

# **Thai Union Group PCL. Management Discussion and Analysis (MD&A)**

For Q2 2024 ended June 30, 2024

### EXECUTIVE SUMMARY

**In Q2 2024, Thai Union reported a seamless continuation of sales from the previous quarter, with significant improvements in profitability across all metrics.**

- Sales were reported at THB 35,283mn, growing by 3.6% YoY, due to strong recoveries across 3 core categories: Ambient, PetCare and Value-added.
- Gross profit margin surged to 18.5%, marking the second highest level ever and the highest in the past 12 quarters.
- Operating profit rose strongly by 10.6% YoY to THB 1,965mn, nearing THB 2bn – our satisfactory level.
- Net profit was recorded at THB 1,219mn with a net profit margin of 3.5%.
- Thai Union continued to generate strong free cash flow from the previous quarter, with THB 4,569mn free cash flow in Q2 2024. Net interest-bearing debt to equity remained healthy at 0.82x.
- On August 8, 2024, Thai Union’s Board of Directors approved to pay the interim dividend at THB 0.31/ share, representing a dividend payout of at 59.4%.
- Lastly, due to the improved performance during the first half of 2024, Thai Union has revised its FY 2024 target guidance upwards (page 15).

### KEY BUSINESS DEVELOPMENTS

#### **Thai Union completed decrease 200 million shares of registered capital**

- On July 2, 2024, the Board of Directors approved the sale of the repurchased shares, totaling 200mn shares or 4.19% of the total paid-up capital, coming from the share repurchase program performed in 1H 2023. Following this transaction, Thai Union's paid-up capital decreased from 4,655mn shares to 4,455mn shares, effective July 25, 2024.

#### **John West introduced ECOTWIST®, a breakthrough innovation from Thai Union in Europe**



John West launched its revolutionary ECOTWIST® packaging in the UK in June 2024, making it the first country in Europe to feature this sustainable, user-friendly, and low-waste solution.

ECOTWIST® is an aluminum SmartStrip® for easy and twist-open access. By eliminating the plastic wrap, John West ECOTWIST® helps reduce waste, while maintaining top quality.

#### **Opening a new cold storage facility in Ghana with a focus on cost and energy efficiency**



On July 18, 2024, Thai Union started operation of a new cold storage for tuna in Ghana with a total capacity of 8,000 metric tons. This helps save cost on external renting costs and reduce the dependency on supplies, as well as energy savings.

### Boosting brand support through various campaigns to regain volumes in 2024



### AWARDS AND ACHIEVEMENTS



#### ITC reinforces strong business fundamentals with inclusion in the SET50 Index

On July 1, 2024, i-Tail Corporation PCL. (ITC), a subsidiary of Thai Union, achieved a significant milestone with its inclusion in the SET50 Index for the second half of 2024 (July 1 to December 31, 2024), as announced by the Stock Exchange of Thailand (SET). This marks ITC's first-ever inclusion in the SET50 since its Initial Public Offering (IPO) on December 9, 2022. This recognition strengthens ITC's position as a global leader in the pet food industry.

Notably, ITC is the only additional company in the Food & Beverage industry to be included in the SET50 Index for the second half of 2024.



#### Thai Union received its second recertification from the Thai Private Section Collective Action Against Corruption (CAC)

This recertification is a testament to the cooperation and commitment of Thai Union employees in adhering to the Company's Anti-Bribery and Corruption Policy, a key policy that all employees are expected to strictly follow.



FTSE4Good

#### Thai Union has been listed on the FTSE4Good Emerging Index part of the FTSE4Good Index Series for the ninth consecutive year

This recognition reflects our unwavering commitment to sustainability and responsible business practices.



Thai Union has been evaluated at the level "Excellent, worthy of being as an example" with a full score of 100 points (5 medals) from the results of the quality assessment of the 2024 Annual General Meeting of Shareholders (AGM) arranged by the Thai Investors Association (TIA), reflecting the Company's intention to conduct business under the principles of ethics with good corporate governance principles.

# Thai Union Group Public Company Limited

## MD&A for Q2 2024 ended June 30, 2024

### FINANCIAL PERFORMANCE (FOR THE SECOND QUARTER AND THE FIRST HALF OF THE YEAR)

#### CONSOLIDATED INCOME STATEMENT SUMMARY

(Unit: THB mn)	Q2	Q1	Q2	QoQ	YoY	1H	1H	YoY
	2023	2024	2024	(%)	(%)	2023	2024	(%)
<b>Sales</b>	<b>34,057</b>	<b>33,220</b>	<b>35,283</b>	<b>6.2%</b>	<b>3.6%</b>	<b>66,709</b>	<b>68,503</b>	<b>2.7%</b>
Cost of sales	(28,310)	(27,478)	(28,748)	4.6%	1.5%	(56,045)	(56,226)	0.3%
<b>Gross profit</b>	<b>5,748</b>	<b>5,742</b>	<b>6,535</b>	<b>13.8%</b>	<b>13.7%</b>	<b>10,664</b>	<b>12,277</b>	<b>15.1%</b>
SG&A	(3,971)	(4,205)	(4,569)	8.7%	15.1%	(8,092)	(8,774)	8.4%
FX gain (loss)	(250)	209	(237)	-213.0%	5.4%	(35)	(27)	23.2%
Other income	147	279	256	-8.1%	74.5%	355	535	50.7%
Share of profit (loss)	53	159	179	12.8%	237.0%	265	338	27.9%
<b>EBIT</b>	<b>1,727</b>	<b>2,184</b>	<b>2,164</b>	<b>-0.9%</b>	<b>25.3%</b>	<b>3,157</b>	<b>4,348</b>	<b>37.7%</b>
Finance cost	(550)	(647)	(620)	-4.2%	12.7%	(1,083)	(1,267)	17.0%
Tax (expense) credit	198	(128)	(44)	-65.5%	122.4%	440	(173)	139.2%
Discontinued operation	(190)	0	0	n/a	100.0%	(170)	0	100.0%
Non-controlling interests	(156)	(256)	(281)	10.0%	80.6%	(293)	(537)	83.1%
<b>Reported net profit</b>	<b>1,029</b>	<b>1,153</b>	<b>1,219</b>	<b>5.7%</b>	<b>18.5%</b>	<b>2,050</b>	<b>2,372</b>	<b>15.7%</b>
<b>Adjusted net profit*</b>	<b>1,067</b>	<b>1,153</b>	<b>1,219</b>	<b>5.7%</b>	<b>14.2%</b>	<b>1,816</b>	<b>2,372</b>	<b>30.6%</b>
<b>EBITDA</b>	<b>2,768</b>	<b>3,251</b>	<b>3,252</b>	<b>0.02%</b>	<b>17.5%</b>	<b>5,247</b>	<b>6,502</b>	<b>23.9%</b>
EPS (THB/share)	0.21	0.24	0.27	11.2%	29.8%	0.41	0.51	22.2%
Gross profit margin	16.9%	17.3%	18.5%	1.2%	1.6%	16.0%	17.9%	1.9%
SG&A to sales	11.7%	12.6%	13.0%	0.4%	1.3%	12.1%	12.8%	0.7%
Operating profit margin	5.2%	4.6%	5.6%	1.0%	0.4%	3.9%	5.1%	1.2%
Net profit margin	3.0%	3.5%	3.5%	0.0%	0.5%	3.1%	3.5%	0.4%

Exchange rate	Q2	Q1	Q2	QoQ	YoY	1H	1H	YoY
	2023	2024	2024	(%)	(%)	2023	2024	(%)
USD/THB	34.48	35.66	36.71	2.9%	6.5%	34.20	36.18	5.8%
EUR/THB	37.51	38.71	39.52	2.1%	5.4%	36.95	39.11	5.9%
GBP/THB	43.14	45.23	46.35	2.5%	7.4%	42.18	45.79	8.6%
JPY/THB	0.25	0.24	0.24	-2.0%	-6.2%	0.25	0.24	-6.2%

Remark: Thai Union fully impaired the entire investment in Red Lobster (RL) in Q4 2023. Consequently, past performance of RL has been restated, and it has been recognized as a discontinued operation from Q4 2023 onward.

\*Adjusted net profit excluded RL's share of loss (discontinued operation) and tax credit.

#### Quarterly performance analysis

In Q2 2024, Thai Union reported an increase in **sales** of 3.6% YoY to THB 35,283mn, mainly driven by the ongoing recovery across all 3 core categories: Ambient, PetCare, and Value-added. However, sales in the Frozen category declined from the same period last year. The Company benefited from the depreciation of Thai Baht against other currencies. Excluding the impact of FX translation, our sales were relatively stable YoY. *(More details of analysis by category, please find in [Performance Breakdown by Category part](#))*

**Gross profit** reached THB 6,535mn, increasing by 13.7% YoY. GPM strongly improved to 18.5% in Q2 2024, a notable 1.6% GPM increase from the same period last year. This significant improvement was primarily driven by the recovery of GPM across the PetCare, Value-added and Frozen categories.

**Selling and administrative expenses (SG&A)** were recorded at THB 4,569mn, an increase of 15.1% YoY. This rise was mainly due to the impact of FX translation and higher marketing expenses

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## MD&A for Q2 2024 ended June 30, 2024

associated with several advertising campaigns aimed at building brand awareness to boost customer demand across all brands globally. Additionally, there was an additional expense from project consultation fees. Consequently, SG&A to sales ratio exceeded our guideline, standing at 13.0%, increasing from 11.7% in the same period last year. Nevertheless, if excluded the impact of FX translation, SG&A would increase by 11.3% YoY.

Despite an increase in SG&A expenses, the rise in GPM contributed to an **operating profit** of THB 1,965mn, a rise of 10.6% YoY. This figure was nearly at the satisfactory level of around THB 2bn.

**FX losses** were at THB 237mn, slightly lower than FX losses of THB 250mn in Q2 2023, primarily from lower loss from financing activities.

**Other income** was THB 256mn, increasing by 74.5% YoY. This was primarily higher interest income from ITC.

**Share of profit from associates and JVs** was THB 179mn, increasing by 237.0% YoY. This was primarily from the robust performance from Avanti Group, which contributed 75% of the total share of profit in Q2 2024.

**Finance costs** were THB 620mn, rising 12.7% YoY, driven by an increase in interest rates globally.

**Income tax expenses** were THB 44mn in Q2 2024, in contrast to a tax credit of THB 198mn in the same period last year. This change was primarily due to the non-recognition of tax credits from Red Lobster (RL) following the full impairment of the entire investment in RL in Q4 2023.

Altogether, **net profit** increased to THB 1,219mn, a growth of 18.5% YoY. Nevertheless, when compared to the adjusted net profit in Q2 2023, which excludes the share of loss and tax benefits from RL, net profit still reported a growth of 14.2% YoY.

**In terms of the QoQ analysis, Thai Union's performance showed clear signs of continued recovery.** Sales registered positive momentum with a growth of 6.2% QoQ, mainly driven by a strong recovery in PetCare and Value-Added categories. GPM increased by 1.2% to 18.5% in Q2 2024. The Company continued to invest in marketing expenses to boost brand sales, resulting in a 8.7% QoQ increase in SG&A. Despite the rise in SG&A, operating profit rose remarkably, by 27.9% QoQ. In Q2 2024, FX losses were recorded at THB 237mn, compared to FX gains of THB 209mn in Q1 2024, mainly due to the impact of higher interest rates on the valuation of hedged instruments in Q2 2024. Altogether, net profit increased by 5.7% QoQ.

### **Year-to-Date performance analysis**

**In 1H 2024, Thai Union reported robust growth from the same period last year.** Sales increased by 2.7% YoY, and gross profit rose by 15.1% YoY, leading to a higher GPM to 17.9%. SG&A expenses increased by 8.4% YoY, primarily due to higher marketing and personnel costs. The share of profit from associates and JVs increased by 27.9% YoY, driven by the Avanti Group. Finance costs increased by 17.0% YoY due to higher global interest rates. During the first half of 2024, the Company recorded income tax expenses of THB 173mn due to no tax benefit from RL, following the fully impairment in Q4 2023. Net profit saw a strong recovery to THB 2,372mn, growing by 30.6% YoY compared to the adjusted net profit in 1H 2023.

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## MD&A for Q2 2024 ended June 30, 2024

### PERFORMANCE BREAKDOWN BY CATEGORY

(Unit: THB mn)	Q2	Q1	Q2	QoQ	YoY	1H	1H	YoY
	2023	2024	2024	(%)	(%)	2023	2024	(%)
<b>Sales volume</b>	<b>210,911</b>	<b>209,824</b>	<b>213,090</b>	<b>1.6%</b>	<b>1.0%</b>	<b>420,261</b>	<b>422,915</b>	<b>0.6%</b>
Ambient	79,465	86,197	81,903	-5.0%	3.1%	156,453	168,100	7.4%
Frozen	64,034	58,176	61,319	5.4%	-4.2%	124,802	119,495	-4.3%
PetCare	21,574	23,804	26,149	9.8%	21.2%	45,136	49,952	10.7%
Value-added	45,837	41,647	43,719	5.0%	-4.6%	93,869	85,366	-9.1%
<b>Sales (THB mn)</b>	<b>34,057</b>	<b>33,220</b>	<b>35,283</b>	<b>6.2%</b>	<b>3.6%</b>	<b>66,709</b>	<b>68,503</b>	<b>2.7%</b>
Ambient	17,136	17,156	17,376	1.3%	1.4%	32,361	34,532	6.7%
Frozen	11,493	9,618	10,842	12.7%	-5.7%	23,177	20,460	-11.7%
PetCare	3,169	3,955	4,456	12.6%	40.6%	6,663	8,411	26.2%
Value-added	2,260	2,490	2,609	4.8%	15.5%	4,508	5,100	13.1%
<b>GPM (%)</b>	<b>16.9%</b>	<b>17.3%</b>	<b>18.5%</b>	<b>1.2%</b>	<b>1.6%</b>	<b>16.0%</b>	<b>17.9%</b>	<b>1.9%</b>
Ambient	19.9%	16.6%	18.9%	2.3%	-1.0%	19.1%	17.8%	-1.3%
Frozen	9.6%	11.8%	10.7%	-1.1%	1.1%	8.8%	11.2%	2.4%
PetCare	20.2%	25.7%	31.3%	5.6%	11.1%	19.0%	28.7%	9.7%
Value-added	25.7%	29.5%	26.5%	-3.0%	0.8%	26.5%	28.0%	1.5%

Raw material price	Q2	Q1	Q2	QoQ	YoY	1H	1H	YoY
	2023	2024	2024	(%)	(%)	2023	2024	(%)
Tuna (Skipjack; USD/ton)	2,000	1,333	1,478	10.9%	-26.1%	1,910	1,406	-26.4%
Shrimp (60pcs/kg; THB/kg)	127	140	129	-7.8%	1.6%	148	135	-8.7%
Salmon (NOK/kg)	109	108	110	1.4%	0.7%	106	109	2.4%

Sales by channel	Q2	Q1	Q2	QoQ	YoY	1H	1H	YoY
	2023	2024	2024	(%)	(%)	2023	2024	(%)
<b>Sales volume (Tons)</b>	<b>210,911</b>	<b>209,824</b>	<b>213,090</b>	<b>1.6%</b>	<b>1.0%</b>	<b>420,261</b>	<b>422,915</b>	<b>0.6%</b>
Brand	88,380	82,594	86,375	4.6%	-2.3%	172,442	168,969	-2.0%
Private label	122,531	127,231	126,715	-0.4%	3.4%	247,819	253,946	2.5%
<b>Sales (THB mn)</b>	<b>34,057</b>	<b>33,220</b>	<b>35,283</b>	<b>6.2%</b>	<b>3.6%</b>	<b>66,709</b>	<b>68,503</b>	<b>2.7%</b>
Brand	14,380	12,800	14,867	16.1%	3.4%	27,673	27,667	-0.0%
Private label	19,677	20,420	20,416	-0.0%	3.8%	39,036	40,836	4.6%

### Quarterly performance breakdown analysis

#### I. Ambient category

In Q2 2024, **Ambient sales were THB 17,376mn, slightly increasing by 1.4% YoY**, primarily driven by a 3.1% YoY increase in volumes, with Private label customers contributing a 7.1% YoY growth. This growth was supported by the strong Private label demand in the U.S. and Canada, as well as the recovering demand in Middle East (ME) market, which had a low base in Q2 2023 due to the hard currency shortage situation. In addition, demand from Branded customers in the U.S. market also increased, primarily driven by continued promotional efforts to boost sales. However, this was partially offset by the soft demand in Europe market due to the poor weather conditions. **Sales slightly increased by 1.3% QoQ**. However, volume decreased 5.0% QoQ, due to delivery delays caused by the Red Sea situation. Additionally, the U.S. raised tariffs on goods from China, prompting China to rush exports before the tariffs take effect in August 2024.

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## MD&A for Q2 2024 ended June 30, 2024

**GPM continued its growth momentum QoQ, reaching 18.9% in Q2 2024**, a rise of 2.3% from the previous quarter. This was driven by the low raw material costs of our inventory and an increase in selling prices. Nevertheless, GPM remained challenging YoY. One of the key drivers of GPM in the Ambient category is the movement of Skipjack Tuna prices, which is the Company's key raw material. The average Skipjack Tuna prices in Q2 2024 recovered from the lowest points in March 2024, reporting an average of USD 1,478/ton. This represented a 10.9% QoQ rise, but a 26.1% YoY drop.

Ambient	Q2 2023	Q1 2024	Q2 2024	QoQ (%)	YoY (%)	1H 2023	1H 2024	YoY (%)
<b>Sales volume (Tons)</b>	<b>79,465</b>	<b>86,197</b>	<b>81,903</b>	<b>-5.0%</b>	<b>3.1%</b>	<b>156,453</b>	<b>168,101</b>	<b>7.4%</b>
Brand	38,270	35,544	37,793	6.3%	-1.2%	74,269	73,337	-1.3%
Private label	41,196	50,653	44,110	-12.9%	7.1%	82,184	94,764	15.3%
<b>Sales (THB mn)</b>	<b>17,136</b>	<b>17,156</b>	<b>17,376</b>	<b>1.3%</b>	<b>1.4%</b>	<b>32,361</b>	<b>34,532</b>	<b>6.7%</b>
Brand	10,137	9,035	10,203	12.9%	0.7%	18,599	19,238	3.4%
Private label	6,999	8,121	7,173	-11.7%	2.5%	13,762	15,295	11.1%
<b>GPM (%)</b>	<b>19.9%</b>	<b>16.6%</b>	<b>18.9%</b>	<b>2.3%</b>	<b>-1.0%</b>	<b>19.1%</b>	<b>17.8%</b>	<b>-1.3%</b>

### II. Frozen category

**Frozen sales reported at THB 10,842mn, decreased by 5.7% YoY.** Meanwhile, volume also dropped by 4.2% YoY. This was due to the soft demand situation in the U.S. market compared to last year, with rightsizing still having impact on our Frozen category. Additionally, Feed business's volumes decreased from the reduced livestock feed production in Thailand. Despite a decrease in sales, **GPM improved by 1.1% YoY to 10.7% in this quarter**, resulting from the reduction of low margin products and the lower raw material prices: soybean meal, full-fat soy and fish meal of the Feed business.

In contrast, **sales rose by 12.7% QoQ**, primarily driven by price increases and a 5.4% QoQ increase in volumes from both Branded and Private label customers. This was due to the reordering of frozen products before the high seasonality and the demand recovery in the U.S. market, particularly for shrimp products. Despite the continued QoQ increase in sales, Frozen GPM declined to 10.7% in this quarter. This was mostly due to a temporary increase in the aged inventory accrual in our domestic Frozen business. Nevertheless, this was partially offset by the better GPM of US Frozen business and Feed business, which benefit from efficient cost management and lower raw material prices.

Frozen	Q2 2023	Q1 2024	Q2 2024	QoQ (%)	YoY (%)	1H 2023	1H 2024	YoY (%)
<b>Sales volume (Tons)</b>	<b>64,034</b>	<b>58,176</b>	<b>61,319</b>	<b>5.4%</b>	<b>-4.2%</b>	<b>124,802</b>	<b>119,495</b>	<b>-4.3%</b>
Brand	48,615	45,142	46,491	3.0%	-4.4%	95,335	91,633	-3.9%
Private label	15,419	13,034	14,829	13.8%	-3.8%	29,467	27,863	-5.4%
<b>Sales (THB mn)</b>	<b>11,493</b>	<b>9,618</b>	<b>10,842</b>	<b>12.7%</b>	<b>-5.7%</b>	<b>23,177</b>	<b>20,460</b>	<b>-11.7%</b>
Brand	3,827	3,286	4,099	24.7%	7.1%	8,369	7,385	-11.8%
Private label	7,667	6,332	6,743	6.5%	-12.0%	14,808	13,075	-11.7%
<b>GPM (%)</b>	<b>9.6%</b>	<b>11.8%</b>	<b>10.7%</b>	<b>-1.1%</b>	<b>1.1%</b>	<b>8.8%</b>	<b>11.2%</b>	<b>2.4%</b>

### III. PetCare category

**PetCare sales were reported at THB 4,456mn, marking an exceptional growth of 40.6% YoY.** The rise was mainly from a 21.2% YoY higher volume, thanks to increased demand in European and the U.S. markets. Additionally, 2023 was the low baseline year for our PetCare business due to inventory destocking during the 1H 2023. PetCare sales also benefitted from the higher sales contribution from premium products and selling prices. **Sales and volumes increased by 12.6% QoQ and 9.8% QoQ, respectively.** This was mainly driven by the back to order from a U.S. key customer, who lowered their orders in Q1 2024.

**GPM delivered an all-time high quarterly margin at 31.3%**, thanks to higher sales and premium product mix from the strategy to focus on new products with higher margins as well as lower overhead costs. Additionally, the declining trend of tuna prices in Q1 2024 supported GPM in Q2 2024.

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PetCare	Q2	Q1	Q2	QoQ	YoY	1H	1H	YoY
	2023	2024	2024	(%)	(%)	2023	2024	(%)
<b>Sales volume (Tons)</b>	<b>21,574</b>	<b>23,804</b>	<b>26,149</b>	<b>9.8%</b>	<b>21.2%</b>	<b>45,136</b>	<b>49,952</b>	<b>10.7%</b>
Brand	21	461	550	19.4%	2485%	43	1,011	2261%
Private label	21,553	23,343	25,598	9.7%	18.8%	45,094	48,941	8.5%
<b>Sales (THB mn)</b>	<b>3,169</b>	<b>3,955</b>	<b>4,456</b>	<b>12.6%</b>	<b>40.6%</b>	<b>6,663</b>	<b>8,411</b>	<b>26.2%</b>
Brand	3	51	65	28.2%	2116%	6	116	1865%
Private label	3,166	3,904	4,390	12.4%	38.7%	6,657	8,295	24.6%
<b>GPM (%)</b>	<b>20.2%</b>	<b>25.7%</b>	<b>31.3%</b>	<b>5.6%</b>	<b>11.1%</b>	<b>19.0%</b>	<b>28.7%</b>	<b>9.7%</b>

#### IV. Value-added category

**Value-added sales were THB 2,609mn**, increased significantly by 15.5% YoY, mainly driven by higher selling prices, despite a 4.6% YoY decline in volume. The drop in volume was largely due to the lower volume of by-products, which has a small impact on sales value, as well as other product volumes. This was partially offset by higher sales from ingredients, value-added products, packaging, and portfolio expansion to new customers. **Sales continued to grow 4.8% QoQ**, primarily driven by a 5.0% QoQ increase in volume for both Private label and Brand.

**GPM increased by 0.8% YoY to 26.5% in this quarter**, thanks to lower raw material prices, which included steel and aluminum. The decrease in steel and aluminum prices supported a higher GPM of the packaging and our value-added businesses. GPM remained in a healthy range, supported by our strategic shift to focus on higher-margin products.

Value-Added	Q2	Q1	Q2	QoQ	YoY	1H	1H	YoY
	2023	2024	2024	(%)	(%)	2023	2024	(%)
<b>Sales volume (Tons)</b>	<b>45,837</b>	<b>41,647</b>	<b>43,719</b>	<b>5.0%</b>	<b>-4.6%</b>	<b>93,869</b>	<b>85,366</b>	<b>-9.1%</b>
Brand	1,474	1,447	1,541	6.6%	4.6%	2,795	2,988	6.9%
Private label	44,363	40,201	42,178	4.9%	-4.9%	91,074	82,378	-9.5%
<b>Sales (THB mn)</b>	<b>2,260</b>	<b>2,490</b>	<b>2,609</b>	<b>4.8%</b>	<b>15.5%</b>	<b>4,508</b>	<b>5,100</b>	<b>13.1%</b>
Brand	414	429	499	16.5%	20.7%	699	928	32.7%
Private label	1,846	2,062	2,110	2.4%	14.3%	3,808	4,172	9.5%
<b>GPM (%)</b>	<b>25.7%</b>	<b>29.5%</b>	<b>26.5%</b>	<b>-3.0%</b>	<b>0.8%</b>	<b>26.5%</b>	<b>28.0%</b>	<b>1.5%</b>

#### Year-to-Date Performance breakdown analysis

During 1H 2024, **Ambient** sales were 34,532mn, rose by 6.7% YoY, closely following a 7.4% YoY rise in volume from higher demand across all regions. GPM was still lower than the same period last year as the Tuna prices dropped sharply since Q2 2023 and continued the drop for 3 quarters, resulting in a temporary drop in Ambient GPM.

**Frozen** sales and volume decreased by 11.7% YoY and 4.3% YoY, respectively. This was primarily due to a full 6-month effect of rightsizing in the U.S. market, starting from mid of Q2 2023. Additionally, challenges in seafood market prices in the U.S. and soft demand across the key markets impacted Frozen sales in 1H 2024. However, this was partially offset by strong growth in Feed business. Despite these challenges, GPM strongly increased to 11.2% in 1H 2024, as planned.

**PetCare** sales grew significantly by 26.2% YoY and volume ramped up by 10.7% YoY, thanks to the recovery of destocking issues from our customers across all regions in 1H 2023. GPM exceptionally reached 28.7%, mainly from favorable premium product mix (55% in 1H 2024 vs. 44% in 1H 2023).

**Value-added** sales were THB 5,100mn, rose by 13.1% YoY, a significant increase from last year, mostly driven by higher sales from value-added and ingredient. GPM strongly increased to 28.0%.



# Thai Union Group Public Company Limited

## MD&A for Q2 2024 ended June 30, 2024

### STATEMENT OF FINANCIAL POSITION

(Unit: THB mn)	December 31,	June 30,	YTD
	2023	2024	(%)
Cash and cash equivalents*	16,451	14,222	-13.5%
Trade and other receivables, net	16,031	17,862	11.4%
Inventories, net	50,482	47,364	-6.2%
Other current assets	2,866	1,922	-32.9%
<b>Total current assets</b>	<b>85,829</b>	<b>81,370</b>	<b>-5.2%</b>
Fixed assets	31,453	31,795	1.1%
Investments	10,817	9,837	-9.1%
Goodwill and other intangible assets	29,858	30,703	2.8%
Other non-current assets	7,493	7,790	4.0%
<b>Total non-current assets</b>	<b>79,621</b>	<b>80,126</b>	<b>0.6%</b>
<b>Total assets</b>	<b>165,450</b>	<b>161,496</b>	<b>-2.4%</b>
Bank overdrafts and short-term loans	8,587	8,993	4.7%
Trade and other payables	18,798	18,634	-0.9%
Current portion of long-term loans	20,153	3,986	-80.2%
Other current liabilities	2,935	4,358	48.5%
<b>Total current liabilities</b>	<b>50,473</b>	<b>35,972</b>	<b>-28.7%</b>
Long-term loans	39,248	52,613	34.1%
Other non-current liabilities	9,712	10,410	7.2%
<b>Total non-current liabilities</b>	<b>48,960</b>	<b>63,022</b>	<b>28.7%</b>
<b>Total liabilities</b>	<b>99,433</b>	<b>98,994</b>	<b>-0.4%</b>
Non-controlling interests	7,389	7,536	2.0%
<b>Total equity</b>	<b>66,017</b>	<b>62,502</b>	<b>-5.3%</b>
<b>Total liabilities and shareholders' equity</b>	<b>165,450</b>	<b>161,496</b>	<b>-2.4%</b>

Remark: \*Including short-term investments

### Statement of Financial Position analysis (June 30, 2024, vs December 31, 2023)

As of June 30, 2024, Thai Union reported **total assets** of THB 161,496mn, a decrease of THB 3,954mn or 2.4% from THB 165,450mn as of December 31, 2023. The decrease was primarily attributable to the decrease in 1) inventories (net) of THB 3,118mn, explained by the efficient inventory management, the seasonality as well as the favorable raw material prices, particularly Skipjack tuna (-26.1% YoY), 2) cash and cash equivalents of 2,229mn and 3) fair value of finance assets of THB 980mn. However, this was partially offset by an increase in 4) trade and other receivables – net of THB 1,831mn, 5) goodwill and other intangible assets of THB 846mn and 6) fixed assets of THB 342mn.

**Total liabilities** of THB 98,994mn, a slight decrease by THB 439mn or 0.4% from THB 99,433mn as of December 31, 2023. This was mainly from the decrease in 1) current portion of long-term loans of THB 16,167mn, which offset by an increase in 2) long-term loans of THB 13,365mn, 3) other current liabilities of THB 1,423mn (largely from derivative liabilities), and 4) bank overdrafts and short-term loans of THB 406mn.

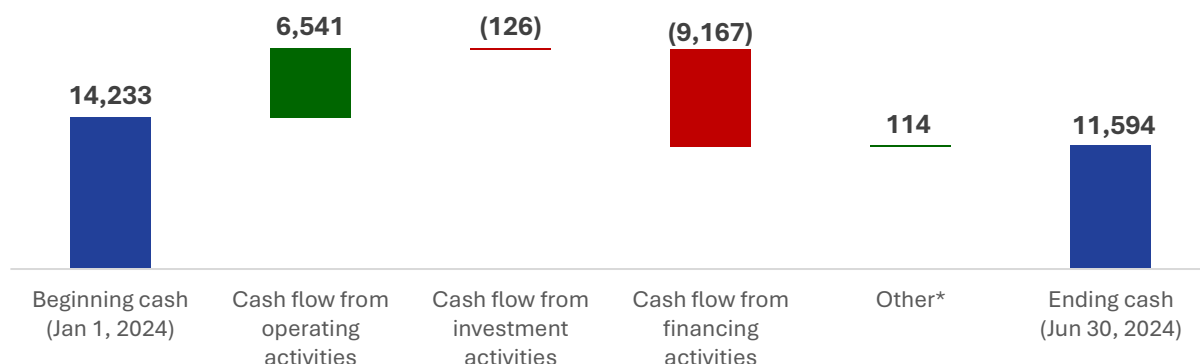
**Total equity**, including perpetual debentures of THB 5,950mn, was at THB 62,502mn, decreasing by 5.3% from THB 66,017mn as of December 31, 2023. This was mainly from treasury shares from the share buyback program of THB 2,982mn.

# Thai Union Group Public Company Limited

## MD&A for Q2 2024 ended June 30, 2024

### CASH FLOW

(Unit: THB mn)



Remark: \*Other refers to exchange rate differences on cash and cash equivalents.

### Cash flow analysis

For the six months ended June 30, 2024, **net cash from operating activities** was THB 6,541mn, resulting from an increase in free cash flow of THB 5,383mn, mainly from higher EBITDA. **Net cash used in investing activities** was THB 126mn, largely driven by purchases of property, plant and equipment and intangible assets of THB 1,542mn which partially offset by cash received from investment in debt instruments of THB 1,390mn. **Net cash used in financing activities** was THB 9,167mn. The key components were repayments for debentures of THB 3,550mn, net cash payments for repurchase of treasury shares of THB 2,982mn, interest and other finance costs paid of THB 1,232mn, and dividends paid to the owners of the parent amounting to THB 1,064mn.

### KEY FINANCIAL RATIOS

	Q2 2023	Q1 2024	Q2 2024	1H 2023	1H 2024
<b>Efficiency activity ratio</b>					
Accounts receivable days (days)	35	36	35	35	35
Inventory days (days)	157	164	162	157	162
<b>Profitability ratio</b>					
GPM (%)	16.9%	17.3%	18.5%	16.0%	17.9%
NPM (%)*	3.1%	3.5%	3.5%	2.7%	3.5%
ROA (%)*	4.5%	5.2%	5.4%	4.5%	5.4%
ROE (%)*	9.0%	8.1%	8.7%	9.0%	8.7%
ROCE (%)*	6.3%	6.9%	7.4%	6.3%	7.4%
<b>Liquidity ratio</b>					
Current ratio (times)	1.90	2.34	2.26	1.90	2.26
<b>Leverage ratio</b>					
Net debt to equity ratio (times)	0.64	0.82	0.82	0.64	0.82
Net debt to EBITDA ratio (times)*	4.34	4.02	3.78	4.34	3.78
Interest coverage ratio (times)*	5.64	5.41	5.46	5.64	5.46
<b>Per share ratio</b>					
Basic earnings / share (THB)	0.21	0.24	0.27	0.41	0.51
Book value / share (THB)	17.10	13.34	12.92	17.10	12.92

Remark: \*Based on adjusted numbers from Q1 2023 to Q4 2023, which excluded RL's share of loss and tax credit.

### SUSTAINABILITY

Thai union continued to strive for SeaChange® 2030 – “Healthy Living, Healthy Oceans”



#### Adam Brennan has joined ASC’s Board of Trustees.

- In June 2024, the Aquaculture Stewardship Council (ASC) announced the additional of Adam Brennan, Chief Sustainability Officer of Thai Union, to the Board of Trustees. This reflects the Company’s commitment to sustainability.

*Remark: The ASC’s Board of Trustees consists of nine members, who are responsible for setting the strategic direction of the ASC, monitoring its progress, and ensuring that the ASC meets its objectives.*



#### PMUC Country 1st Awards” Zero Wastewater Discharge Project

- Thai Union has received the “PMUC Country 1st Awards” for the Company’s Zero Wastewater Discharge Project at its fish plant in Thailand. The plant has set a new global benchmark for a seafood factory by achieving 100% wastewater treatment.
- The new wastewater system has reduced daily water consumption, saving approximately THB 27.8mn per year in water cost. Thai Union aims to achieve zero water discharge, zero waste to landfill, and zero food loss at its five key global facilities by 2030.



#### 2023 Sustainability Report, highlighting progress towards ambitious SeaChange® 2030 goals

- Thai Union published our [2023 Sustainability Report](#), providing a comprehensive overview of Thai Union’s initiatives to deliver against its goals, and underscores the Company’s unwavering commitment to environmental stewardship, social responsibility, and sustainable development.



#### John West announced the 4-year deal to become the exclusive protein partner of ParalympicsGB

- John West’s partnership with ParalympicsGB demonstrates the brand’s strong commitment to positive nutrition, health and well-being, with clear synergies around physical and mental strength. The partnership seeks to remind consumers of the natural health benefits in everyday fish and John West’s status as the original natural protein, showcasing its range of tasty and nutritious products that keep consumers fueled throughout the day.



### 2024 Financial target: revised up the full-year guidelines

	Revised Target	Previous Target
<b>Sales:</b>	+4 – 5% YoY	+3 – 4% YoY
<b>GPM</b>	18.0 – 18.5%	~ 17 – 18%
<b>SG&amp;A to sales</b>	12 – 12.5%	~ 11 – 12%
<b>Effective interest rate</b>	Increase 0 – 0.5%	
<b>CAPEX</b>	~ THB 4.0 – 4.5bn	
<b>Dividend policy</b>	At least 50% dividend payout ratio	

Remark: Thai Union’s 2024 financial targets are based on current forecast which may subject to change if key operating factors that affect the Company’s performance variate from the assumptions.

# Thai Union Group Public Company Limited

## MD&A for Q2 2024 ended June 30, 2024

### APPENDIX:

#### Adjusted consolidated income statement for Q2 2023 results

(Unit: THB mn)	Q2 2023 Reported numbers	RL's Share of loss and tax credit	Q2 2023 excl. RL contribution
<b>Sales</b>	<b>34,057</b>		<b>34,057</b>
Cost of sales	(28,310)		(28,310)
<b>Gross profit</b>	<b>5,748</b>		<b>5,748</b>
SG&A	(3,971)		(3,971)
<b>Operating profit</b>	<b>1,777</b>		<b>1,777</b>
FX gain	(250)		(250)
Other income	147	(17)	129
Share of profit from associates and JVs	53		53
<b>EBIT</b>	<b>1,727</b>	<b>(17)</b>	<b>1,709</b>
Finance cost	(550)		(550)
Income tax (expense) credit	198	(134)	63
Profit (loss) from discontinued operation	(190)	190	0
Non-controlling interests	(156)		(156)
<b>Net profit</b>	<b>1,029</b>	<b>38</b>	<b>1,067</b>

#### Adjusted consolidated income statement for 1H 2023 results

(Unit: THB mn)	1H 2023 Reported numbers	RL's Share of loss and tax credit	1H 2023 excl. RL contribution
<b>Sales</b>	<b>66,709</b>		<b>66,709</b>
Cost of sales	(56,045)		(56,045)
<b>Gross profit</b>	<b>10,664</b>		<b>10,664</b>
SG&A	(8,092)		(8,092)
<b>Operating profit</b>	<b>2,573</b>		<b>2,573</b>
FX gain	(35)		(35)
Other income	355	(17)	337
Share of profit from associates and JVs	265		265
<b>EBIT</b>	<b>3,157</b>	<b>(17)</b>	<b>3,139</b>
Finance cost	(1,083)		(1,083)
Income tax (expense) credit	440	(387)	53
Profit (loss) from discontinued operation	(170)	170	0
Non-controlling interests	(293)		(293)
<b>Net profit</b>	<b>2,050</b>	<b>(234)</b>	<b>1,816</b>

### Sales breakdown by region

	Q2	Q1	Q2	QoQ	YoY	1H	1H	YoY
	2023	2024	2024	(%)	(%)	2023	2024	(%)
<b>Sales (THB mn)</b>	<b>34,057</b>	<b>33,220</b>	<b>35,283</b>	<b>6.2%</b>	<b>3.6%</b>	<b>66,709</b>	<b>68,503</b>	<b>2.7%</b>
The U.S. & Canada	12,699	12,833	14,130	10.1%	11.3%	26,769	26,963	0.7%
Europe	11,118	9,829	11,414	16.1%	2.7%	19,660	21,243	8.1%
Thailand	4,166	3,606	3,619	0.4%	-13.1%	7,949	7,225	-9.1%
Japan	2,097	1,945	1,980	1.8%	-5.6%	4,035	3,926	-2.7%
Others	3,978	5,005	4,140	-17.3%	4.1%	8,296	9,146	10.2%
<b>% Sales by region</b>								
The U.S. & Canada	37.3%	38.6%	40.0%	1.4%	2.7%	40.1%	39.4%	-0.7%
Europe	32.6%	29.6%	32.3%	2.7%	-0.3%	29.5%	31.0%	1.5%
Thailand	12.2%	10.9%	10.3%	-0.6%	-1.9%	11.9%	10.5%	-1.4%
Japan	6.2%	5.9%	5.6%	-0.3%	-0.6%	6.0%	5.7%	-0.3%
Others	11.7%	15.1%	11.7%	-3.4%	0.0%	12.4%	13.4%	1.0%

### Formula of key ratios

Account receivable days = 365 / account receivable turnover

Inventory days = 365 / inventory turnover

GPM = Gross profit / sales

NPM = Net profit / sales

ROA = 12-month rolling EBIT / Average total assets

ROE = 12-month rolling net profit / average total shareholders' equity

ROCE = 12-month rolling EBIT / Average capital employed

Capital Employed = total assets - total current liabilities (incl. current portion of long-term debt)

Current ratio = Total current assets / total current liabilities

Net debt to equity = Interest-bearing debt - cash & cash equivalents / total shareholders' equity

Debt/EBITDA = Interest-bearing debt / 12-month rolling EBITDA

Interest coverage = EBITDA / 12-month rolling finance costs

Earnings / share = Net profit less interest paid on perpetual debentures / weighted average number of ordinary shares outstanding not include treasury shares

Book value = Total shareholders' equity / (outstanding shares - share repurchase)

### Definitions

Adjusted net profit = Net profit excluded the share of profit (loss) and tax credit from Red Lobster (RL)

EBITDA = Earnings before interest, taxes, depreciation and amortization

FX = Foreign exchange

GPM = Gross profit margin

ITC = i-Tail Corporation PCL

JVs = Joint ventures

NPM = Net profit margin

Other income = Interest income, dividend income, other income, and other gains (losses) (net)

ROA = Return on assets

ROCE = Return on capital employed

ROE = Return on equity

SG&A = Selling expenses, administrative expenses, and reversal of impairment of financial assets (net)