



i-Tail Corporation PCL. (ITC)

SET Opportunity Day for Full-Year
2022 Results

February 17, 2023



Disclaimer

The information contained in our presentation is intended solely for personal reference only. In addition, such information contains projections and forward-looking statements that reflect our current views with respect to future events and financial performance.

These views are based on assumptions subject to various risks and uncertainties. No assurance is given that future events will occur, that projections will be achieved, or that the assumptions are correct. Actual results may differ materially from those projected.

The information presented in this publication is based on our pro forma consolidated financial information unless stated otherwise, to illustrate how certain completed transactions and events might have affected the unadjusted consolidated financial information had they occurred on January 1, 2019.

Today's Presenters



**Mr. Pichitchai
Wongpiya**
CEO & Director



**Mr. Chaiwat
Charoenrujitanon**
CFO & Director



**Mr. Pornchai
Tatiyachaitaweessuk**
Acting CCO

Agenda

- 1 2022 Key Highlights
- 2 2022 Financial Performance
- 3 2023 Outlook & Targets by 2025
- 4 Appendix
- 5 Q&A

Section 1

2022 Key Highlights

ITC in 2022: An exceptional year



5,637

SKUs¹



137.6k tons

Sales volume²



1,223

New products
launched in 2022



45+

Export countries



THB21.4bn

Revenue²



25.0%

Sales CAGR
2019-2022²



THB5.3bn

Gross profit
GPM at 25.0%^{2,3}



THB4.4bn

Net Profit²
NPM at 20.5%^{2,3}



Source: Company information

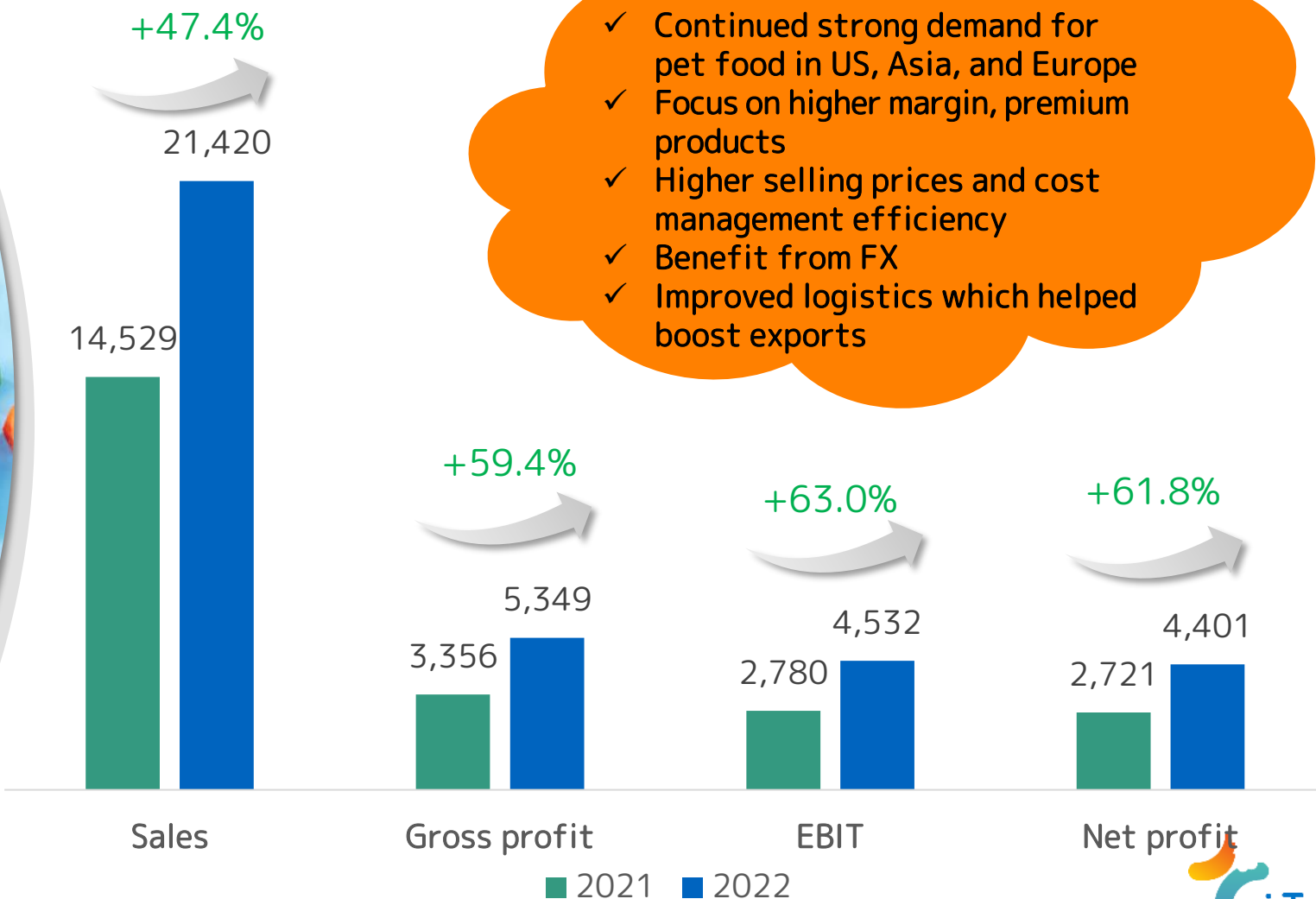
Notes:

1. As of December 31, 2022

2. Based on pro forma financials in FY2022

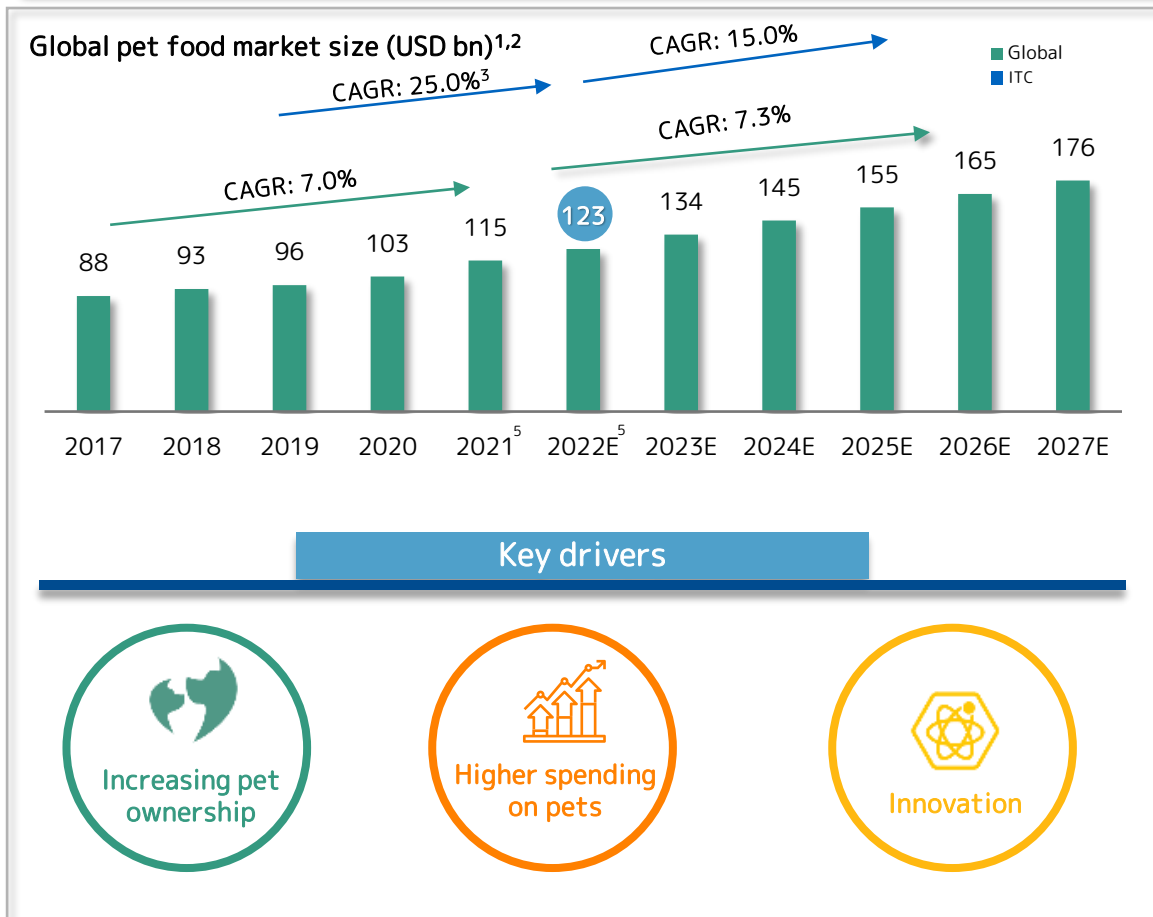
3. Margins are calculated based on sales, exclusive of other income

We delivered record high KPIs in 2022



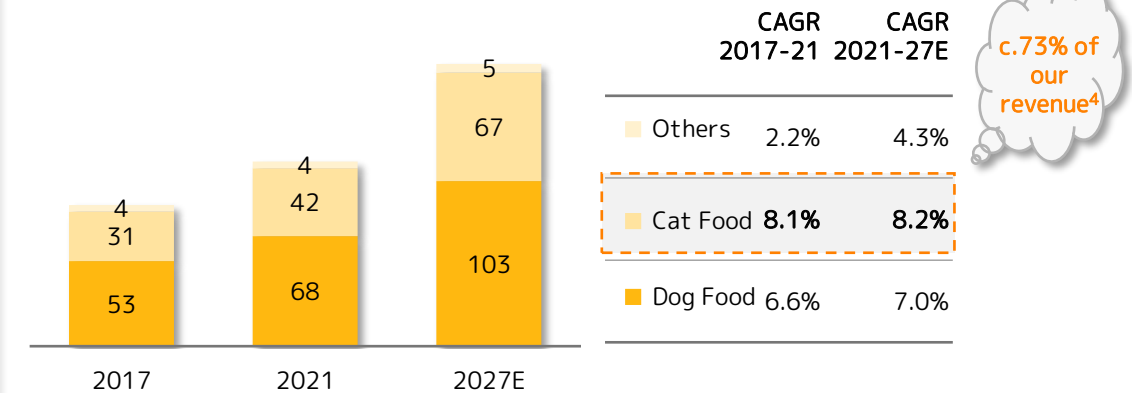
ITC delivered strong growth, faster than the global pet food market

Our pet food business grew 25% CAGR over the past three years

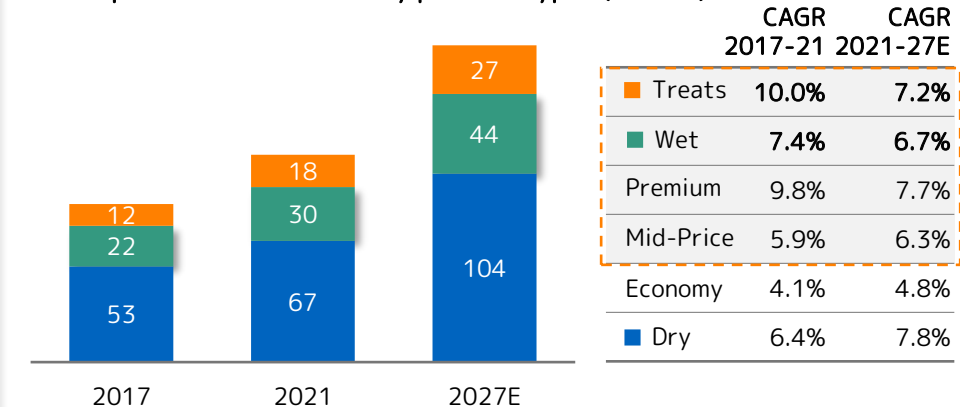


Well-positioned in attractive cat and wet pet food and treats market

Global pet food market size by animals (USD bn)



Global pet food market size by product types (USD bn)



Source: Company information, Euromonitor as of January 2023 and Frost & Sullivan market research as of September 2022

Notes:

- Includes dog, cat, fish, bird food and others
- Based on retail selling price
- ITC's revenue growth CAGR for 2019-2022 is based on local currency (THB). In USD terms, 2019-22 revenue growth CAGR is 20.1%.

4. Pro forma sales in FY2022

5. 2021-2022 was a high base as people have adopted more pets with more demand for premium pet food products

Business expansion through existing and new customers

From new products launched, innovation-focus, and pet humanization trends

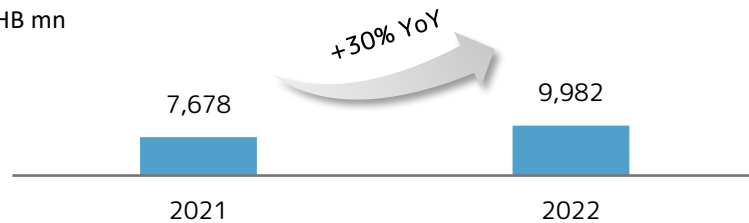
Continued customer diversification

Key information on top 3 customers



Revenue from top 3 customers

THB mn



Revenue from new customers

No. of new customers

Revenue THB mn

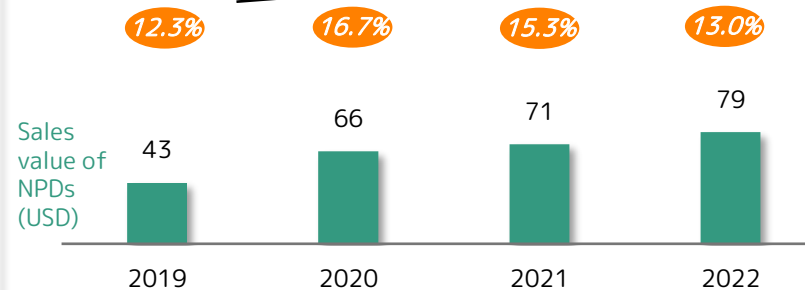


Real meat, functional products

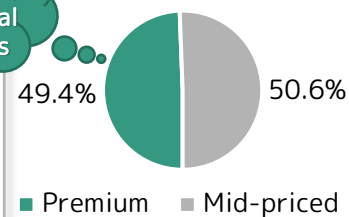
Focus on new products and innovation

11 patents (incl. pending registration)³
109 trademarks (incl. pending registration)^{1,3}

● Revenue contribution % to the total pro forma +22.5% CAGR



Premium products (% of total sales)



5,637 SKUs¹ of pet food & treat products

5,117 wet food^{1,2,3}

504 pet treats¹

16 dry pet food¹

Source: Company information

Note:

1. As of December 31, 2022
2. Based on proforma net revenue in FY2022
3. Includes semi-moist



ESG remains a focus in our operations and supply chain

Our key sustainability progress in 2022



Adopted Employer Pays Principle

as one of the first in the industry to cover all recruitment-related fees for migrant workers from Jan 2022



January



International Coastal Cleanup Day

with 15 volunteers who collected 361kg of trash and released over 15 million crabs back to the sea in Songkhla, Thailand



September

December



Installation of solar cell panels

of 1 MW (5% of consumption) at Songkhla plant, with plans to further increase renewable energy until 2025 (30% of total electricity consumption)



Ranked no. 1 in Food Products in DJSI

Our parent company, TU, has been listed on Dow Jones Sustainability Index (DJSI) for 9 consecutive years

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



ITC was listed on the Stock Exchange of Thailand (SET)

The largest ever IPO in food & beverage sector in Thailand of THB 21.1bn¹



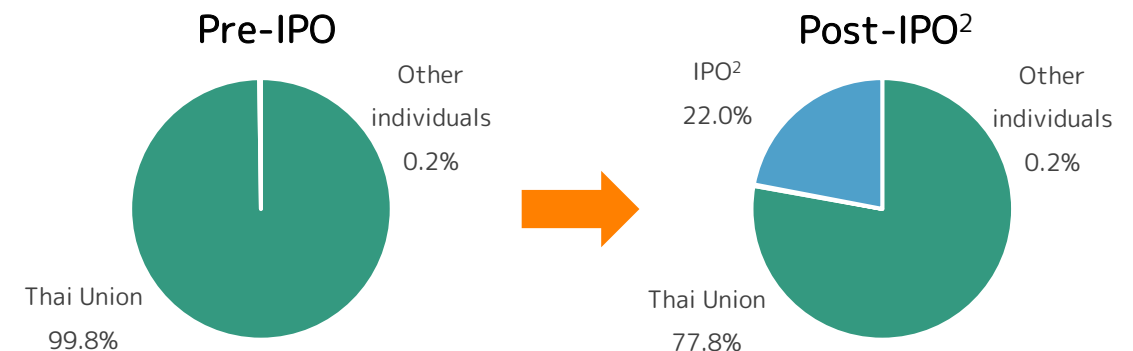
Source: Stock Exchange of Thailand

Note:

1. From the sale of 600m shares, comprised of 600m newly registered shares from ITC and 60m shares from parent company (TU)
2. As of December 9, 2022
3. As of February 14, 2023

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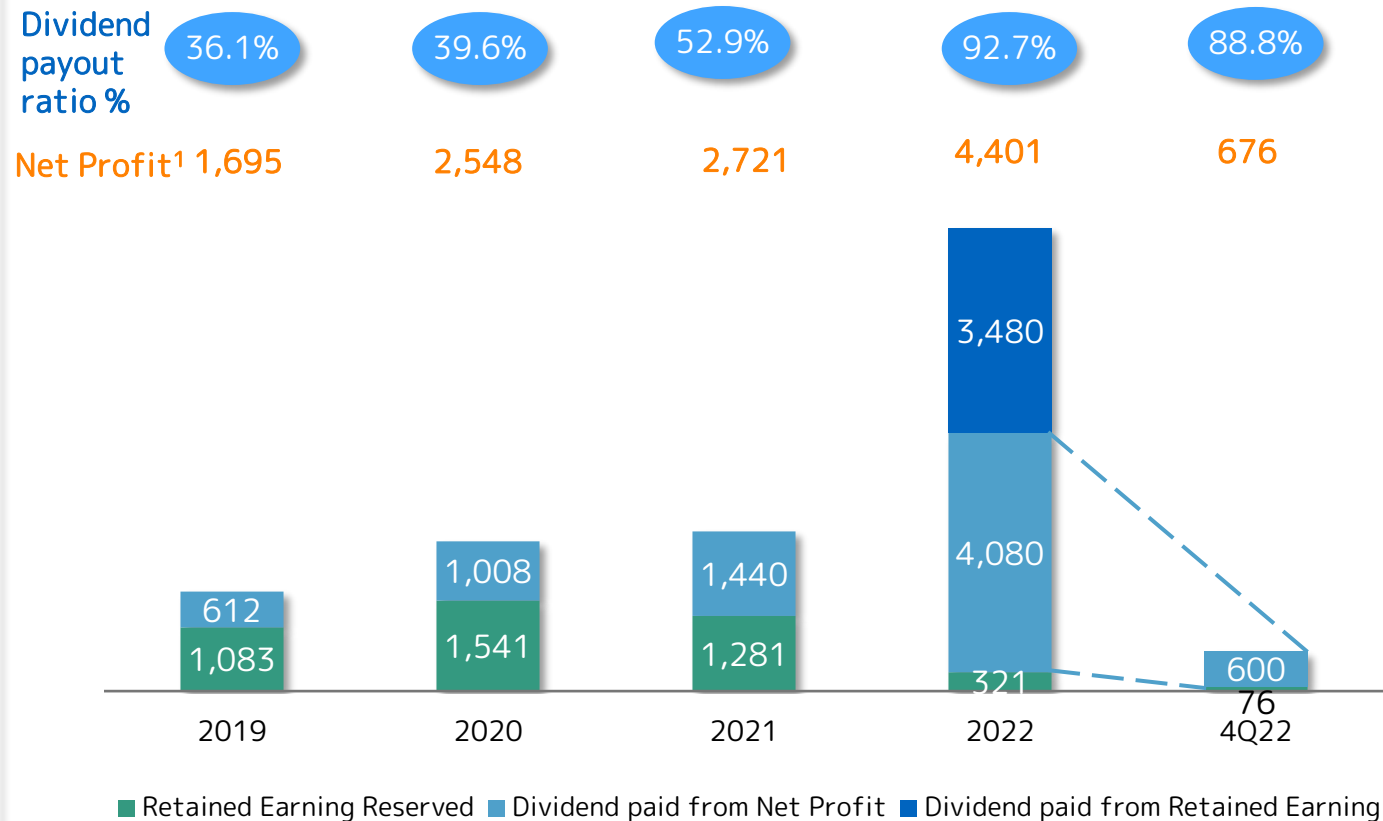
- i-Tail Corporation (ITC) was **listed on Stock Exchange of Thailand (SET) on December 9, 2022** (in food & agriculture industry, food and beverage category)
- This marked **the largest ever IPO in food and beverage sector** of the Thai capital market, and **the largest public offering in 2022**
- ITC is **one of the world's leading manufacturers of pet food**, focusing on premium wet and treat products, with **market capitalization of more than THB 85.5bn³**



Delivered high dividend payout thanks to robust net profit

2022 dividend payments from both net profit and retained earning

Historical Net Profit Split (THB mn)



Final dividend for the period: October 1 to December 31, 2022

DPS	THB 0.20
Ex-Dividend Date	February 28, 2023
Record Date	March 1, 2023
Payment date	April 18, 2023

Source: Company information, financials based on pro forma basis

Notes:

1. Profit for the year attributable to owners of parent
2. Dividend payout ratio based on dividend paid from net profit

Section 2

2022 Financial Performance

2022 was a new high base

Driven by record sales, strong gross margin, and an all-time high net profit

FY2022 key takeaways



Sales grew exceptionally at 47.4% YoY

Continued strong demand for pet food, both new and existing customers, new, innovative products launched, higher selling prices and freight revenue, THB appreciation



Gross margin was strong and within our target at 25.0%

Thanks to higher selling prices, our strategic focus on premium products, and cost management efficiency



EBIT was exceptional at +63.0% YoY

Well-managed SG&A expenses and lower freight cost, resulting in SG&A to sales ratio at 5.8%, supported by FX gain of THB 175mn, as well as sales growing higher than SG&A expenses.



Net profit was at an all-time high at THB 4.4bn

Driven by record sales, strong GPM, lower SG&A to sales %, and FX gain, partially offset by higher income tax and finance cost.



Excluding one-off items, GPM would be 25.3% and net profit of THB 4.5bn

We recorded one-time expenses in 2022: (1) recruitment fees in Q4 (THB 66.4mn) (COGS) and IPO-related and consultancy expenses in Q1-Q4 (THB 67.9mn¹) (SG&A).



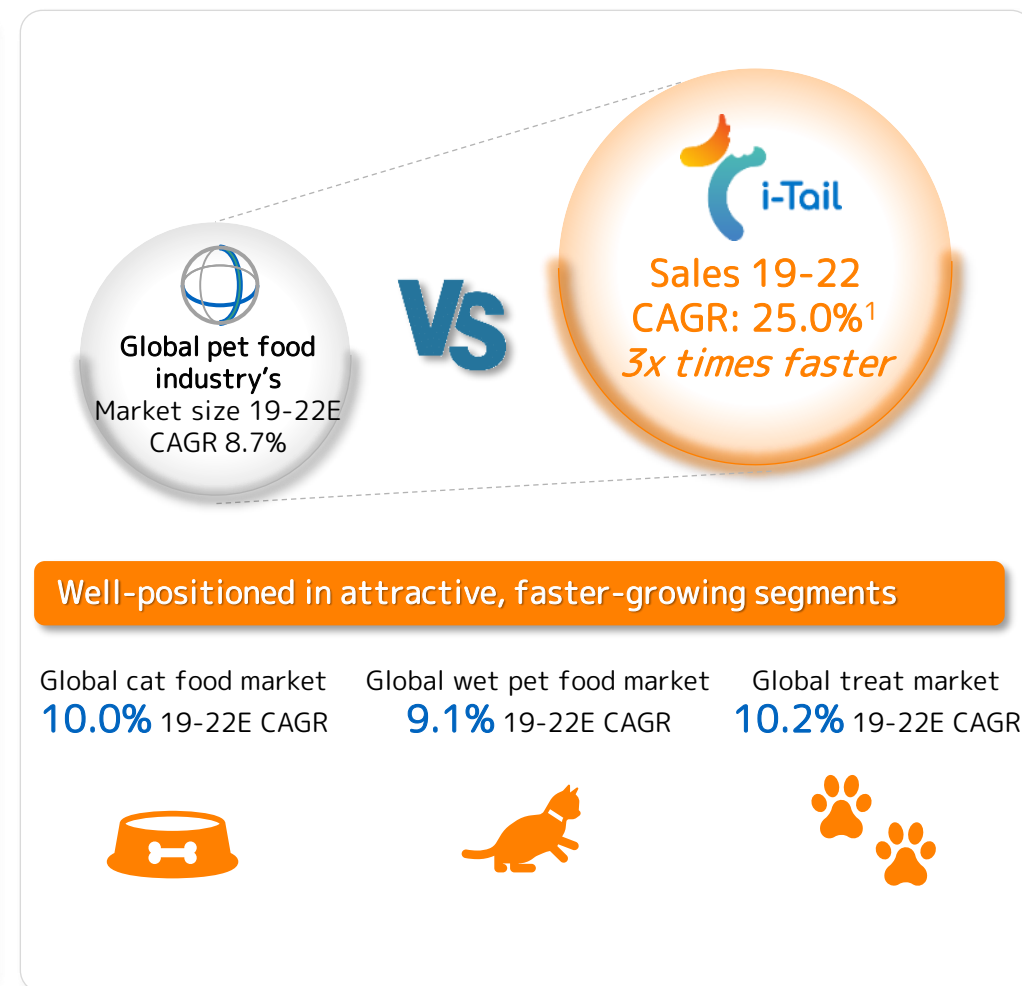
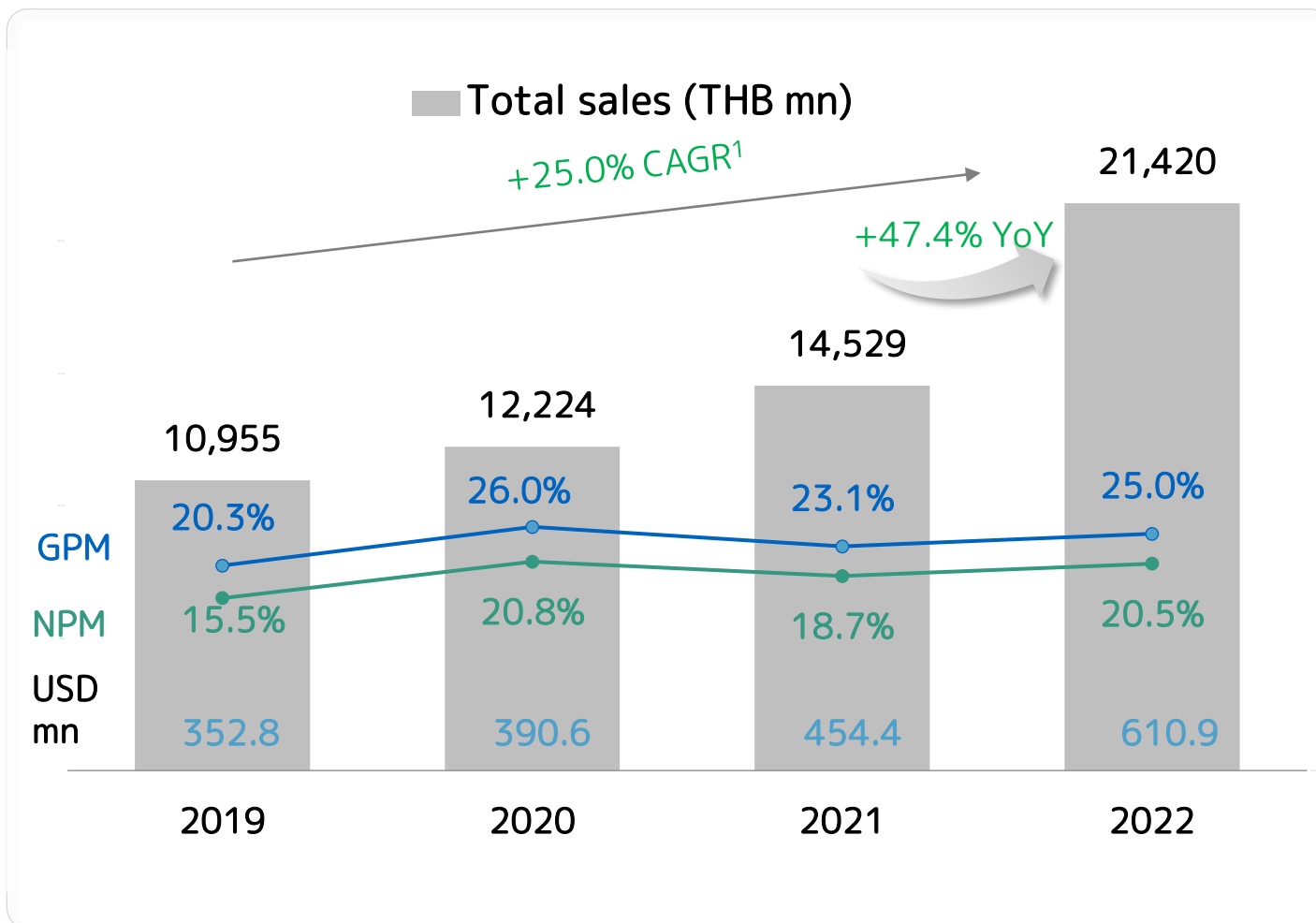
We have become a cash-positive company

Interest-bearing D/E ratio was at 0.0x in Q4 from repayment of short-term loan (THB 7.4bn) after IPO.

Note: 1. 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)



Strong track record with four consecutive years of exceptional pet food growth, outperforming the sector

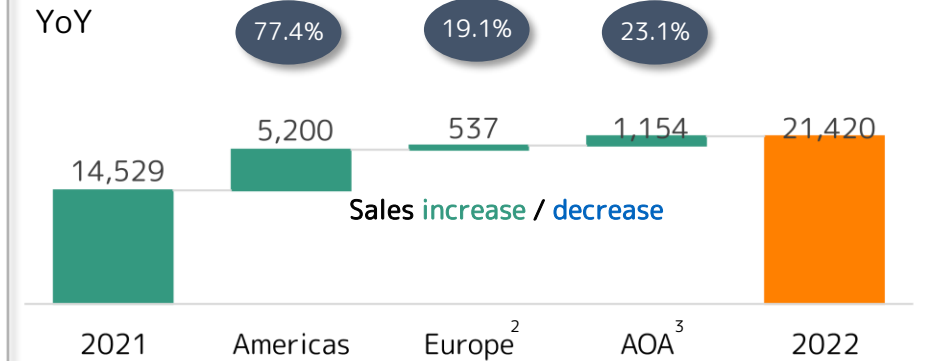


The U.S. and Europe remain our largest customer markets

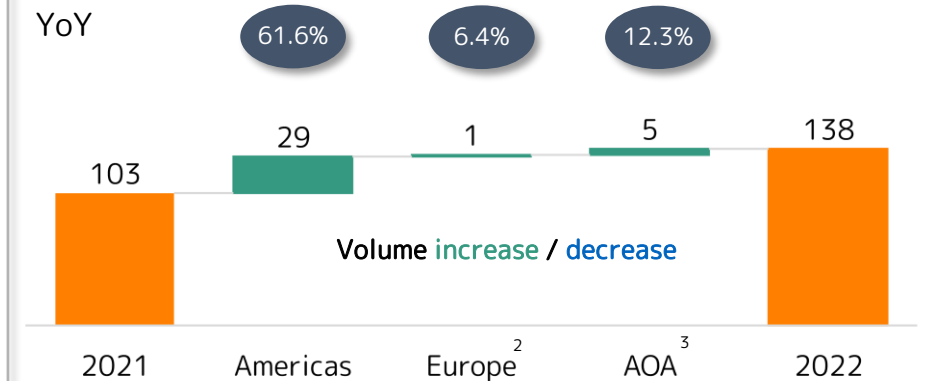
Total 2022 sales: THB 21,420mn



Revenue by markets (THB mn)



Volume by markets (k tons)



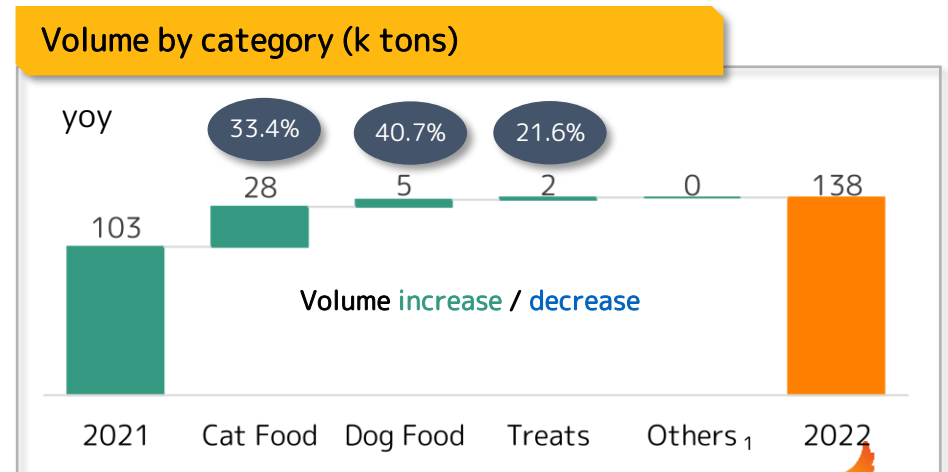
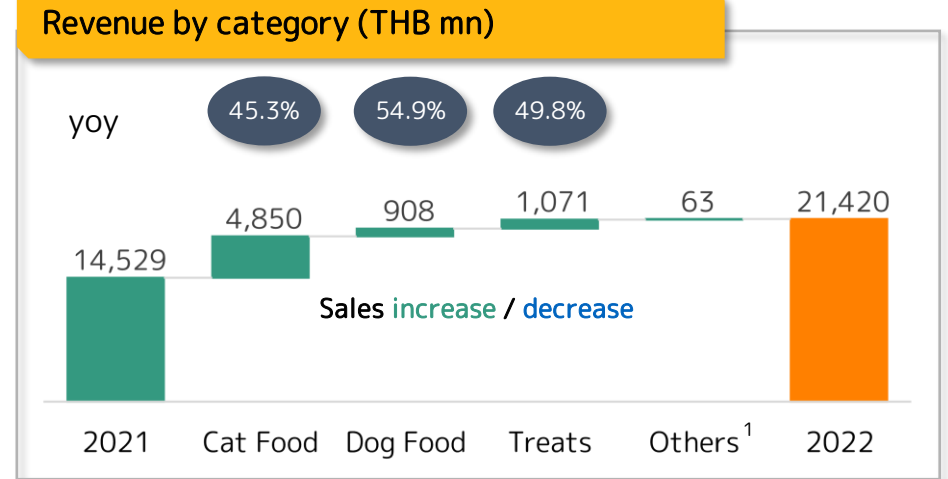
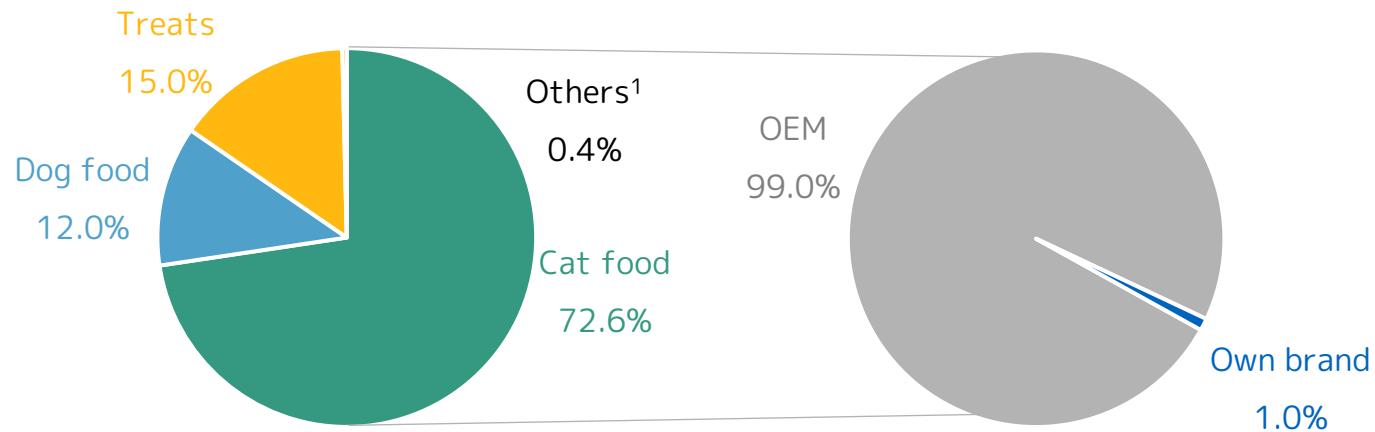
Source: Company information

Notes:

1. Includes the U.S, Canada, Brazil, and other countries in the Americas
2. Europe as a whole including the UK
3. Others include Thailand and other countries in Asia and Oceania such as Japan, Australia, Taiwan, New Zealand

Sales growth was driven by all categories

Total 2022 sales: THB 21,420mn



Source: Company information

Note:

1. Others include sales of scraps and by-products from seafood raw materials

We have managed foreign currency exposure well

Thanks to our efficient group hedging policy

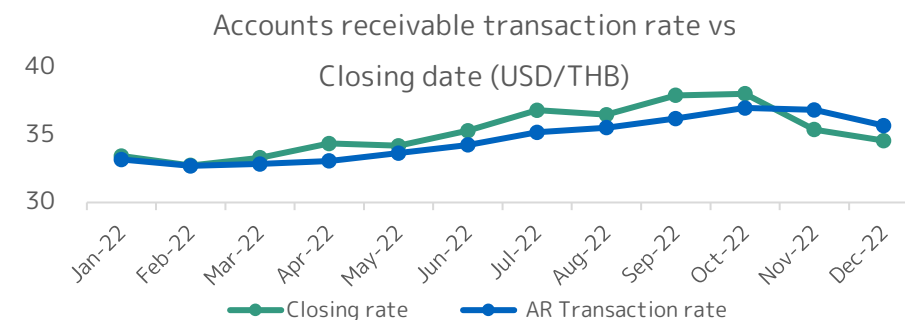
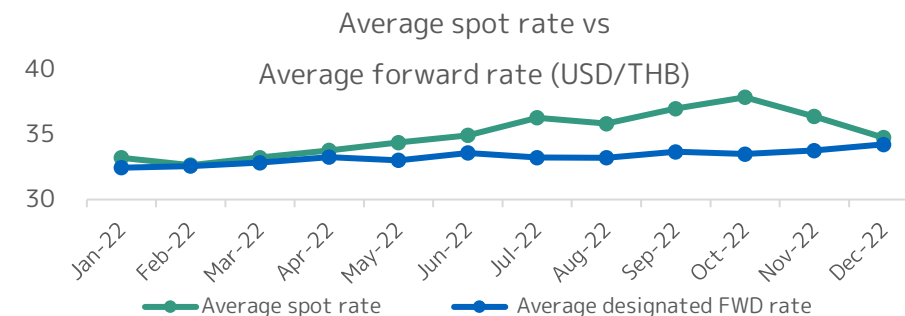
THB mn	2022	2021	YoY	4Q22	4Q21	YoY
Net sales	21,420	14,529	+47% ¹	5,591	4,152	+35%
Cost of sales	(16,071)	(11,173)	+44%	(4,341)	3,237	+34%
Gross profit	5,349	3,356	+59%	1,250	915	+37%
Other income	247	121	+105%	108	24	+350%
SG&A expenses	(1,239)	(982)	+26%	(341)	(337)	+45%
FX gain/loss	175	285	-39%	(266)	11	-2,505%
EBIT	4,532	2,780	+63%	751	613	+23%
Finance cost	(82)	(32)	+160%	(30)	(7)	+339%
Income tax	(48)	(28)	+73%	(45)	(18)	+29%
Net profit	4,401	2,721	+62%	676	588	+15%

Impact from FX in 2022

- FY2022 recorded FX gain of THB 175mn:
 - ~THB 300mn realized gains from AR settlement
 - ~THB 125mn unrealized losses mainly from AR revaluation
- This was partially offset by FX loss in 4Q22 due to the strong THB appreciation (~THB 230mn unrealized losses and ~THB 33mn realized loss)

Source: Company information

Notes: 1. Sales growth of 47% is comprised of 33% volume growth, higher average selling prices, freight revenue, and FX.



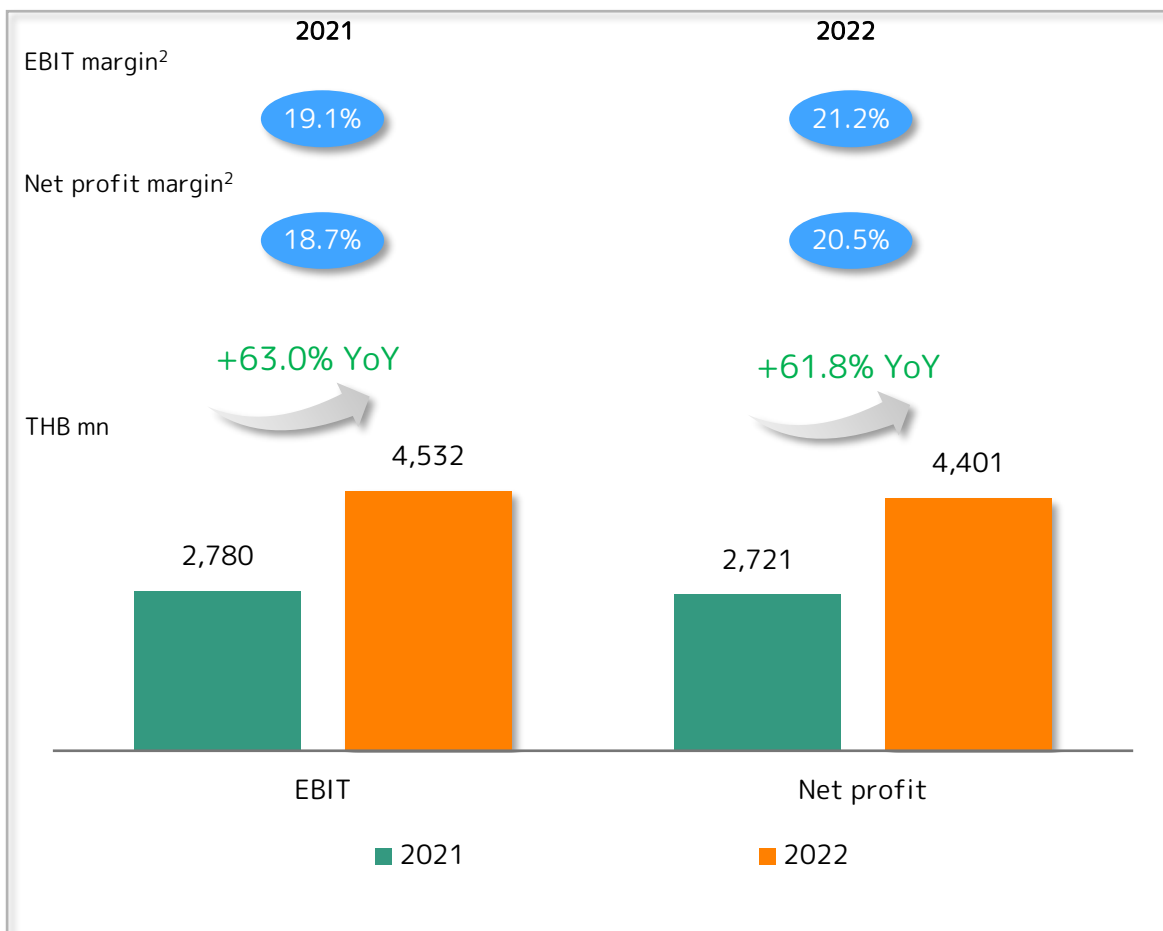
Hedging policy

- 30-40% natural hedging from purchase of raw materials and sales in USD
- 100% hedging transactions through fixed forward contracts
- Key drivers for sales growth are volumes and ASP
- FX gain/loss is comprised of AR, AP and loans

Outstanding operating and net profit

Demonstrated by our cost advantages and saving initiatives and tax benefits from BOI

EBIT and net profit were all-time high



Driven by our cost advantages and savings, and tax benefits from BOI

Cost advantages

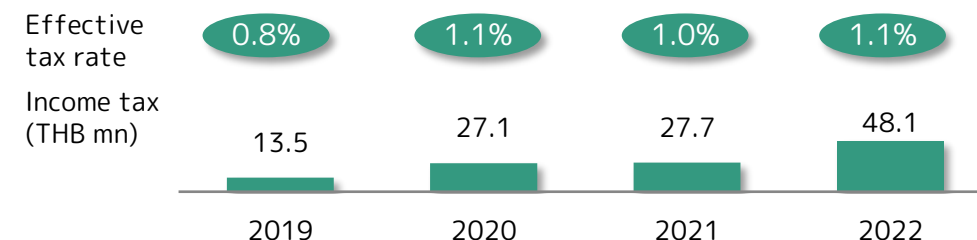
- **Located in Thailand**, world's no. 1 largest tuna exporter of tuna & no.3 for processed chicken, **member of TU Group** results in bulk buying of raw materials and supply chain capabilities, and **lower labor cost** compared to other wet OEM pet food manufacturers in developed countries

Cost savings

- **Improving production efficiency** and **more automation** in production line & warehouse, and use of **renewable energy**, resulting in higher yield, faster production, and less labor intensiveness, as well as lower utilities cost

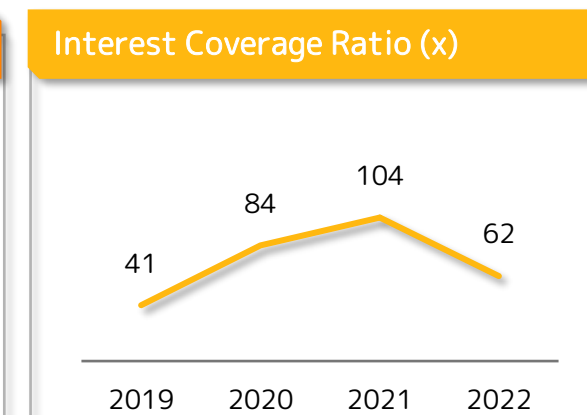
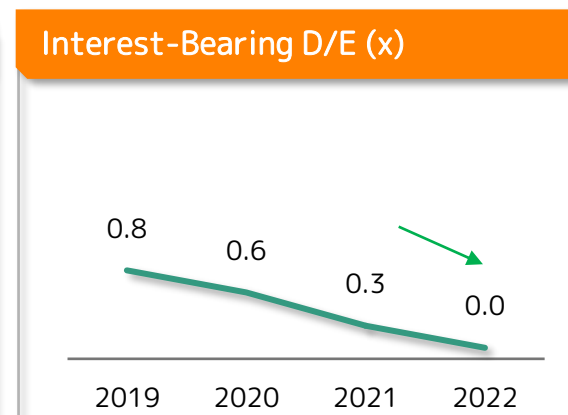
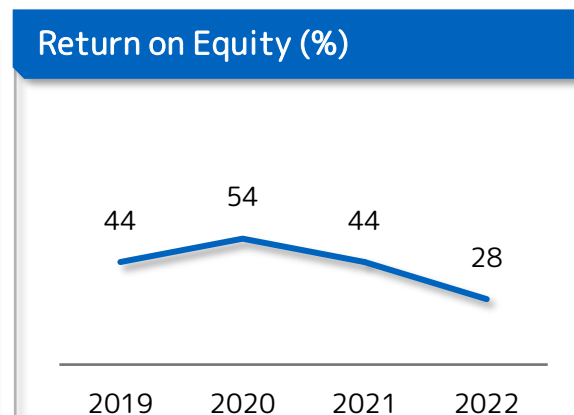
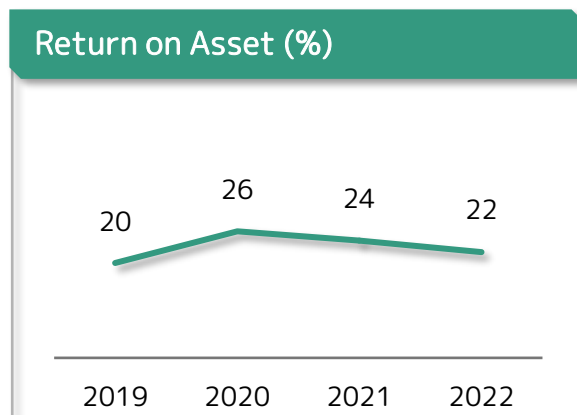
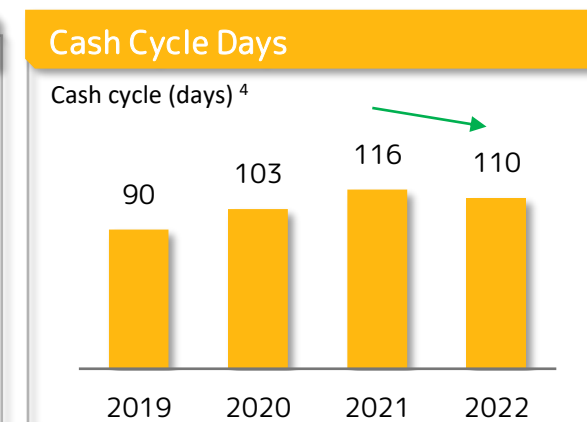
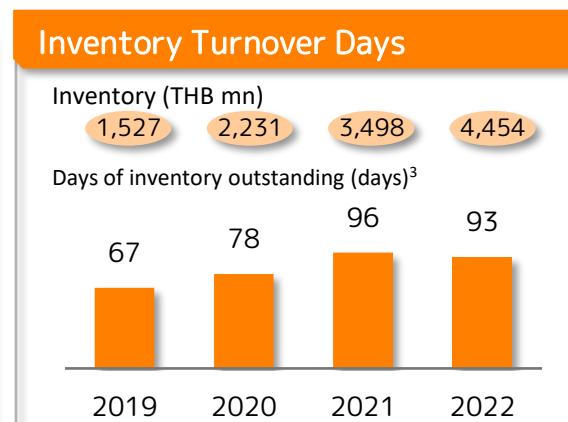
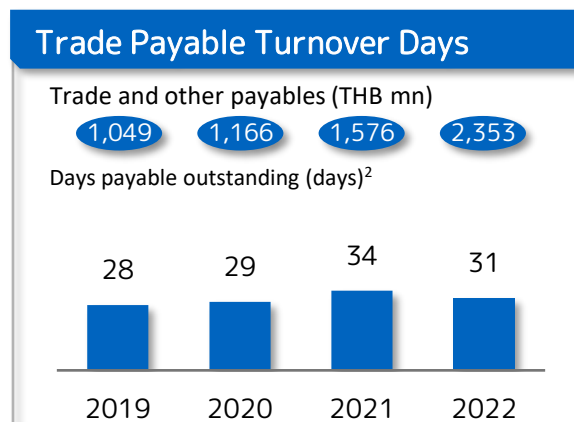
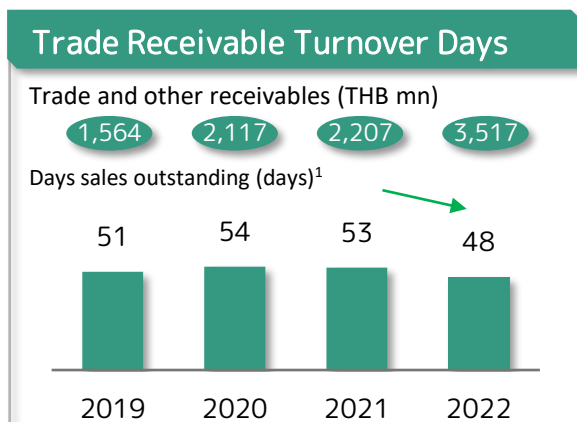
Favourable tax rate thanks to tax benefits from Thailand's Board of Investment

- **Exemptions from import duties and corporate income tax**
- **Tax benefits**, particularly income taxes on net profit, **expire between Oct. 1, 2025 and Jul. 25, 2027**, with 200% corporate income tax exemption after listed on SET
- **We received approval for new BOI certificate** from investment in new factory in Samut Sakhon, with plans to activate in 2025-2026 (5 years income tax exemption)
- **Tax benefits are rolling as ITC submits a new BOI application** for each new investment



Healthy financial position

Improved net working capital and net debt-to-equity



Source: Company information

Notes: Financials ratio based on pro forma balance sheet. Balance sheet figures as of December 31, 2019, 2020, 2021, and 2022. In calculating 2019 financial ratio, we used the information in the statement of financial position as of December 31, 2019 without averaging

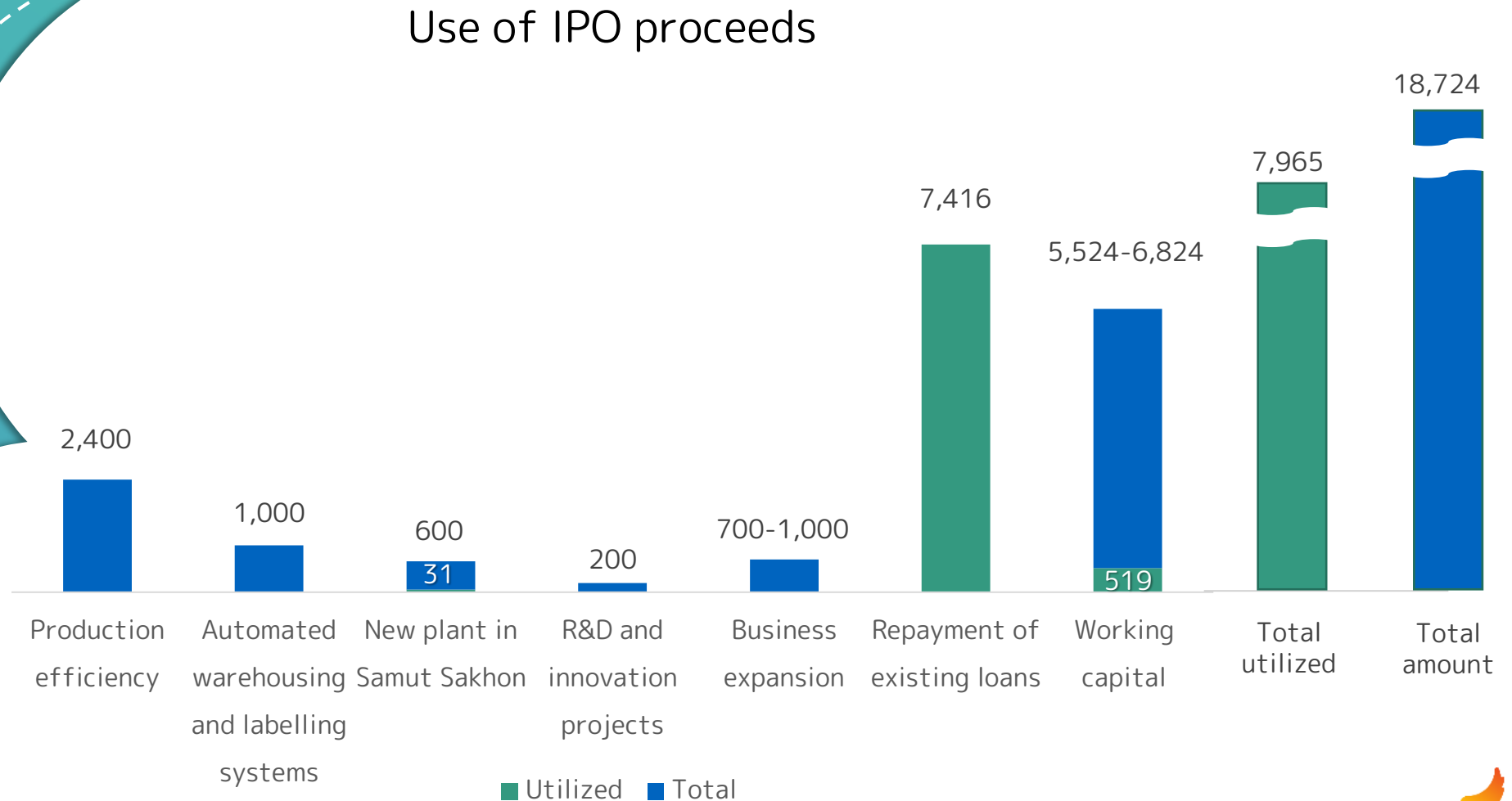
1. Days sales outstanding is calculated as 365 divided by account receivable turnover

2. Days payable outstanding is calculated as 365 divided by account payable turnover

3. Days of inventory outstanding is calculated as 365 divided by inventory turnover

4. Cash cycle is calculated as adding days sales outstanding and days of inventory outstanding period minus days payable outstanding

Use of IPO proceeds



Source: ELCID (Stock Exchange of Thailand) as of Jan 27, 2023

Section 3

2023 Outlook & Targets by 2025

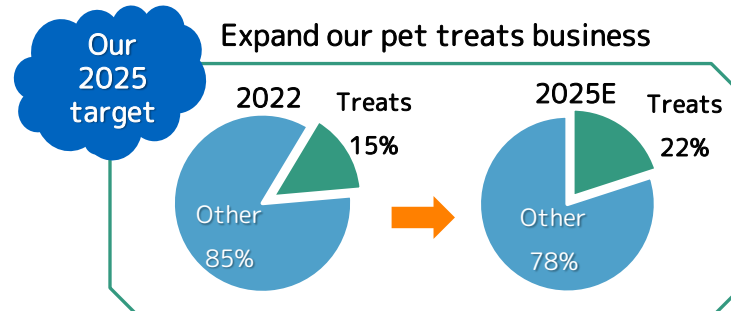
- 1 Continue growing market share through existing customers & diversified customer base

Expanding OEM and private label for sustainable business growth

Expand share of wallet with existing OEM customers and co-creation to broaden product selection

Continue to grow with leading global brands, as well as diversify our product portfolio to premium products

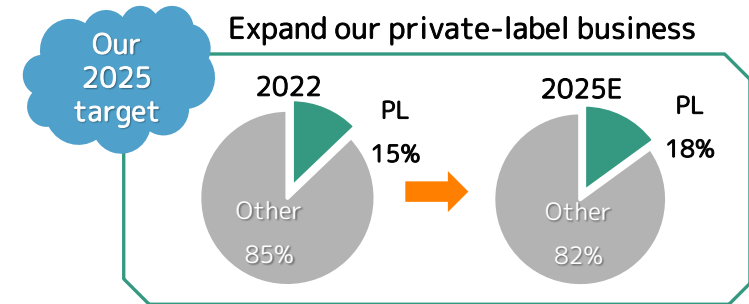
- ✓ Started production for a **leading global brand in the U.S.** for **premium pet food** in 1Q23, with selective items, i.e. pouch
- ✓ Sales to **top 3 customers grew 30% YoY** in 2022
- ✓ Focus on **pet treats expansion** as global market size of treats continues to grow at 7% CAGR until 2027¹



Leverage growing private label pet food market in the US, EU, and Asia, particularly in premium offerings

Focus on grocery retailers, e-Commerce players, and pet specialists

- ✓ **Secured supply agreement of ~258 SKUs** to one of the largest grocery retailers in North America in 2022
- ✓ Plan to **launch in global e-Commerce platform** in Japan in 2H23
- ✓ We have a plan to further increase our PL sales in 2023



- 2 Expand geographically into new, growing markets such as China and the U.K.

We are on-track with geographic expansion to new markets



Target to achieve 5.8% of revenue from China by 2025

China is a fast-growing market for pet food and remains highly attractive

Progress in 2023

- ✓ Establishing a new sales office in **Shanghai** to expand our market presence in China
- ✓ Partnered with **two online & offline platforms** in 1Q23 to **leverage our own brand**
- ✓ Plan for **first trial shipment in March 2023**

Business strategies

- ✓ OEM supplier for global brands
- ✓ Partnership with domestic players to offer quality premium pet food products
- ✓ Focusing on **leading e-Commerce platforms**



Target to achieve 23.0% of revenue from Europe by 2025

EU and UK are key markets for pet food growth with sustainability focus

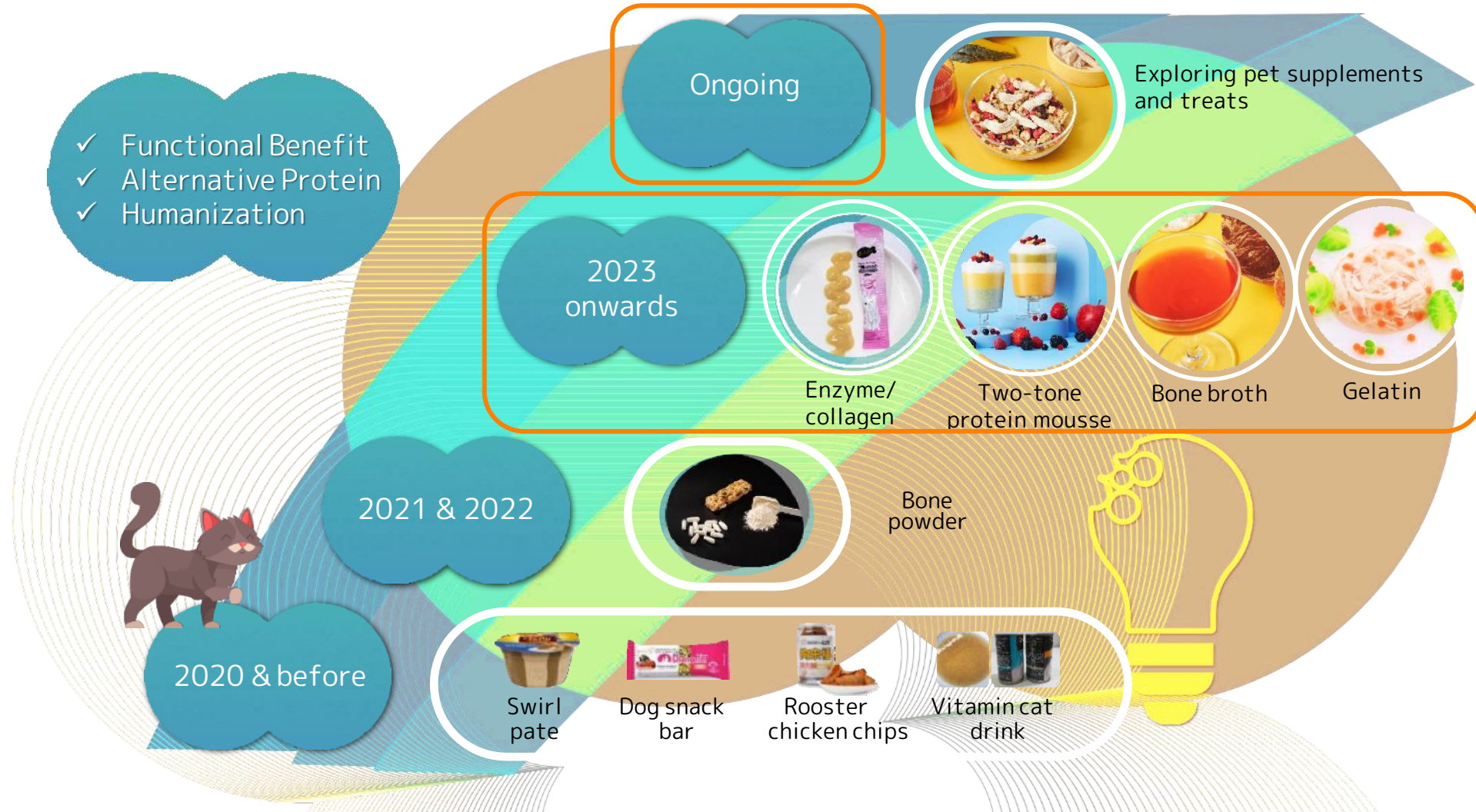
Progress in 2023

- ✓ Established a new sales office in **Netherlands** for pet food expansion in Europe (UK, Germany, France, etc.)
- ✓ Working with **one of the "Big Four" supermarkets in UK** to launch in 1H23
- ✓ Expanding our **"drink"** product series through the **largest online pet store channel in Europe**

Business strategies

- ✓ Explore private label business opportunities, with **focus on premium pet food**
- ✓ Meet consumer demand for **sustainable, ESG focused, products**

New, innovative products with focus on functional benefits & pet humanization



Own brands



Focused on functional benefit

- ✓ Immunity and growth, in loaf and mousse texture
- ✓ For kittens (2-12 months)
- ✓ Launched in Thailand under Bellotta brand in 1Q23

Tuna plus collagen



- ✓ Mousse texture
- ✓ With collagen, taurine, vit. E, and tuna oil
- ✓ Launched in 2H22

Leveraging our R&D and innovation capabilities

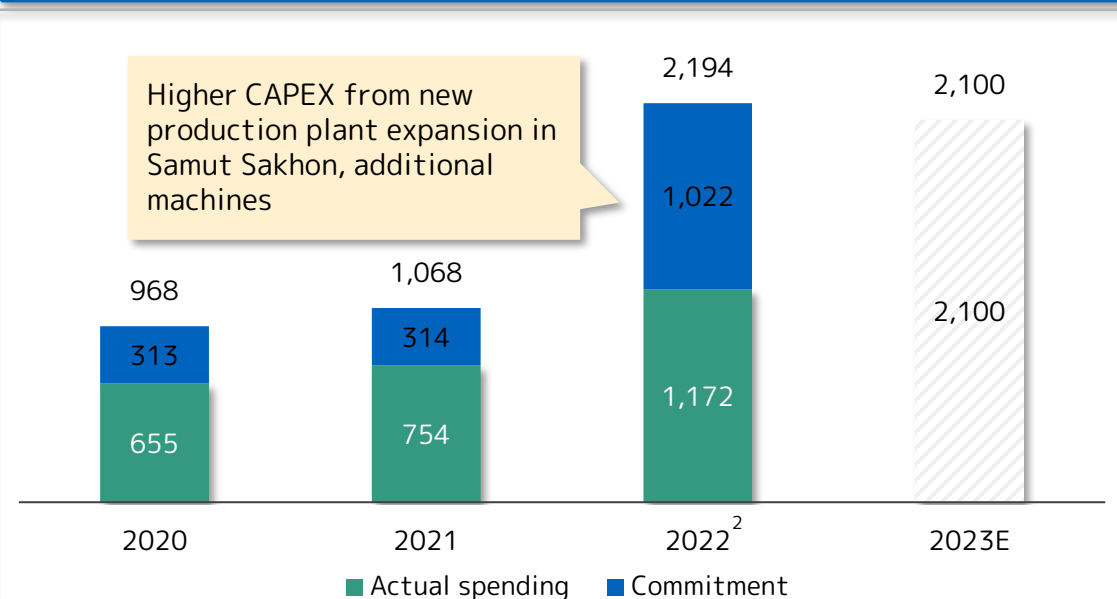


- Cattery pet food palatability testing center, in collaboration with a leading Thai university
- To provide insights for product R&D
- Over 1,200 sqm at a leading University in Thailand
- Started training and plan to house 48 cats of various breeds
- 95% completed with plans to launch within March 2023



Our key CAPEX projects to drive business growth

CAPEX Spending (THB mn)



Key CAPEX projects

- ✓ New production plant in Samut Sakhon (+18.7% capacity)
- ✓ Pilot plant
- ✓ i-Cattery facility
- ✓ R&D and innovation projects
- ✓ New automated warehouse for increased storage
- ✓ New automated systems in Samut Sakhon and Songkhla
- ✓ New automated labeling

Source: Company information

Notes:

1. Exclude THB243m Capex for land purchase agreement
2. CAPEX commitment was lowered to THB 920mn in FY2022 (vs THB 1,407mn in 9M22) due to the delay of some projects to 2023.

New plant in Samut Sakhon with aim to commercialize in 2Q23

- Building a new production plant in Samut Sakhon
- Aim to increase capacity of wet pet food and treats by +18.7% with new, automated packing line
- Construction is ongoing, with plan to commercialize within 2Q23
- Total CAPEX investment of THB 2.1bn



Total CAPEX until 2025E

THB 4.2bn



Focused on humanization and innovation to drive growth amid a dynamic macroenvironment in 2023

We are managing macroenvironment factors

- **Key raw materials:** Tuna, chicken, steel prices are expected to remain at a high level in 2023
- **Freight cost:** Signs of improvement in freight cost in 1Q23
- **FX exposure:** In 4Q22, USD/THB was at THB 34.8 (+3.7% YoY, -6.1% QoQ), and closed at THB 33.2 in Jan 2023
- **Headline inflation:** Remained high in key consumer markets (US +7%, EU +8.5%, Japan +4.4% YoY)

Strategies to mitigate risks

- **Co-creation and work closely with customers** to offer new, innovative products with value-added offerings
- **Hedging** for some key raw materials and FX exposure
- **Adjust selling prices and strategy to pass on costs** to customers through cost-plus model
- **Majority of our sales are FOB** (approx. 65% of sales¹)

Key pet food themes in 2023

- ① **Humanization & premiumization trends**
Higher pet ownership with people treating their pets like family and willing to spend more for them
- ② **Health and wellness**
With focus on functional benefits and high-quality ingredients, i.e. pet treats and supplements
- ③ **Sustainability and innovation-driven**
Co-create new, innovative products with customers to add value and serve ESG-focused pet owners



Maintaining our market-leading position as one of the world's top 10 pet food companies



- Global pet food market is forecasted to **grow 7.3% YoY** in 2023
- ITC is the **no. 2 pet food company in Asia** and **top 10 in the world**
- We continue to focus on serving a **growing demand** for **premium, healthy pet food**, in wet and treats
- We have **secured 75% of orders on-hand so far**, and expect to reach **>85% by end 1Q23**
- We expect to achieve **double digit sales growth YoY** in **1H23**

Source: Euromonitor, Thai Pet Food Association, PetfoodIndustry

2023 guidance

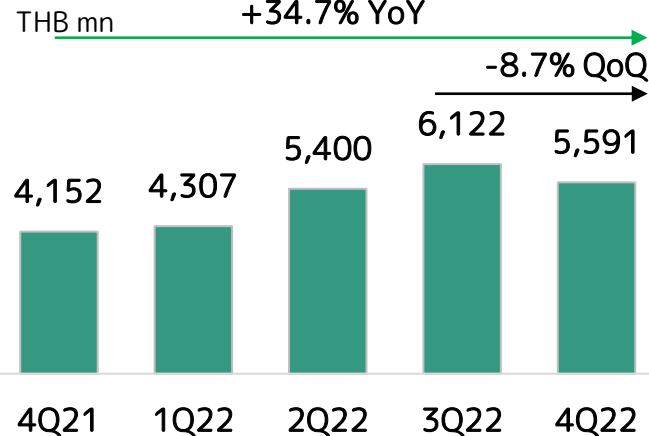
- Sales: 15-17% YoY growth
- Gross profit margin: ~25%
- SG&A to sales: 5.5-6.5%
- CAPEX: THB ~2bn
- Dividend policy: at least 50% of net profit



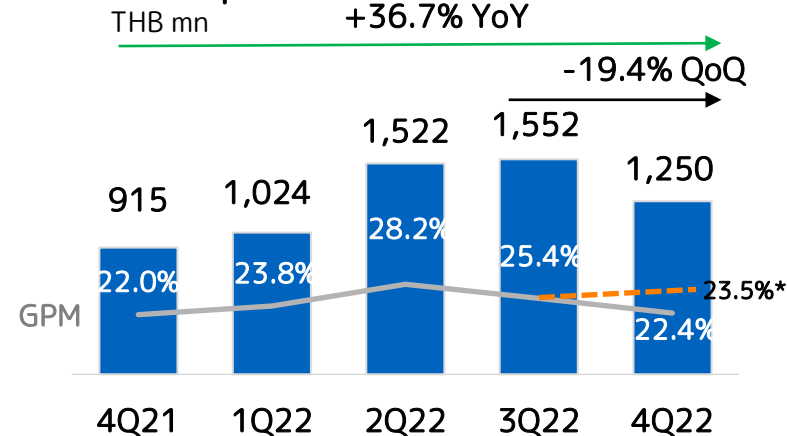
Appendix

4Q22 sales and net profit grew YoY, while quarterly volumes were stable

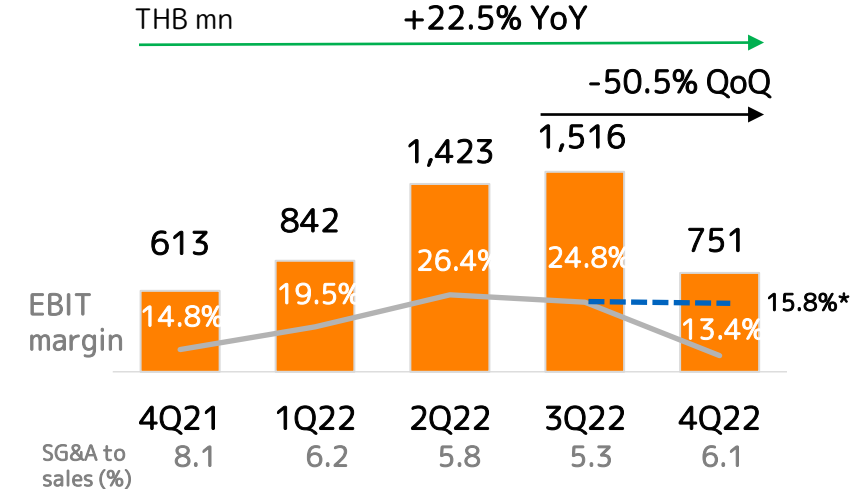
Sales value



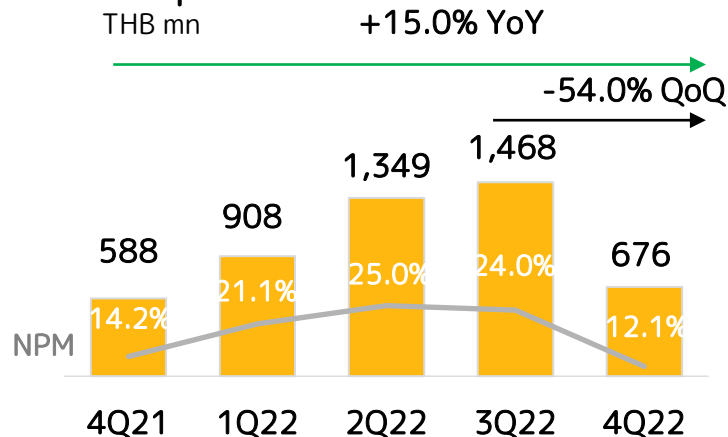
Gross profit



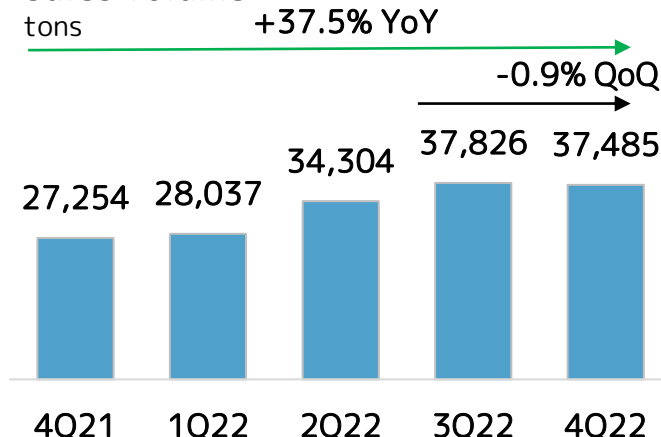
EBIT



Net profit



Sales volume

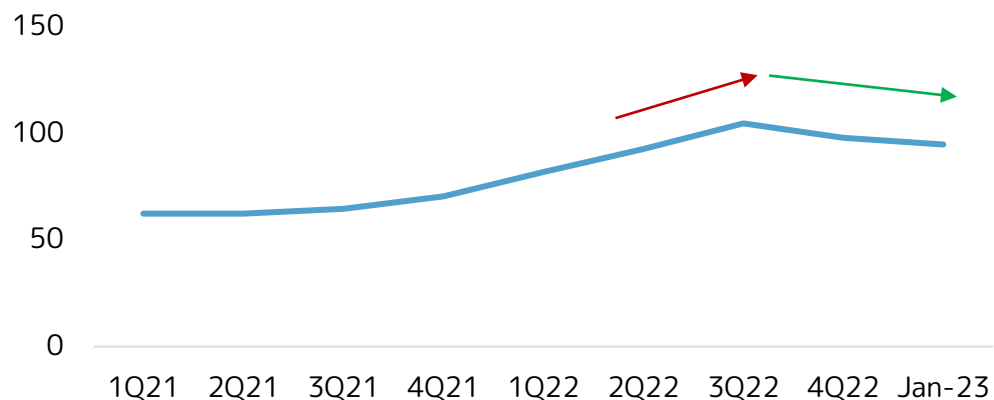


4Q22 key takeaways

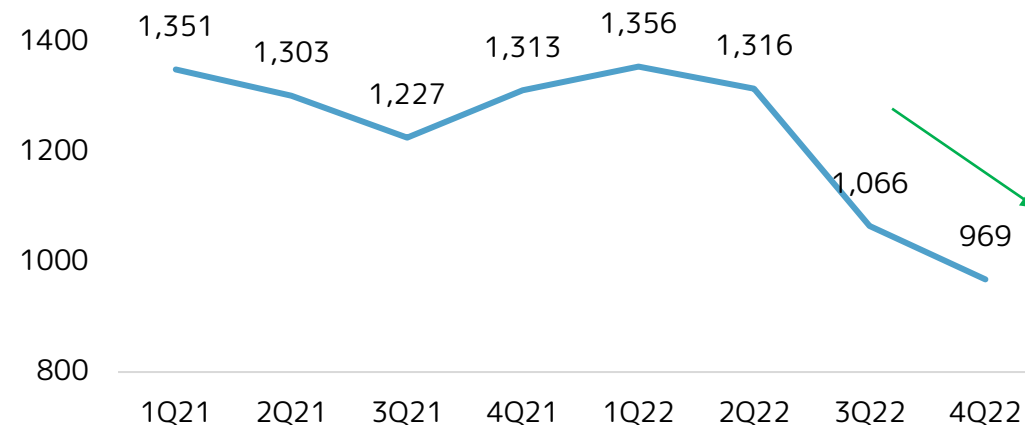
- Sales grew 34.7% YoY, from higher sales in US, Europe, and Thailand. Sales declined while volumes were stable QoQ, mainly from product mix (higher sales of plastic cups)
- Gross profit margin improved YoY to 22.4% from continued strong demand, higher selling prices, and our strategy to focus on premium products. This was partially offset by one-time recruitment fees and higher labor costs.
- EBIT grew 22.5% YoY, supported by strong business operations, despite higher SG&A expenses.
- Net profit grew 15.0% YoY, despite higher income tax and FX loss during the quarter.

Key operating factors

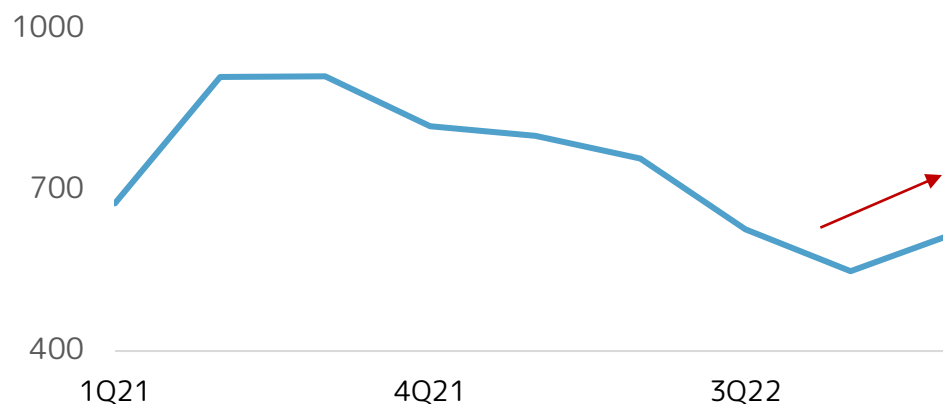
Fresh Chicken Breast (Retail) (THB/kg)



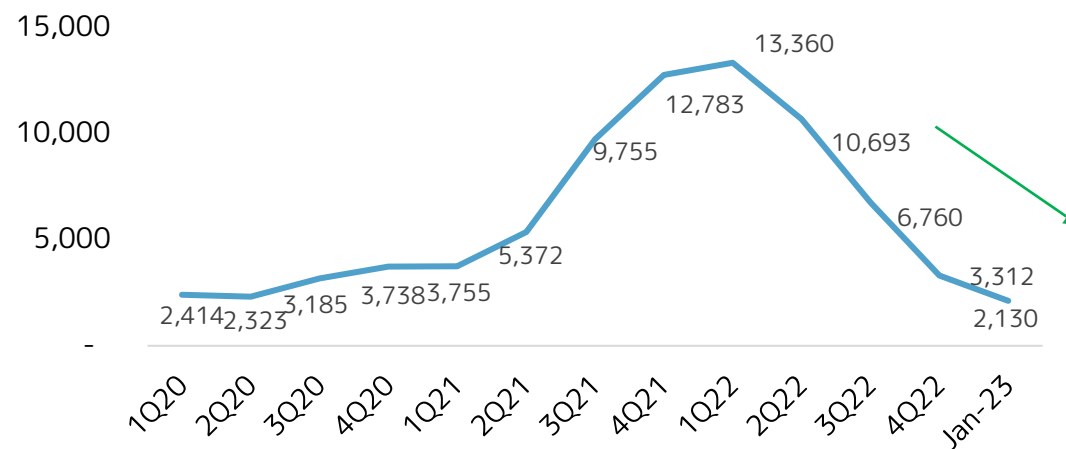
Polypropylene (PP) Plastic (USD/ton)



Steel China (USD)

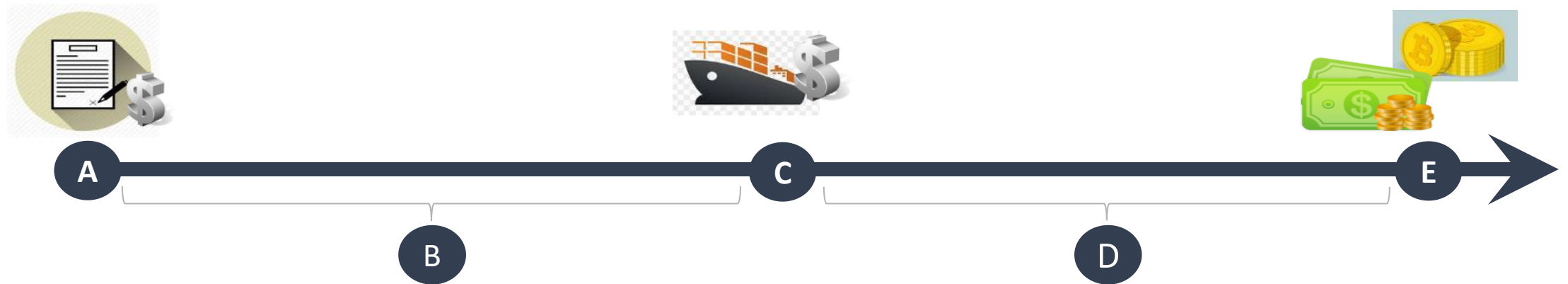


Freight cost (USD) Thailand to US



Source: Ministry of Commerce, ICIS LAWS, Investing.com, Thai National Shippers Council

Our FX exposure management by hedging and forward contracts



Event	A	B	C	D	E
	Enter to FWD Contracts (No booking entry)	Not yet designated to sales	Sales incurred	Account Receivable	Cash Receipt & Settle FWD
FS Presentation		Keep in OCI	Above GP Sales adjustment	Below GP FX gain (loss)	Below GP FX gain (loss)
Recognition		Recognize FV of FWD contracts to OCI	Reclassify from OCI to net sales	Record 1. Unrealized AR 2. FV FWD	Record 1. Realized AR 2. Realized FWD

AR Account Receivable
 FS Financial Statement
 FV Fair Value
 FWD Forward
 FX Foreign Exchange
 OCI Other Comprehensive Income (in Equity)

ITC financial risk management and treasury policy

Objective: To lock the profit as planned when offering the products, not for speculation

Strategy: Pass on cost, including FX and interest impact, is the key strategy

FX Risk



From Trading activities:

- TH: 100% of AR & 50-75% (from 25-75%) of stock
- EU & US:
 - OEM/Branded : 0-6 months : 75 – 100%
 - 6-12 months : 50 – 100%
 - Premium Branded : 0-12 months : 60 – 100%
 - : 12-24 months : 40 – 80%

Not relevant at the moment



From Financing/Investing activities:

- FX Principle on Inter-co Loan Principle:
100% hedge
- FX Equity Hedging: Group Treasury Team proposes to TU Executive Committee

No concern

Interest Rate Risk



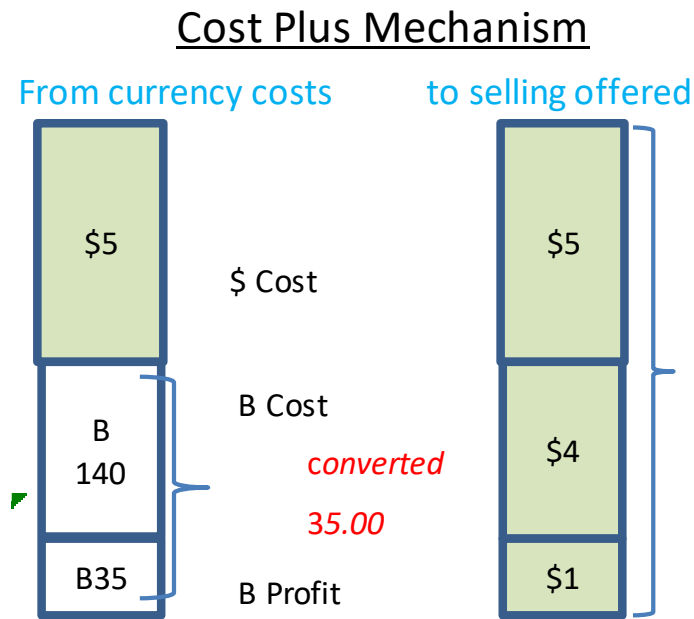
Fixed & Floating:

- 25 - 75% fixed interest

Focusing on OEMs Thai operations

Pass on mechanism and profit locking

Illustration on Pricing quotation



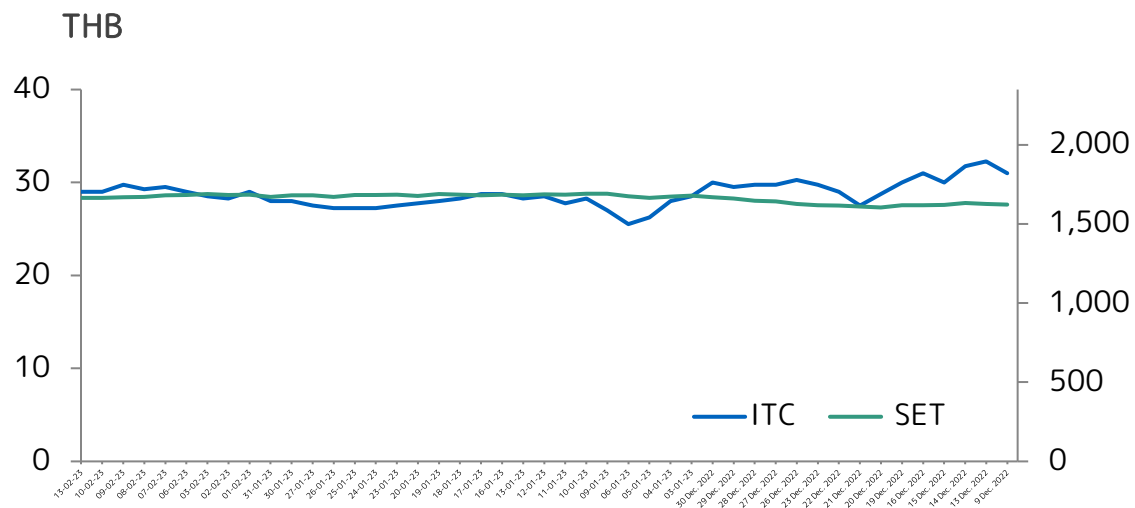
\$ 10 selling price with expected 10% NP

FX risk has been passed to product pricing **thru FX converted**



Remark: * Treasury will announce this FX converted rate to Sales team at the rate that could be able to hedge.

Share capital information

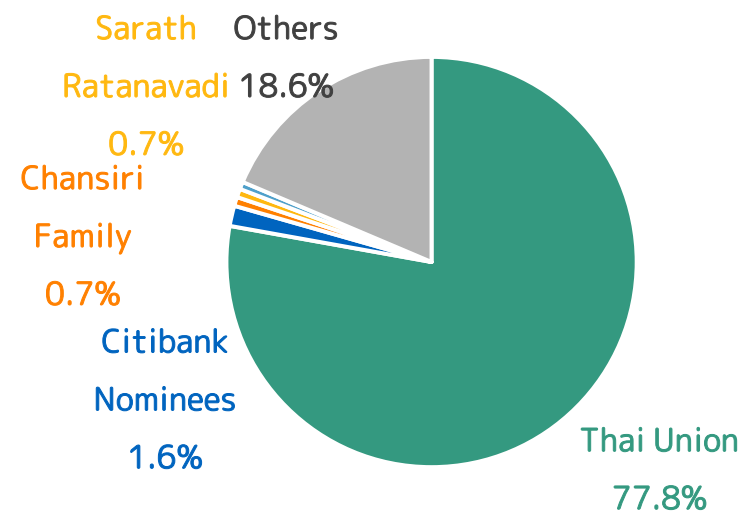


Ticker	BKK: ITC
Share price (Feb 14, 2023)	THB 28.5
Historical closing price	
52-Week Range	25.0-33.75
No. of paid up shares	3,000mn
Par value	THB 1.0
Market Capitalization	THB 85.5bn

Note: *As of December 6, 2022

Shareholding structure

As of December 30, 2022



Free float 21.2%*

Foreign limit 49.0%