



i-Tail Corporation Public Company Limited (ITC)



Management Discussion and Analysis (MD&A)

For the period of **1Q 2026 Financial Results**
Ended March 31, 2026



1Q26 EXECUTIVE SUMMARY

The first quarter of 2026 unfolded amid heightened geopolitical tensions, including the Iran conflict and elevated oil prices, which created a more volatile operating environment. Despite these challenges, the Company delivered robust performance, with sales growing strongly both quarter-on-quarter and year-on-year, surpassing the previous quarter's momentum. This outperformance reflects the resilience of our business model, effective execution, and continued focus on sustainable growth.

- **Sales** in 1Q26, the USD sales reached 163mn, a growth of 10.2% QoQ and 28.6% YoY. The Company reported sales of THB 5,174mn, reflecting a 8.2% increase QoQ and 21.8% increase YoY. Both QoQ and YoY growth, was primarily driven by NPDs products, stronger demand from key customers in the U.S. and EU markets.
- **Gross Profit Margin (GPM)** remained solid at 24.3% in 1Q26, decreasing 1.5 points QoQ, but increasing 0.2 points YoY. The Company's gross profit margin has been primarily driven by the product premium mix and production volume in each reporting period. In addition, continuous improvements in production efficiency, alongside ongoing cost optimization initiatives, have contributed to maintaining the margin at a relatively high level. Furthermore, effective foreign exchange management has supported the stability of the gross profit margin, resulting in relatively limited fluctuations over time.
- **Operating profit** reached THB 762mn, surged by 5.9% QoQ and 36.0% YoY due mainly to higher sales both volume and value together with lower SG&A expenses to sales QoQ and YoY.
- **Adjusted net profit (excluding Transformation costs)** was THB 991mn, increased by 9.2% QoQ and 24.9% YoY. The adjusted net profit margin stood at 19.2%, compared with 19.0% in 4Q24 and 18.7% in 1Q25.
- **Reported net profit** was THB 871mn, representing a 9.9% QoQ and 28.7% YoY increase. Net profit margin improved to 16.8%, from 16.6% in 4Q25 and 15.9% in 1Q25, driven primarily by higher sales and lower SG&A expenses to sales.

KEY BUSINESS DEVELOPMENTS in 1Q26

The period reflected solid commercial execution alongside disciplined cost and risk management. **Sales performance exceeded expectations**, with higher Q1 sales driven by the rebalancing of customer orders to achieve an even more quarterly sales profile throughout the year. Sales growth was driven by broad-based expansion across all channels, supported by continued strength in world pet food companies and increasing contributions from private label products.

Margin performance remained within the guided range, reflecting effective cost control across both gross margin and SG&A. Despite ongoing geopolitical pressures on global supply chains, impacts were limited as majority of the Company's shipments are sold in FOB terms. Although oil prices increased, utilities cost exposure account for approximately 2.1% of sales and was mitigated through ongoing sustainability initiatives. Packaging market tightness did not materially impact operations, supported by adequate inventory coverage.



SUSTAINABILITY

With Love & Vaccines: i-Tail's Four-Legged Furry Friends Project Enters Year 3

In collaboration with the Thasai Subdistrict Administrative Organization in Samut Sakhon, the initiative reflects the 3rd year to promote responsible pet ownership, raise awareness of rabies prevention and expand access to essential veterinary care within local communities.

The campaign, with support from i-Tail's iCattery Research Center, provided free rabies vaccinations and basic health checkups for both dogs and cats.



INDUSTRY OVERVIEW

Despite inflationary pressures affecting consumer purchasing power and slowdown in global pet populations growth rate, the global dog and cat food market is projected to grow at a 3.5% compound annual growth rate (CAGR) from 2026E to 2030E. In 2026E, the global pet food market is projected to grow by 3.2% from 2025 to USD 154bn, this growth reflects the market remains resilient from the ongoing trends of premiumization and pet humanization, as well as growth in health-consciousness and caring for the wellbeing of pets among pet owners remain intact and continue to support the industry's long-term growth potential. While some consumers are prioritizing value for money, the price inelasticity exhibited by pet owners who opt for premium brands continues to be a key growth driver for the premium pet food segment. Dog and cat population are expected to grow in the range of 2.2-2.5% CAGR in 2026-2030F in key markets such as U.S., Canada, Australia and Germany, with high growth rate in Indonesia (1.9%), while Japan is expected to remain stable (-0.1%).

Source: Euromonitor



FINANCIAL PERFORMANCE

(Units: THB mn)	1Q25	4Q25	1Q26	%QoQ	%YoY
Sales and service	4,249	4,780	5,174	8.2%	21.8%
Cost of sales and service	(3,227)	(3,545)	(3,916)	10.5%	21.4%
Gross profit	1,022	1,235	1,258	1.8%	23.1%
SG&A	(462)	(515)	(495)	-3.8%	7.3%
Operating profit	560	720	762	5.9%	36.0%
Other gain (loss)	(19)	(30)	9	129.1%	145.1%
Other income	153	134	136	1.3%	-11.2%
EBIT	694	824	907	10.0%	30.7%
Finance costs	(1)	(6)	(1)	-82.3%	-21.5%
Income tax expense	(16)	(25)	(35)	35.9%	118.0%
Reported net profit	677	793	871	9.9%	28.7%
Adjusted net profit¹	794	908	991	9.2%	24.9%
EBITDA	839	991	1,059	6.9%	26.3%
EPS (THB/share)	0.23	0.26	0.29	9.9%	28.7%
Gross profit margin	24.1%	25.8%	24.3%	-1.5%	0.2%
Operating profit margin	13.2%	15.1%	14.7%	-0.4%	1.5%
EBITDA margin	19.7%	20.7%	20.5%	-0.2%	0.8%
Reported net profit margin	15.9%	16.6%	16.8%	0.2%	0.9%
Adjusted net profit margin ¹	18.7%	19.0%	19.2%	0.2%	0.5%

Remarks: due to rounding, some figures presented may not reflect the exact actual values

PERFORMANCE ANALYSIS

QUARTERLY PERFORMANCE

1Q26 **Sales**, the Company reported USD sales of USD 163mn, representing an increase of 10.2% QoQ and 28.6% YoY. In Thai Baht terms, sales amounted to THB 5,174mn, reflecting growth of 8.2% QoQ and 21.8% YoY. Both QoQ and YoY growth were primarily driven by client order rebalancing, the successful launch of new product developments (NPDs) in sachet products, and stronger demand from key customers in the U.S. and EU, encompassing both world pet food companies and private label customers. Sales performance in the AOA region also remained in line with expectations.

Overall performance was further supported by a solid increase in NWT pet food sales volume, which reached 30,797 NWT, representing growth of 8.0% QoQ and 14.3% YoY. The QoQ growth was driven mainly by higher sales of mid-priced products, which supported overall revenue growth despite a softer margin mix on a QoQ basis. On a YoY basis, sales volume rose 14.3%, underpinned by strong demand for both mid & premium priced products and pet treats, reflecting sustained consumption momentum across key markets.

1Q26 **Gross profit margin** declined by 1.5 percentage points QoQ but improved by 0.2 percentage points YoY to 24.3%, compared with 25.8% in 4Q25 and 24.1% in 1Q25. The QoQ decline was primarily attributable to a lower proportion of premium products compared with 4Q25, mainly driven by higher demand from EU markets and private-label customers, which typically carry lower margins. The premium products mix in 1Q26 accounted for 51.5%, slightly lower than 53.0% in 4Q25, but higher than 48.7% in 1Q25. The YoY improvement in mix was supported by continued healthy demand for functional treat products across core markets.

¹adjusted net profit and adjusted net profit margin (NPM) excludes transformation project cost



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1Q26 **SG&A expenses** totaled THB 495 million, decreasing 3.8% QoQ but increasing 7.3% YoY. The YoY increase in SG&A expense was primarily attributable to higher sales activity. However, the Company's cost-saving initiatives partially lowered the overall SG&A expenses. As a result, the SG&A-to-sales ratio improved to 9.6%, down from 10.8% in 4Q25 and 10.9% in 1Q25.

1Q26 **Operating profit** was THB 762mn, increased by 5.9% QoQ and 36.0% YoY, due to lower SG&A expenses to sales mentioned above. The operating profit margin for the quarter stood at 14.7%, dropped from 15.1% in 4Q25 but increased from 13.2% in 1Q25.

In 1Q26, **Adjusted net profit** (excluding transformation costs) amounted to THB 991mn, representing 9.2% QoQ and 24.9% YoY increase. **Reported net profit** totaled THB 871 million, increasing 9.9% QoQ and 28.7% YoY. The sharp increase was driven not only by higher operating profit but also by FX gains. However, this was partly offset by higher income tax expenses related to the GMT allocation. As a result, the **Adjusted net profit margin** stood at 19.2%, compared with 19.0% in 4Q25 and 18.7% in 1Q25. Similarly, the **Reported net profit margin** improved to 16.8%, from 16.6% in 4Q25 and 15.9% in 1Q25.

BUSINESS PERFORMANCE ANALYSIS

Performance breakdown by region	1Q25	4Q25	1Q26	%QoQ	%YoY
Sales (THB mn)	4,249	4,780	5,174	8.2%	21.8%
Americas	2,523	2,834	3,077	8.6%	22.0%
Europe	524	739	782	5.9%	49.2%
Asia & Oceania (AOA)	1,202	1,207	1,314	8.9%	9.4%

Remarks: due to rounding, some figures presented may not reflect the exact actual values

In 1Q26, despite the impact of Thai Baht appreciation, sales in the Americas increased 22.0% YoY, driven by stronger demand from key customers, particularly in private label products and new product launches. This growth was partially offset by a lower average selling price due to product mix. Sales in Europe rose 49.2% YoY, supported by increased demand from both existing key customers and new customers. Asia & Oceania sales grew 9.4% YoY, mainly from the recovery of own brand importer customers in Japan. On a quarterly basis, sales increased across all regions, with the Americas up 8.6% QoQ, Europe up 5.9% QoQ, and Asia & Oceania up 8.9% QoQ, reflecting improved overall demand.

Performance breakdown by category	1Q25	4Q25	1Q26	%QoQ	%YoY
Cat food	2,955	2,812	3,074	9.4%	4.0%
Dog food	667	1,006	965	-4.1%	44.6%
Pet treats	552	872	1,076	23.4%	95.0%
Total pet food	4,174	4,690	5,115	9.1%	22.6%
Other segments	75	90	59	-34.9%	-21.8%
Total sales	4,249	4,780	5,174	8.2%	21.8%
Sales volume (Tons)*	26,938	28,507	30,797	8.0%	14.3%

Remarks: due to rounding, some figures presented may not reflect the exact actual values; *sales volume (tons) include pet food only



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The global premiumization trend in cat nutrition, driven by growing consumer demand for functional pet nutrition continues to fuel orders from clients, as cat food remained the largest contributor at THB 3,074mn, growing 9.4% QoQ and 4.0% YoY. Whereas dog food recorded THB 965mn, a slight decline of 4.1% QoQ, however, grew notably 44.6% YoY.

Pet treats were the standout performer in 1Q26, surging 23.4% QoQ and 95.0% YoY to THB 1,076mn. The exceptional growth reflects the accelerating client demands driven by the end-consumer behavior towards treats as a functional supplement, as well as pet humanization trends. Other segments amounted to THB 59mn, down 34.9% QoQ and 21.8% YoY, driven by lower sales of scraps.

Pet food sales proportion by channel	1Q25	4Q25	1Q26	%QoQ	%YoY
World pet food companies	51.6%	48.6%	49.0%	0.4%	-2.6%
Brand owners/importers	32.8%	33.7%	28.8%	-4.9%	-4.0%
Private label	14.3%	16.6%	21.3%	4.7%	7.0%
Own label	1.23%	1.0%	0.79%	-0.2%	-0.4%

In 1Q26, the sales mix of private labels increased by 7.0% points YoY, while the share of world pet food companies and brand owners/importers decreased by 2.6% point and 4.0% points YoY, respectively. Own labels slightly decreased by 0.4% points YoY. The growing contribution of private labels in the U.S. continued to gain traction with market demand expanding. Whereas, in Europe markets saw positive contribution from private labels due to selling price adjustments.

On a QoQ basis, private labels rose 4.7% points, supported by increased orders from U.S. and European private labels, while brand owners/importers declined 4.9% points and own labels by 0.2% points. Whereas, world pet food companies recovered slightly, gaining 0.4% points QoQ, reflecting continued sustained demand from global pet food companies.



STATEMENT OF FINANCIAL POSITION

(Unit: THB mn)	31-Dec-25	31-Mar-26	%Inc (Dec)
Cash and cash equivalents	6,489	5,891	-9.2%
Short-term investments	4,000	5,027	25.7%
Trade and other receivables, net	3,766	4,979	32.2%
Inventories, net	4,338	3,881	-10.5%
Investment in debt instruments measured at amortized cost	849	981	15.5%
Other current assets	686	263	-61.6%
Total current assets	20,127	21,021	4.4%
Property, plant and equipment, net	6,484	6,401	-1.3%
Other non-current assets	362	465	28.5%
Total non-current assets	6,846	6,867	0.3%
Total assets	26,973	27,888	3.4%
Trade and other payables	2,235	2,007	-10.2%
Other current liabilities	75	605	711.9%
Total current liabilities	2,310	2,613	13.1%
Employee benefit obligations	680	694	2.1%
Other non-current liabilities	157	211	34.3%
Total non-current liabilities	837	905	8.2%
Total liabilities	3,147	3,518	11.8%
Total equity	23,826	24,370	2.3%
Total liabilities and shareholders' equity	26,973	27,888	3.4%

*due to rounding, some figures presented may not reflect the exact actual values

As of March 31, 2026, **total assets** were THB 27,888mn, an increase of 3.4% from December 31, 2025, mainly from trade and other receivables in line with increased sales and short-term investments, partially offset by lower inventory levels (compared to prior years' elevated inventories due to undelivered finished goods) and other current assets driven by lower derivative assets; while other non-current asset increased mainly from deferred tax.

As of March 31, 2026, **total liabilities** were THB 3,518mn an increase of 11.8% from December 31, 2025, mainly due to increase in current liabilities from income tax payable and derivatives liabilities.

As of March 31, 2026, **total equity** was THB 24,370mn, an increase of 2.3% from December 31, 2025, primarily due to profit during the period.

STATEMENT OF CASH FLOWS

(Unit: THB mn)	31-Mar-26
Beginning cash and cash equivalents	6,489
Net cash from operating activities	379
Net cash used in investing activities	(1,200)
Net cash used in financing activities	(9)
Others*	233
Ending Cash and cash equivalents	5,891

remark: *others refer to exchange gains on cash and cash equivalents

Cash and cash equivalents as of March 31, 2026, were THB 5,891mn, a decrease of 9.2% mainly driven by cash used in investing activities of THB 1,200mn. Consisting primarily of THB 1,000mn in short-term investment and THB 133mn in debt instruments.

KEY FINANCIAL RATIOS

KEY FINANCIAL RATIOS	1Q25	1Q26
Profitability ratios		
Gross profit margin (%)	24.1%	24.3%
Operating profit margin (%)	13.2%	14.7%
Net profit margin (%)	15.9%	16.8%
Return on equity (%)	14.3%	12.9%
Return on asset (%)	13.3%	12.0%
Liquidity ratios		
Current ratio (times)	9.4	8.0
Quick ratio (times)	7.3	6.1
Accounts receivable outstanding (days)	75	76
Inventory outstanding (days)	105	99
Accounts payable outstanding (days)	30	30
Leverage ratios		
Debt to equity ratio (times)	0.1	0.1
Interest bearing debt to equity ratio (times)	0.0	0.0
Interest coverage ratio (times)	623.8	397.9
Per share ratios		
Basic earnings / share (THB)	0.23	0.29
Book value / share (THB)	8.29	8.12



2026 GUIDANCE

2026 OUTLOOK

USD Sales growth	9 – 12%
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THB Sales growth	8 – 11%
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Gross profit margin	23 – 25%
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SG&A to sales	9 – 10%
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CAPEX	THB 1 bn
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Dividend policy	At least 50% of net profit
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Remarks:

1. ITC's 2026 financial targets are based on the 19% tariff assumption and the current forecast, which may be subject to change if key operating factors that impact on the company's performance variate from the assumptions.
2. This guideline is prepared under 19% tariff rate and FX rate assumption rate of 32.5 THB/USD; potential FX sensitivity for 1 THB/USD change is estimate impact on topline 3.0%.
3. As ITC is a member of Thai Union Group, having consolidated revenues more than Euro 750mn in at least two of the four preceding fiscal years, Thai Union Group therefore has obligations to comply. BEPS 2.0 Pillar 2 is expected to raise ITC Group's effective tax rate to 5-7% in 2026



MANAGEMENT OUTLOOK

On the geopolitical front, the Company has not observed any material impact from global supply disruptions to date; however, supply availability remains a key area of active monitoring as the Company continues to implement migration measures against potential risks. In addition, ITC maintains limited direct sales exposure to the Middle East, which further reduces the Company's vulnerability to geopolitical volatility. While ongoing developments continue to create uncertainty across global supply chains and energy markets, ITC's exposure remains largely safeguarded, as majority of export orders are transacted on FOB terms, which structurally limits the Company's direct freight and logistics cost exposure. However, extended logistics lead times on certain routes may impact production planning and delivery schedules, with these issues being carefully addressed through ongoing negotiations with customers. In addition, higher plastic and tuna prices have impacted certain packaging formats and key raw materials. The Company continues to actively manage cost pressures through a combination of operational efficiencies, disciplined commercial execution, and constructive engagement with customers, in line with long-standing business relationships, to support margin sustainability. Residual impacts from utility-related contracts remain limited and are being actively mitigated through the Company's cost-saving initiatives, with utility cost exposure accounting for approximately 2.1% of sales.

Growth will continue to be fueled by the U.S. market, where ITC has made meaningful progress in expanding its product offerings. The Chunk & Pate (C&P) segment was secured with a leading U.S. private label player following their initial orders in December 2025 and is progressing in line with the Company's plan. The Company views this as a strategic platform with the ambition to develop into the Company's second core business over time. While not anticipated to be a key growth driver in the near term, ITC views its differentiated C&P products are developed to target within the premium ranges; differentiating ITC from standard C&P offerings in the market. New product development (NPDs) remains paramount, with NPDs and pet treats targeted to represent a growing share of total revenue (NPDs contributing 15% of total sales by year-end of 2026), showcasing ITC's commitment to innovation-led growth and the evolving pet owner demands.

The Company reiterates its full-year revenue guidance within the previously guided range of 9–12% (USD sales growth), with gross profit margins expected to be maintained within the 23–25% range. This outlook reflects a prudent approach of the current environment, where ITC will continue to build upon its long-term strategic commercial partnerships, expanding higher value product segments, and advancing innovation aligned with the global trend toward pet wellness.

