

## 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. [www.petfoodindustry.com](http://www.petfoodindustry.com).

We manufacture and sell mid-priced to premium quality pet food and treats for cats and dogs made from premium ingredients, primarily fish and chicken, with over 4,858 SKUs serving over 435 customers worldwide in 46 countries in 2023. Apart from OEM, we also sell our pet food and pet treat products under our own brand names, such as Bellotta, Marvo, ChangeTer, Calico Bay and Paramount.

Our manufacturing plants are located in the Samut Sakhon province and the Songkhla province with a total production capacity of more than 195,400 tons per year.

## About us

**Ticker:** ITC

**Secondary market:** SET, Food and Beverage

**Paid-up capital:** THB 3 billion

**Par value:** THB 1

**Market capitalization as of March 29, 2024:** THB 61.5 billion

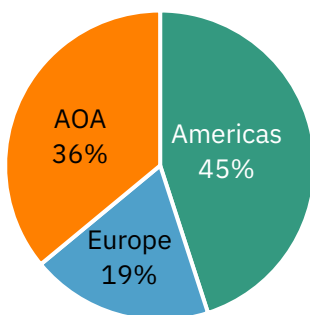
**Shareholding structure as of March 1, 2024:** Thai Union Group Public Company Limited (“TU”) 79%, other shareholders 21%

**Website:** [www.i-Tail.com](http://www.i-Tail.com)

## Summary of 1Q24 financial information

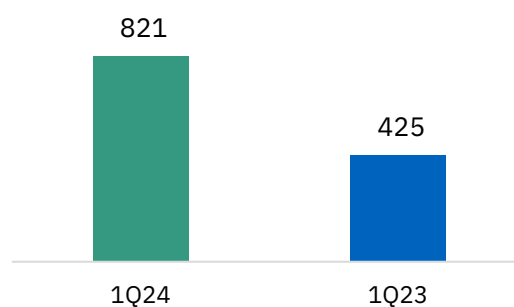
### Sales

THB 4,029mn



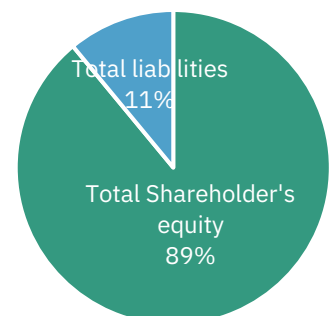
### Net profit

THB 821mn



### Financial position

Total assets:  
THB 26,375mn



## Management Discussion and Analysis of 1Q24 financial information

### Financial Highlights

Statement of Income					
	1Q24	4Q23	1Q23	% Change (YoY)	% Change (QoQ)
<b>Sales</b>	<b>4,028.6</b>	<b>4,748.0</b>	<b>3,586.8</b>	<b>12.3%</b>	<b>-15.2%</b>
Gross profit	1,034.3	1,046.5	624.8	65.5%	-1.2%
Operating profit	711.1	725.4	324.0	119.5%	-2.0%
EBIT	830.4	848.4	458.5	81.1%	-2.1%
<b>Net profit</b>	<b>821.0</b>	<b>766.8</b>	<b>425.2</b>	<b>93.1%</b>	<b>7.1%</b>
Gross profit margin	25.7%	22.0%	17.4%	8.3%	3.7%
Operating profit margin	17.7%	15.3%	9.0%	8.7%	2.4%
EBIT margin	20.6%	17.9%	12.8%	7.8%	2.7%
NPM* (%)	20.4%	16.1%	11.9%	8.5%	4.3%

\*NPM refers to net profit margin of owners of the parent.

Notes: Values may differ due to rounding

### Sales

1Q24 sales were at THB 4,028.6mn (+12.3% YoY), mainly driven by increased sales from key customers, particularly in Europe, solid growth in Asia & Oceania market, higher sales of premium products, as well as our price adjustment strategy. Quarterly sales decreased by 15.2% QoQ from the peak quarter at end-2023 due to seasonality as major customers ordered products to support sales promotion during the holiday season.

### Gross profit

1Q24 Gross profit was solid at THB 1,034.3mn, significantly increased by 65.5% YoY, mainly from increasing sales and positive pricing effect from premium product mix and higher selling prices, and lower overhead costs. This resulted in gross profit margin at 25.7%, improved from 17.4% in 1Q23, and marked the highest quarterly gross profit margin since 2Q22. However, gross profit slightly declined by 1.2% QoQ from lower sales due to seasonality, but offset by positive pricing effect and effective cost management, resulting in the gross profit margin improving QoQ.

### SG&A expenses

1Q24 SG&A expenses increased by 7.4% YoY from higher administrative expenses, which included loss from impairment of financial assets, and higher selling expenses to support business expansion and selling activities according to the higher sales, while SG&A expenses slightly increased by 0.6% QoQ from higher selling and administrative expenses. 1Q24 SG&A to sales ratio decreased to 8.0% compared to 8.4% in the same period last year, mainly due to the increase in sales in a higher portion than the increasing SG&A expenses but increased from 4Q23 at 6.8% due to the fixed expenses and impairment of financial assets which offset the decrease in sales QoQ.

### Operating profit

1Q24 operating profit was exceptional at THB 711.1mn, increased significantly by 119.5% YoY, mainly due to stronger sales, higher contribution from premium product mix, and higher selling prices, resulting in operating profit margin at 17.7%, which improved significantly from 9.0% in 1Q23. Operating profit slightly declined (-2.0% QoQ) from lower sales and higher SG&A expenses, which was offset by efficient cost management, resulting in 1Q24 operating profit margin improving from 15.3% in 4Q23.



## EBIT

1Q24 EBIT was at THB 830.4mn (+81.1% YoY), from a solid operating profit and higher other income at THB 163.3mn (+32.5% YoY). This was partially offset by a loss from foreign exchange of THB 44.0mn in 1Q24 compared to a gain of THB 11.3mn in the same period last year, mainly due to the THB depreciation during the quarter (USD/THB -5.7% YoY, -2.5% QoQ). While EBIT decreased by 2.1% QoQ due to higher losses from foreign exchange, which was partially offset by higher other income.

## Net profit

1Q24 Net profit was solid at THB 821.0mn, significantly increased by 93.1% YoY, mainly from increasing sales and operating profit, supported by higher other income and less income tax expenses of THB 8.1mn compared to THB 25.5mn in the same period last year, which was partially offset by higher FX losses YoY. As a result, the net profit margin marked at 20.4%, significantly improved from 11.9% in the same period last year.

Net profit increased 7.1% QoQ, despite lower sales, thanks to solid quarterly performance from improving business operations for three consecutive quarters, supported by lower tax expenses, resulting in an exceptional net profit margin in 1Q24.

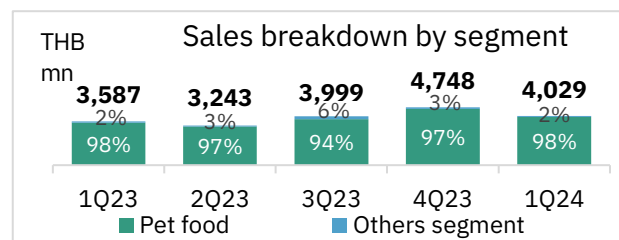
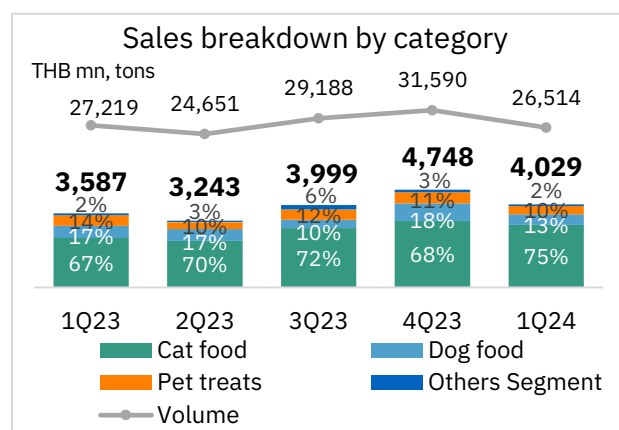
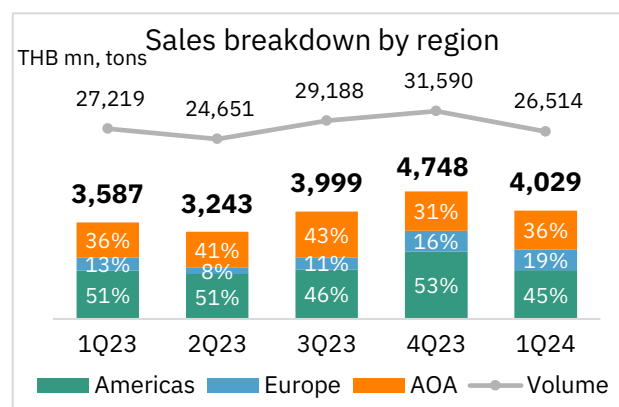
## Business Performance Analysis

### Sales by region

In 1Q24, Americas, Europe, and Asia & Oceania increased by 0.7%, 57.9%, and 11.6% YoY respectively, from increased sales of key customer, supported by product price point adjustment strategy according to the economic situation. While sales decreased QoQ in all regions as 4Q23 was normally a peak quarter in the year due to most customers ordering products to support sales during the holiday season. The sale portion of Europe and AOA increased to 19%, and 36%, respectively. While Americas declined to 45% of sales.

### Sales by category

In 1Q24, sales were unchanged at 98.7% OEM and 1.3% branded. Pet food segment sales grew 13.2% YoY, driven mainly by cat food (+26.7% YoY), from increased demand, especially from key customer and private label, higher premium product mix contribution, and our price adjustment strategy, while dog food and pet treats declined 14.0%, and 20.2% YoY. However, pet food sales declined QoQ in all categories due to seasonality. By channel, global brands, private label, and importer brands grew 7.4%, 55.0%, and 10.2% YoY respectively, while own branded declined 48.4% YoY.



In 1Q24, others segment was at THB 73.3mn (-20.6% YoY), mainly due to the sale of scraps, seafood raw materials not related to pet food, and whole fish.

## **Key developments**

### **Business expansion and new products launched**

- In Americas, we completed the first shipment with leading pet retailer in Canada, commercialized rooster chips, secured a new supermarket customer, with a plan for further business expansion with the fourth global brand in Q2.
- In Europe, we plan to launch new products, including kitten products with a leading online retailer customer in Q2, and crunchy treats and semi-moist sticks with UK petfood company in Q2 and Q3, and secured a new online retail customer in Netherlands.
- In Asia & Oceania, we completed a line extension with the no. 1 supermarket in Singapore, launched new products in Japan and functional cat food in Taiwan in Q1, a new customer secured in Indonesia, and plan for first shipment to a pet specialty store in Australia in Q2. Additionally, we plan to expand distribution in modern trade and launch special design under “Bellotta” brand within June 2024.
- For top 10 customers, ITC has a plan to launch new products in 2024 valued at more than USD 26mn, which are mainly reformulations or complimentary products such as pouch in gravy for global brands, importers, and private label customers in the U.S. and Europe.

### **Our progress towards SeaChange® 2030 commitments**

- Started biomass fuel boiler which contributes 70% of steam production with a plan to further increase in Songkhla plant within 2025.
- Solar panels contribute 10% of electricity consumption with a plan to increase to 30% for both plants by 2027 (additional 10% in 2026 and 10% in 2027), which is part of our commitment towards 42% GHG emission reduction by 2030 from 2021 baseline.
- Launched Ultrafiltration and Reverse Osmosis (UFRO) system in Songkhla plant as part of the Zero Wastewater Discharge Project to achieve 100% wastewater treatment by 2025, as well as reduce water consumption, as we are working towards full circularity (zero waste) by 2030.

### **Increased automation and plant efficiency**

- Plan to start the production at a new plant in Samut Sakhon in June 2024 with a plan for full commercialization this year, aimed to increase capacity of wet petfood and treats by 18.7% from 2022 baseline, with more automation in the labeling and packing lines and higher efficiency to support business expansion over the next 5 years. The total CAPEX investment was at THB 2.1 bn.
- Launched an automated storage retrieval system (ASRS) project in Songkhla plant in Jan 2024 to improve productivity and increase automation in our warehouse for both plants to 70% by 2025, with a storage capacity of 46,256 pallets and total CAPEX investment of THB 1.3bn, expected to be completed in 2025.

## 2024 Outlook: 2024 guidance

<b>Sales</b>	<b>+~15% YoY</b>
<b>Gross profit margin</b>	<b>~21-22%</b>
<b>SG&amp;A to sales</b>	<b>~7-8%</b>
<b>CAPEX</b>	<b>~THB 1.4bn</b>
<b>Dividend policy</b>	<b>At least 50% of net profit</b>

ITC's 2024 financial targets are based on the current forecast which may be subject to change if key operating factors that impact on the company's performance vary from the assumptions.

## Financial position

	31-Mar-24		31-Dec-23		%YoY
	THB mn	%	THB mn	%	
<b>Assets</b>					
Cash and cash equivalents	6,910.4	26.2	9,305.1	36.6	-25.7%
Short-term investments	4,582.4	17.4	-	-	-
Trade and other receivables	3,961.0	15.0	3,860.2	15.2	2.6%
Inventories	3,263.8	12.4	3,242.8	12.7	0.6%
Property, plant and equipment	5,619.4	21.3	5,481.9	21.6	2.5%
Debt instruments measured at amortised cost	1,397.4	5.3	2,638.7	10.4	-47.0%
Derivative assets	7.7	0.0	310.8	1.2	-97.5%
Other assets	633.1	2.4	591.8	2.3	7.0%
<b>Total Assets</b>	<b>26,375.2</b>	<b>100.0</b>	<b>25,431.3</b>	<b>100.0</b>	<b>3.7%</b>
<b>Liabilities</b>					
Trade and other payables	1,578.6	6.0	1,520.1	6.0	3.8%
Employee benefit obligations	519.7	2.0	507.9	2.0	2.3%
Derivative liabilities	478.7	1.8	85.5	0.3	459.9%
Other liabilities	229.1	0.8	198.9	0.8	15.2%
<b>Total Liabilities</b>	<b>2,806.1</b>	<b>10.6</b>	<b>2,312.4</b>	<b>9.1</b>	<b>21.4%</b>
<b>Total Equity</b>	<b>23,569.1</b>	<b>89.4</b>	<b>23,118.9</b>	<b>90.9</b>	<b>1.9%</b>
<b>Total liabilities and equity</b>	<b>26,375.2</b>	<b>100.0</b>	<b>25,431.3</b>	<b>100.0</b>	<b>3.7%</b>

### Total assets

As of March 31, 2024, total assets were THB 26,375.2mn, increased 3.7% from end-December 2023, mainly thanks to short-term investments from a fixed deposit at bank due within August 2024 amounting to THB 4,582.4mn., and a slight increase in trade and other receivables from higher sales. Property, plant, and equipment slightly increased from end-2023 from the investment in machinery for a new production plant.

This was partially offset by lower cash and cash equivalents due to short-term investments in fixed deposits and decreasing debt instruments from the settlement of corporate bonds that the Company invested in 2023. Additionally, derivative assets decreased from the fair value adjustment of foreign currency forward contracts according to our hedge account policy.

### Total liabilities

As of March 31, 2024, total liabilities were THB 2,806.1mn, increased by 21.4% from end-December 2023, mainly from higher trade and other payables and increasing derivative liabilities from the fair value adjustment of foreign currency forward contracts according to our hedge accounting policy.

### Total equity

As of March 31, 2024, total equity was THB 23,569.1mn, increased by 1.9% from ended of December 2023, primarily thanks to an increase in profit for the period.

## Cash flow analysis

As of March 31, 2024, we recorded cash and cash equivalents of THB 6,910.4mn, a decrease of 7.3% YoY, mainly due to net cash payment for investing and financing activities.

Net cash receipts from operating activities were at THB 993.7mn, mainly thanks to cash collected from sales generated. This was offset by net cash payments for investing activities at THB 3,479.8mn, consisting primarily of net cash payments for short term investment of THB 4,541.0mn and net cash payments for the purchases of assets of THB 276.6mn, which were offset by net cash receipts of THB 1,240.4mn from investment in debt instruments, and THB 97.4mn from interest received. Net cash payments from financing activities were THB 5.0mn, consisting of cash paid for lease liabilities, and other finance costs paid.

## Financial ratios

	1Q24	1Q23
<b>Profitability Ratios</b>		
Gross profit margin (%)	25.67%	17.42%
Operating margin (%)	17.65%	9.03%
Net profit margin (%)	20.38%	11.85%
Return on Equity (%) <sup>(1)</sup>	14.07%	7.49%
<b>Liquidity Ratios</b>		
Current ratio (times) <sup>(2)</sup>	8.96	10.10
Quick ratio (times) <sup>(3)</sup>	4.98	5.59
Days sales outstanding (days) <sup>(4)</sup>	81.70	78.42
Days of inventory outstanding (days) <sup>(5)</sup>	107.77	144.69
Days payable outstanding (days) <sup>(6)</sup>	30.93	37.89
<b>Profitability Ratios</b>		
Return on assets (%) <sup>(7)</sup>	12.68%	6.67%
Asset turnover (times) <sup>(8)</sup>	0.65	0.58
<b>Financial Policy Ratios</b>		
Debt to equity ratio (times) <sup>(9)</sup>	0.12	0.11
Interest bearing debt to equity ratio (times) <sup>(10)</sup>	0.00	0.00
Interest coverage ratio (times) <sup>(11)</sup>	646.55	99.76

### **Note:**

- (1) 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.
- (2) Current ratio is calculated as total current assets divided by total current liabilities.
- (3) 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.
- (4) 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.
- (5) Days of inventory outstanding is calculated as 365 divided by inventory turnover. Inventory turnover is calculated as cost of sales divided by average inventories.
- (6) 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.
- (7) Return on assets is calculated as profit (loss) for the period divided by average total assets, multiplied by 100.
- (8) Assets turnover is calculated as total sales divided by average total assets.
- (9) Debt to equity ratio is calculated as total liabilities divided by total shareholders' equity.
- (10) Interest-bearing debt to equity is calculated as total interest-bearing debt divided by total shareholders' equity.
- (11) Interest coverage ratio is calculated as EBITDA divided by finance costs.

## Appendix 1Q24 Statement of income

Statement of income					
	1Q24	4Q23	1Q23	% Change (YoY)	% Change (QoQ)
<b>Unit: THB mn</b>					
Sales	4,028.6	4,748.0	3,586.8	12.3%	-15.2%
Cost of sales	(2,994.3)	(3,701.5)	(2,962.0)	1.1%	-19.1%
<b>Gross profit</b>	<b>1,034.3</b>	<b>1,046.5</b>	<b>624.8</b>	65.5%	-1.2%
<b>Gross profit margin (%)</b>	<b>25.7%</b>	<b>22.0%</b>	<b>17.4%</b>	8.3%	3.7%
Selling expenses	(112.0)	(129.8)	(110.8)	1.1%	-13.7%
Administrative expenses*	(211.2)	(191.3)	(190.0)	11.2%	10.4%
<b>Operating profit</b>	<b>711.1</b>	<b>725.4</b>	<b>324.0</b>	119.5%	-2.0%
<b>Operating profit margin (%)</b>	<b>17.7%</b>	<b>15.3%</b>	<b>9.0%</b>	8.7%	2.4%
Other income	163.3	166.4	123.2	32.5%	1.9%
Other gain (loss), net	(44.0)	(43.4)	11.3	-489.4%	1.4%
<b>EBIT</b>	<b>830.4</b>	<b>848.4</b>	<b>458.5</b>	81.1%	-2.1%
Finance costs	(1.5)	(1.7)	(6.0)	-75.0%	-11.8%
<b>Profit before income tax</b>	<b>828.9</b>	<b>846.7</b>	<b>452.5</b>	83.2%	-2.1%
Income tax	(8.1)	(79.9)	(25.5)	-68.2%	-89.9%
<b>Profit for the period</b>	<b>820.8</b>	<b>766.8</b>	<b>427.0</b>	92.2%	7.0%
<b>Net profit margin</b>	<b>20.4%</b>	<b>16.1%</b>	<b>11.9%</b>	8.5%	4.3%
<b>Profit attributable to:</b>					
Owners of the parent	821.0	766.8	425.2	93.1%	7.1%
Non-controlling interests	(0.2)	(0.0)	1.8	-111.1%	-100.0%
<b>Net profit margin of owners of the parent (%)</b>	<b>20.4%</b>	<b>16.1%</b>	<b>11.9%</b>	8.5%	4.3%
Other comprehensive income (expenses) for the period, net of income tax	(370.6)	585.0	(65.7)	464.1%	-163.3%
<b>Total comprehensive income for the period</b>	<b>450.2</b>	<b>1,351.8</b>	<b>361.3</b>	24.6%	-66.7%

Notes: Values may differ due to rounding

\*Included the loss from impairment of financial assets, net



## 1Q24 Statement of Financial Position

Statement of Financial Position					
Unit: THB mn	March 31, 2024		December 31, 2023		% Change
		%		%	
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6,910.4	26.2	9,305.1	36.6	-25.7%
Short-term investment	4,582.4	17.4	-	-	-
Trade and other receivables, net	3,961.0	15.0	3,860.2	15.2	2.6%
Inventories, net	3,263.8	12.4	3,242.8	12.7	0.6%
Investment in debt instruments measured at amortised cost	671.4	2.5	1,760.8	6.9	-61.9%
Other current assets	163.4	0.6	404.6	1.6	-59.6%
<b>Total current assets</b>	<b>19,552.4</b>	<b>74.1</b>	<b>18,573.5</b>	<b>73.0</b>	<b>5.3%</b>
<b>Non-current assets</b>					
Investment in debt instruments measured at amortised cost - non-current	726.0	2.8	877.9	3.5	-17.3%
Property, plant and equipment, net	5,619.4	21.3	5,481.9	21.6	2.5%
Other non-current assets	477.4	1.8	498.0	1.5	-4.1%
<b>Total non-current assets</b>	<b>6,822.8</b>	<b>25.9</b>	<b>6,857.8</b>	<b>27.0</b>	<b>-0.5%</b>
<b>Total assets</b>	<b>26,375.2</b>	<b>100.0</b>	<b>25,431.3</b>	<b>100.0</b>	<b>3.7%</b>
<b>Liabilities</b>					
Trade and other payables	1,578.6	6.0	1,520.1	6.0	3.8%
Current portion of lease liabilities, net	13.1	0.0	13.8	0.1	-5.1%
Other current liabilities	590.4	2.2	176.5	0.6	234.5%
<b>Total current liabilities</b>	<b>2,182.1</b>	<b>8.2</b>	<b>1,710.4</b>	<b>6.7</b>	<b>27.6%</b>
<b>Non-current liabilities</b>					
Other non-current liabilities	624.0	2.4	602.0	2.4	3.7%
<b>Total non-current liabilities</b>	<b>624.0</b>	<b>2.4</b>	<b>602.0</b>	<b>2.4</b>	<b>3.7%</b>
<b>Total liabilities</b>	<b>2,806.1</b>	<b>10.6</b>	<b>2,312.4</b>	<b>9.1</b>	<b>21.4%</b>
<b>Equity</b>					
<b>Total equity attributable to owners of the parent</b>	<b>23,568.7</b>	<b>89.4</b>	<b>23,118.3</b>	<b>90.9</b>	<b>1.9%</b>
Non-controlling interests	0.4	0.0	0.6	0.0	-33.3%
<b>Total equity</b>	<b>23,569.1</b>	<b>89.4</b>	<b>23,118.9</b>	<b>90.9</b>	<b>1.9%</b>
<b>Total liabilities and equity</b>	<b>26,375.2</b>	<b>100.0</b>	<b>25,431.3</b>	<b>100.0</b>	<b>3.7%</b>

Notes: Values may differ due to rounding

## 1Q24 Statement of Cash Flows

Statement of Cash Flows			
Unit: THB mn	1Q24	1Q23	% Change
Profit before income tax	828.9	452.5	83.2%
Net cash receipts from/ (payments for) operating activities	993.7	314.4	216.1%
Net cash receipts from/ (payments for) investing activities	(3,479.8)	(3,645.4)	-4.5%
Net cash receipts from/ (payments for) financing activities	(5.0)	(9.7)	-48.5%
Net increase (decrease) in cash and cash equivalents	(2,491.1)	(3,340.7)	-25.4%
Cash and cash equivalents - opening balance	9,305.1	10,798.9	-13.8%
Exchange gain (loss) on cash and cash equivalents	96.4	(0.5)	-19,380.0%
Cash and cash equivalents - closing balance	6,910.4	7,457.7	-7.3%

Notes: Values may differ due to rounding