial positions

	31-Dec-22		31-Dec-21		YoY	
	THB mn	%	THB mn	%	THB mn	%
Assets						
Cash and cash equivalents	13,254	47	703	6	12,551	1,786
Trade and other receivables, net	3,517	12	2,207	19	1,310	59
Inventories, net	4,454	16	3,498	30	956	27
Property, plant and equipment, net	4,893	17	4,171	36	722	17
Other assets	2,060	8	930	98	1,130	122
Total Assets	28,178	100	11,509	100	16,669	145
Liabilities						
Bank overdrafts and loans from financial institutions	0	0	0	0	0	0
Loans from related parties	0	0	2,300	20	-2,300	-100
Trade and other payables	2,353	8	1,576	14	777	49
Employee benefit obligations	559	2	578	5	-19	-3
Other liabilities	221	1	237	2	-16	-7
Total Liabilities	3,133	11	4,691	41	-1,558	-33
Total Equity	25,045	89	6,818	59	18,227	267
Total liabilities and equity	28,178	100	11,509	100	16,669	145

Total assets

As of December 31, 2022, total assets were THB 28,178mn, increased by 145% from the same period last year, mainly from higher cash and cash equivalents, increased trade receivables from higher sales orders and higher trade activities, higher inventory value in line with the increase in customer orders and the additional investment in property, plant and equipment to support our sales expansion.

Total liabilities

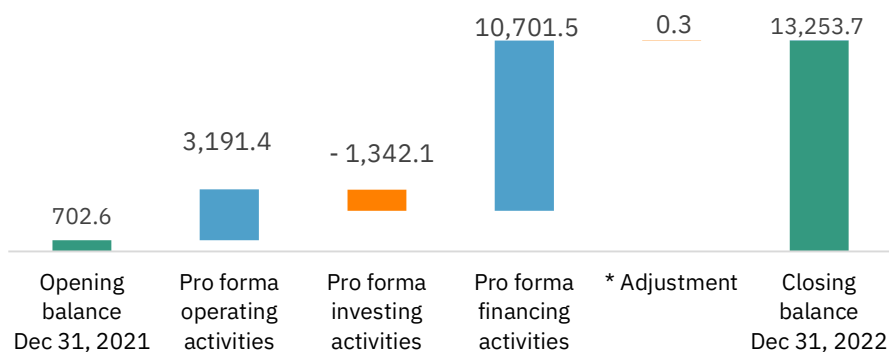
As of December 31, 2022, total liabilities were THB 3,133mn, decreased by 33% from the same period last year, mainly from the repayment of short-term loans from related parties, despite higher trade and other payables relating to increased orders of raw materials.

Total equity

As of December 31, 2022, total equity was THB 25,045mn, increased by 267%, was primarily due to an increase in profit for the year and an increase in other comprehensive income, higher authorized share capital and a premium on share capital from offered 600 million shares to the public for the first time with a par value of Baht 1 per share at a price of Baht 32 per share. Directly attributable expenses of the initial public offering amounted to Baht 445.11 million (net of tax) were presented deducting from premium on share capital and legal reserve. This was partially offset by dividend payments of THB 3,600.0mn in April 2022 (final dividend) and THB 2,100.0mn and 1,980.0 mn in August 30, 2022 and November 4, 2022 respectively (interim dividend).

Pro forma cash flows

THB mn



**Gain (loss) from foreign exchange on cash and cash equivalents*

As of December 31, 2022, we recorded pro forma cash and cash equivalents of THB 13,253.7mn. The increase was mainly from higher cash received from proforma financing activities and proforma operating activities as a result of profitable operations.

Net cash payments for investing activities was THB 1,342.1mn, consisting primarily of THB 1,172.6mn paid for property, plant and equipment and cash payment for purchase of financial assets of THB 737.8mn, partially offset by THB 555.7mn for net cash receipts from short-term loans to the parent company.

Net cash receipts from financing activities was THB 10,701.5mn, consisting of cash received from public offering net with cost of issuing shares of THB 18,755.9mn and from issuance of common stock of THB 2,040.0mn, which is partially offset by a dividend payment to our shareholders of THB 7,670.4mn and repayments of long-term loans from the parent company of THB 2,299.5mn.

Financial ratios

	2022	2021
Profitability Ratios		
Gross profit margin (%) ⁽¹⁾	25.0	23.1
EBITDA margin (%) ⁽²⁾	23.5	22.6
Operating margin (%) ⁽³⁾	19.2	16.3
Net profit margin (%) ⁽⁴⁾	20.3	18.6
Return on Equity (%) ⁽⁵⁾	27.6 ⁽¹⁷⁾	43.9
Liquidity Ratios		
Current ratio (times) ⁽⁶⁾	9.0	1.7
Quick ratio (times) ⁽⁷⁾	6.7	0.7
Days sales outstanding (days) ⁽⁸⁾	48.3	53.5
Days of inventory outstanding (days) ⁽⁹⁾	93	96
Days payable outstanding (days) ⁽¹⁰⁾	30.6	33.5
Profitability Ratios		
Return on assets (%) ⁽¹¹⁾	22.2 ⁽¹⁷⁾	24.4
Asset turnover (times) ⁽¹²⁾	1.1 ⁽¹⁷⁾	1.3
Financial Policy Ratios		
Debt to equity ratio (times) ⁽¹³⁾	0.1	0.7
Interest bearing debt to equity ratio (times) ⁽¹⁴⁾	0.0	0.3
Interest coverage ratio (times) ⁽¹⁵⁾	61.9	104.4

Note:

- (1) Gross profit margin is calculated as gross profit (loss) divided by sales, multiplied by 100.
- (2) EBITDA margin is calculated as EBITDA divided by total sales ⁽¹⁶⁾, multiplied by 100.
- (3) Operating margin is calculated as operating profit exclude other income and other gain (loss) divided by sales, multiplied by 100.
- (4) Net profit margin is calculated as profit (loss) for the period divided by total sales⁽¹⁶⁾, multiplied by 100.
- (5) Return on equity is calculated as profit (loss) for the period attributable to owners of the parent divided by average total shareholders' equity attributable to owners of the parent, multiplied by 100.
- (6) Current ratio is calculated as total current assets divided by total current liabilities.
- (7) Quick ratio is calculated as the combined total of cash and cash equivalents, short-term investments and trade and other receivables, net divided by total current liabilities.
- (8) Days sales outstanding is calculated as 365 divided by account receivable turnover. Account receivable turnover is calculated as sales divided by average trade receivables before allowance for losses.
- (9) Days of inventory outstanding is calculated as 365 divided by inventory turnover. Inventory turnover is calculated as cost of sales divided by average inventories.
- (10) Days payable outstanding is calculated as 365 divided by account payable turnover. Account payable turnover is calculated as the cost of sales divided by the average trade payable.
- (11) Return on assets is calculated as profit (loss) for the period divided by average total assets, multiplied by 100.
- (12) Assets turnover is calculated as total sales ⁽¹⁶⁾ divided by average total assets.

(13) Debt to equity ratio is calculated as total liabilities divided by total shareholders' equity.

(14) Interest-bearing debt to equity is calculated as total interest-bearing debt divided by total shareholders' equity.

(15) Interest coverage ratio is calculated as EBITDA divided by finance costs.

(16) Total sales is calculated as the sum of sales and other income.

(17) The financial ratios are annualized for comparative purposes.

Appendix 1

Significant Assumptions Used in Compiling the Pro Forma Consolidated Financial Information

(1) Business Restructuring

In 2021, our management approved a business restructuring plan to (i) dispose of investments in certain subsidiaries to related companies under common control of Thai Union, (ii) dispose of a discontinued business relating to the manufacture and export of other ambient food, (iii) effect a business combination under common control and (iv) acquire a pet food business from a related company under common control, which can be summarized as follows.

The pro forma consolidated financial information reflects what our financial statements for the years ended December 31, 2019, 2020 and 2021 and for the nine months ended September 30, 2021 and 2022 would have been had the following transactions (collectively, the “**Transactions**”) occurred at January 1, 2019: -

- a) We entered into a share purchase agreement with Thai Union dated February 9, 2022, for the sale of all of our investments in APC, or 99.00% of the issued shares of APC, for a consideration of THB351.4mn. The sale was completed in February 2022;
- b) We entered into a capital contribution transfer agreement with a related company under common control of Thai Union dated December 15, 2021, for the sale of all of our investments in YCC, or 100% of the issued shares of YCC, for a consideration of VND350,000.0mn (THB503.3mn). The sale was completed in December 2021;
- c) Pursuant to a resolution of our Board of Directors dated November 16, 2021 approving the discontinuation of our business of manufacturing and distributing ambient seafood products, ready-to-eat food products and plant-based human products, we have ceased the manufacture of such products as of the date of this Offering Circular, and plan to completely cease sales of such products by the end of 2022 and transfer such business to Thai Union. We have no plans to sell any assets or lay off employees in relation to the discontinued business segment because those items can be used in the Company's operations and production;
- d) Our subsidiary, i-Tail Americas, Inc., entered into a membership interest purchase agreement dated December 31, 2021, to acquire USPN, a U.S. subsidiary under common control of Thai Union, for a consideration of US\$4.5mn (THB170.6mn). The acquisition was completed in December 2021; and
- e) We entered into a business transfer agreement with TUM dated December 31, 2021 to purchase its pet food business, including the Samut Sakhon plant, and acquire employees involved in such business for a consideration of THB 2,224.4mn, which is equivalent to the carrying amount of the net assets acquired, comprising property, plant and equipment, computer software and employee benefit obligations. The

transfer was largely completed in December 2021, while the remaining product inventory was transferred in January 2022.

Pursuant to the aforementioned acquisitions, the Pro Forma Consolidated Financial Information contemplates our Company's subsidiaries to include USPN and i-Tail Americas, Inc., both of which are wholly-owned subsidiaries, as well as Japan Pet Nutrition Co., Ltd., a new entity incorporated in Japan in 2021.

(2) Disposal of Investments to a Related Company Under Common Control of the Parent Company

We recognized the disposal of our investments in APC and YCC as if it had occurred since January 1, 2019 and recognized the consideration received from such disposals as part of cash flows in the divestment period in the Pro Forma Consolidated Financial Information for the year ended December 31, 2019. We did not recognize dividend income received from APC and YCC after January 1, 2019 in this Pro Forma Consolidated Financial Information.

(3) Discontinued Manufacture and Export of Other Ambient Seafood Business

We adjusted significant items relating to the discontinued ambient seafood manufacturing and export businesses to reflect such transaction in the Pro Forma Consolidated Financial Information. Items specific to the discontinued businesses were determined based on the activities related to the discontinued businesses while operational activities indirectly related to the discontinued businesses were adjusted partly on an allocation basis relating to the nature of those items and partly based on company records. The significant items adjusted in the Pro Forma Consolidated Financial Information are trade receivables, inventories, trade payables, corporate income tax payable and related business performance.

We recognized the pro forma adjustments related to the allocated operating performance of the discontinued business as if no related income and expenses of such business were included in the pro forma consolidated statement of comprehensive income for the years ended December 31, 2020 and 2021 and the nine months ended September 30, 2021 and 2022. We recognized pro forma adjustments to allocate the discontinued business' assets and liabilities on the basis described above and retained earnings arising from the operating results of the discontinued business from January 1, 2019, which is the date on which we assume the business was discontinued, until December 31, 2020 and 2021, with the remaining difference for each year recognized as cash and cash equivalents.

(4) Business Combination Under Common Control

We recognized the investment in USPN as if it had been our subsidiary since January 1, 2019. We recognized this purchase transaction as part of cash outflows in the acquisition period.

The fair value of net liabilities assumed, after netting with assets acquired in connection with the business acquisition as of January 1, 2019 is approximately THB262.8mn. When compared to the consideration paid for the acquisition of THB146.7mn, there is a difference with business combination under common control of THB409.4mn, which has been presented as part of other components of equity.

In compiling the Pro Forma Consolidated Financial Information, we eliminated transactions and balances between the Company and USPN incurred in the years ended December 31, 2020 and

2021. Income tax and deferred tax belonging to USPN in the Pro Forma Consolidated Financial Information are presented in line with the amounts previously recognized by USPN, without recalculation, for the years ended December 31, 2020 and 2021.

(5) Pet Food Business Acquisition From a Related Company Under Common Control

For the transfer of the pet food business from TUM, we recognized assets acquired and liabilities assumed, consisting of property, plant and equipment, computer software and employee benefit obligations at the carrying amounts as of January 1, 2019. The purchase consideration was at the carrying amount of net assets and liabilities acquired so there was no excess arising from business combination under common control.

In addition, we adjusted significant financial items relating to the pet food business to reflect the nature of the business operation and its performance.

- a) Items specific to the pet food business were determined based on the activities directly related to such business,
- b) operating activities indirectly related to the pet food business were adjusted partly on an allocation basis relating to the nature of those items and partly based on company records.

The significant financial items adjusted in the pro forma financial statements include trade receivables, inventories, property, plant and equipment and related advance payments, computer software, trade payables, accrued expenses, unearned income, payable balances from the purchase of property, plant and equipment and other payables, employee benefit obligations and related business performance.

We recognize the pro forma adjustments related to the pet food business' operating performance as if it had been part of the pro forma consolidated statement of comprehensive income for the years ended December 31, 2020 and 2021. We recognized pro forma adjustments to allocate the pet food business' assets and liabilities on the basis described above, and retained earnings arising from the operating results of such business from January 1, 2019, which is the date the pet food business is assumed to have been acquired, until December 31, 2021, with the remaining difference for each year recognized as cash and cash equivalents in the pro forma consolidated statements of financial position.

(6) Sources of Funding and Interest Expenses

In preparing our Pro Forma Consolidated Financial Information as of and for the years ended December 31, 2020 and 2021, we assumed we would have a long-term borrowing agreement with Thai Union for a THB 2,300.0mn loan with an effective date of January 1, 2019 and a repayment date of December 31, 2022, subject to an interest rate of 0.88% per annum.

These funds provide financial support for the Business Restructuring. The funding and interest expenses are recognized as if we had entered into funding agreements since January 1, 2019. Interest expenses in the pro forma consolidated statement of profit or loss for the years ended December 31, 2020 and 2021 were calculated based on the previously mentioned sources of funding, which amounted to THB20.2 mn each year. The corporate income tax rate for such interest expenses was calculated using the Company's average effective tax rate for each period.

(7) Income Taxes

We have adjusted our corporate income taxes related to the Business Restructuring based on our effective tax rate and profit before tax of each period. We adjusted the income tax in the pro forma consolidated statement of comprehensive income and income tax payable in the pro forma consolidated statement of financial position. However, we have not made deferred tax adjustments because its impact is considered insignificant.

Appendix 2

PROFORMA INCOME STATEMENT

	For the Twelve Months Ended December 31,			
	2021		2022	
	THB	%	THB	%
	<i>(in millions, except for percentages)</i>			
Sales	14,528.7	100	21,420.1	147.4
Cost of sales	11,172.7	76.9	16,071.2	110.6
Gross profit	3,356.0	23.1	5,348.8	36.8
Other income	120.6	0.8	247.0	1.7
Profit before expenses	3,476.6	23.9	5,595.8	38.5
Selling expenses	463.2	3.2	525.6	3.6
Administrative expenses	518.3	3.6	713.4	4.9
Other gain (loss), net	285.5	2.0	175.1	1.2
Operating profit	2,780.5	19.1	4,531.9	31.2
Finance costs	31.8	0.2	82.5	0.6
Profit before income tax	2,748.7	18.9	4,449.4	30.6
Income tax	27.7	0.2	48.1	0.3
Profit for the periods	2,721.0	18.7	4,401.3	30.3
Other comprehensive income (expenses) for the periods, net of income tax	-225.2	-1.6	704.5	4.8
Total comprehensive income for the periods	2,495.8	17.2	5,105.8	35.1

Appendix 4

PROFORMA FINANCIAL POSITION

	December 31, 2021		December 31, 2022	
	THB mn	%	THB mn	%
Assets				
Current assets				
Cash and cash equivalents	702.6	6.1	13,253.7	47.0
Trade and other receivables, net	2,207.10	19.2	3,517.4	12.5
Short-term loans to related party	555.7	4.8	-	-
Inventories, net	3,497.90	30.4	4,453.6	15.8
Debt instruments measured at amortised cost	-	-	737.6	2.6
Derivative assets	6.5	0.1	560.7	2.0
Other current assets	65.1	0.5	227.4	0.8
Total current assets	7,034.90	61.1	22,750.4	80.7
Non-current assets				
Property, plant and equipment, net	4,171.40	36.3	4,893.0	17.4
Right-of-use assets, net	31.7	0.3	41.8	0.2
Computer software, net	8.8	0.1	31.7	0.1
Derivative assets	2	0	96.7	0.3
Deferred tax assets, net	36.5	0.3	43.2	0.2
Other non-current assets	223.2	1.9	320.9	1.1
Total non-current assets	4,473.60	38.9	5,427.3	19.3
Total assets	11,508.50	100	28,177.7	100.0
Current liabilities				
Bank overdrafts and short-term loans from financial institutions	-	-	-	-
Trade and other payables	1,576.00	13.7	2,353.0	8.4
Current portion of long-term loans from a parent company	2,300.00	20	-	-
Current portion of lease liabilities, net	9.6	0.1	13.8	0.0
Income tax payable	47	0.4	14.7	0.1
Derivative liabilities	123.8	1	106.7	0.3
Other current liabilities	8.1	0.1	28.3	0.1
Total current liabilities	4,064.50	35.3	2,516.5	8.9
Non-current liabilities				
Long-term loans from parent company	-	-	-	-
Lease liabilities, net	22.5	0.2	28.5	0.1
Employee benefit obligations	578.3	5	559.1	2.0
Derivative liabilities	1.9	0.1	-	-
Other non-current liabilities	23.8	0.2	28.9	0.1
Total non-current liabilities	626.5	5.5	616.5	2.2
Total liabilities	4,691.00	40.8	3,133.0	11.1
Equity				
Share capital				
Authorized share capital				
3,000,000,000 ordinary shares at a par value of Baht 1 per share	360	3.1	3,000.0	10.6
(31 December 2021: 36,000,000 ordinary shares at a par value of Baht 10 per share)				
Issued and fully paid-up share capital				

Management Discussion and Analysis (MD&A)

For Full-Year 2022 Financial Results, Ending December 31, 2022



2,400,000,000 ordinary shares at a par value of Baht 1 per share	360	3.1	3,000.0	10.6
(31 December 2021: 36,000,000 ordinary shares at a par value of Baht 10 per share)				-
Premium on share capital	240	2.1	18,394.9	65.3
Retained earnings				-
Appropriate - legal reserve	36	0.3	300.0	1.1
Appropriate - other reserve	-	-	-	-
Unappropriated	6,513.10	56.6	3,179.8	11.3
Surplus (differences) arising from the business combination under common control	(409.4)	(3.6)	(409.40)	(1.5)
Other components of equity	77.8	0.7	563.5	2.0
Total equity attributable to owners of the parent	6,817.50	59.2	25,028.8	88.8
Non-controlling interests	-	-	15.9	0.1
Total equity	6,817.50	59.2	25,044.6	88.9
Total liabilities and equity	11,508.50	100	28,177.7	100.0

Appendix 5

PRO FORMA CASH FLOWS

	For the year ended December, 31 2021	For the year ended December 31, 2022
	THB	THB
Net cash receipts from/ (payments for) operating activities	1,122.8	2,042.8
Net cash receipts from/ (payments for) investing activities	(549.5)	(3,388.8)
Net cash receipts from/ (payments for) financing activities	(588.6)	12,133.8
Net increase in cash and cash equivalents	(15.3)	10,787.8
Cash and cash equivalents - opening balance	21.6	3.3
Exchange gain (loss) on cash and cash equivalents	6.4	(1.7)
Cash and cash equivalents - closing balance	3.2	10,798.9