

Thai Union Feedmill Public Company Limited

Management Discussion and Analysis for Q1 2025 Results, ended 31 March 2025

EXECUTIVE SUMMARY - Q1 2025

Thai Union Feedmill Public Company Limited (the “Company”) reported continued net profit growth of 26.8% YoY, with net profit in Q1/2025 totaling THB 131.9 million and a net profit margin of 10.7%, up from 8.3% in the same period last year.

In Q1/2025, the Company recorded total sales of THB 1,231.3 million, a slight decrease of 1.4% YoY. Shrimp feed sales grew by 9.7%, supported by increased domestic market share and export volume. In contrast, fish feed sales declined due to a shortage of fingerlings and cooler weather conditions. Nonetheless, the gross profit margin continued to improve, reaching 21.7%, up 5.6% YoY, driven by effective product portfolio management and cost optimization efforts.

FINANCIAL PERFORMANCE - Q1 2025

CONSOLIDATED INCOME STATEMENT SUMMARY

(Unit: THB mn)	Q1 2025	Q4 2024	Q1 2024	QoQ (%)	YoY (%)
Revenue	1,231.3	1,429.4	1,249.1	-13.9%	-1.4%
Cost of goods sold	(964.5)	(1,136.2)	(1,048.0)	-15.1%	-8.0%
Gross profit	266.8	293.2	201.1	-9.0%	32.7%
Selling & Administrative expenses	(121.3)	(146.0)	(105.5)	-16.9%	15.0%
Bad debt and Doubtful debt	(7.3)	(10.4)	(2.6)	-29.8%	180.8%
Other income	14.9	18.8	12.8	-20.7%	16.4%
Other gains (losses), net	1.2	5.0	4.5	-76.0%	-73.3%
Profit before finance cost and income tax	154.3	160.6	110.4	-3.9%	39.8%
Finance cost	(4.2)	(3.9)	(3.0)	7.7%	40.0%
Income tax	(23.0)	(6.2)	(3.2)	271.0%	618.8%
Non-controlling interests	4.8	0.5	(0.1)	860.0%	4,900.0%
Profit for the period	131.9	151.0	104.0	-12.6%	26.8%
Earnings per share (Baht/Share)*	0.13	0.15	0.10		

* The par value was split from 2 Baht per share to 1 Baht per share, with the number of shares increasing from 500 million shares to 1,000 million shares with effective date on 24 April 2025. The numbers above are adjusted retrospectively for comparison purposes.

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% To revenue	Q1 2025	Q4 2024	Q1 2024	QoQ (%)	YoY (%)
Gross profit margin	21.7%	20.5%	16.1%	1.2%	5.6%
SG&A to sales	9.8%	10.2%	8.4%	-0.4%	1.4%
Operating profit margin	11.2%	9.6%	7.4%	1.6%	3.8%
Net profit margin	10.7%	10.6%	8.3%	0.1%	2.4%

Revenue

In Q1/2025, the Company reported sales revenue of THB 1,231.3 million, representing a 1.4% decrease YoY. Shrimp feed sales grew by 9.7%, driven by increased domestic market share and higher export volumes. Meanwhile, fish feed sales declined due to cooler weather conditions early in the year and a shortage of fish fingerlings in Thailand. *(For further details by business segment, please refer to the section “Performance by Business Segment.”)*

Gross Profit

Gross profit for Q1/2025 was THB 266.8 million, up 32.7% YoY from THB 201.1 million in Q1/2024. This increase was driven by effective raw material management, tighter production cost controls, improved production efficiency, and strategic adjustments to the sales and product portfolio. As a result, the gross profit margin rose to 21.7%, up from 16.1% in the same period last year.

Selling and Administrative Expenses

Selling and Administrative expenses in Q1/2025 were THB 121.3 million, increasing 14.9% YoY. The rise was mainly due to higher consultancy fees and marketing-related expenses. The SG&A-to-sales ratio stood at 9.8%, up 1.4% YoY.

Income Tax Expense

Income tax expense in Q1/2025 was THB 23.0 million, an increase of THB 19.8 million from the same period last year. The effective tax rate rose to 15.4%, compared to 3.0% in Q1/2024. The increase in tax expense was primarily due to the expiration of BOI (Board of Investment) privileges for shrimp feed production at the Songkhla plant and fish feed production at the Samut Sakhon plant. The Company is currently investing in new production lines under a new BOI-promoted project, which are expected to be completed by mid-2025. This is anticipated to help lower the Company's effective tax rate going forward.

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Net Profit

Net profit attributable to equity holders of the Company in Q1/2025 was THB 131.9 million, a 26.8% increase YoY. This growth was driven by enhanced profitability through effective cost management and optimization of the product portfolio.

Compared to the previous quarter, sales revenue declined by 13.9%, mainly due to seasonality. In Q4/2024, shrimp farming volumes were unusually high due to a mid-year shortage of shrimp post-larvae and higher end market prices toward the year end. Despite the seasonal dip in sales, the gross profit margin continued to expand, increasing by 1.2% QoQ. SG&A expenses decreased by 16.9% QoQ, as the prior quarter included personnel expenses adjustments in line with the Company's strong performance. As a result, the SG&A to sales ratio declined by 0.4% QoQ. However, net profit decreased by 12.6% QoQ, primarily due to the seasonal decline in sales volume.

PERFORMANCE BREAKDOWN BY CATEGORY

(Unit: THB mn)	Q1 2025	Q4 2024	Q1 2024	QoQ (%)	YoY (%)
Revenue	1,231.3	1,429.4	1,249.1	-13.9%	-1.4%
Shrimp feed	777.6	918.9	708.9	-15.4%	9.7%
Fish feed	356.4	400.3	419.2	-11.0%	-15.0%
Livestock feed	86.0	92.0	96.2	-6.5%	-10.6%
Others	11.3	18.2	24.8	-37.9%	-54.4%
Gross profit margin (%)	21.7%	20.5%	16.1%	1.2%	5.6%
Shrimp feed	22.7%	22.0%	17.4%	0.7%	5.3%
Fish feed	22.5%	19.7%	16.7%	2.8%	5.8%
Livestock feed	13.5%	12.4%	7.9%	1.1%	5.6%

(Unit: Tons)	Q1 2025	Q4 2024	Q1 2024	QoQ (%)	YoY (%)
Sales volume	41,648	48,050	40,977	-13.3%	1.2%
Shrimp feed	24,705	28,784	22,343	-14.2%	9.7%
Fish feed	10,699	12,918	12,262	-17.2%	-12.7%
Livestock feed	6,244	6,348	6,372	-1.6%	-2.0%

❖ Revenue from Shrimp Feed

In Q1/2025, revenue from shrimp feed sales was THB 777.6 million, increasing by 9.7% compared to the same period last year. This was driven by a 9.7% increase in shrimp feed sales volume, primarily due to an 8.1% growth in domestic sales. The growth was attributed to the Company's continued efforts to expand market share, particularly in the Eastern and Southern regions, through acquiring new customers and expanding the existing customer base. Additionally, shrimp feed sales in Sri Lanka grew by more than 162.4% YoY, following the recovery from shrimp disease outbreaks and floods experienced in the previous year.

Compared to Q4/2024, shrimp feed sales revenue decreased by 15.4%, mainly due to abnormally high shrimp farming activity in Q4/2024. This was caused by a shortage of shrimp post-larvae during the year, combined with higher end-product prices in late 2024, which incentivized farmers to increase stocking, thereby raising demand for shrimp feed in that quarter.

❖ Revenue from Fish Feed

In Q1/2025, revenue from fish feed sales was THB 356.4 million, a 15.0% decline from the same period last year. This was mainly due to lower sales of seabass and other fish feeds, resulting from prolonged cold weather in early 2025, which affected fish appetite, along with a shortage of fingerlings.

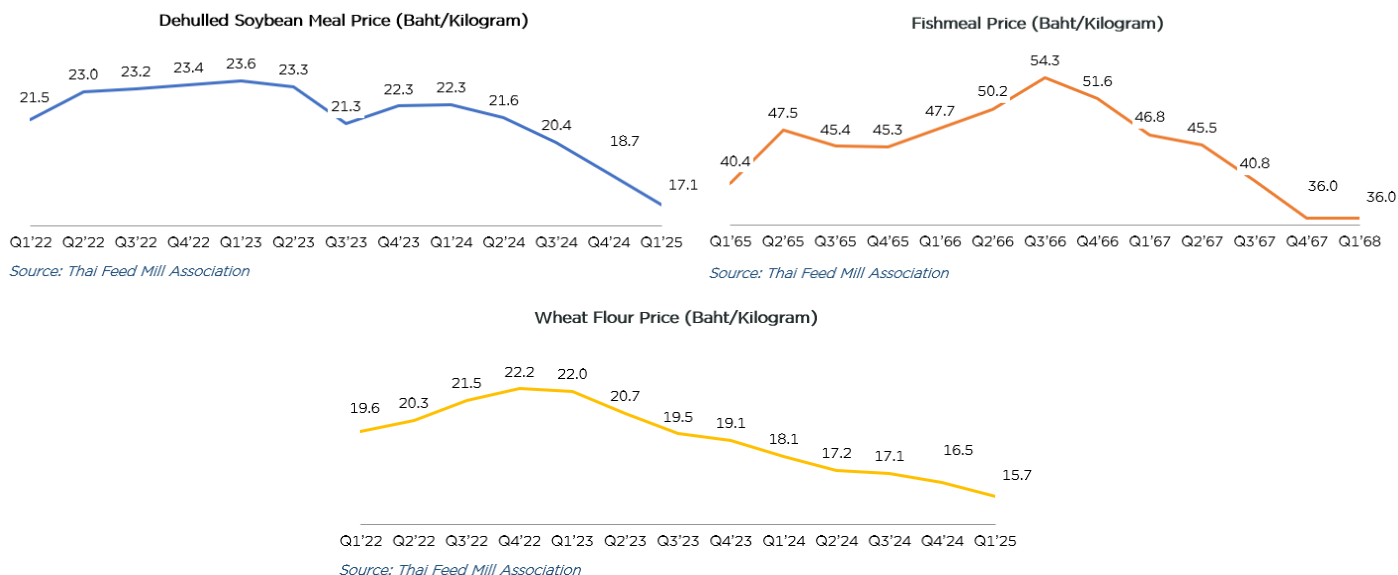
Compared to the previous quarter, fish feed sales revenue declined by 11.0%, due to a 17.2% drop in sales volume. However, the average selling price increased by 7.5%, driven by a higher proportion of seabass feed sales.

❖ Revenue from Livestock Feed

In Q1/2025, revenue from livestock feed sales was THB 86.0 million, a 10.6% decline compared to the same period last year. This decrease was mainly attributed to lower sales in Pakistan. However, sales in Thailand grew by 8.6%, supported by the Company's revised business model since mid-2024, focusing on selecting products with stronger profitability. As a result, not only did sales increase, but profitability also improved satisfactorily.

Compared to the previous quarter, revenue from livestock feed sales declined by 6.5%, due to reduced sales in both Thailand and Pakistan.

KEY RAW MATERIAL PRICE



The average price of dehulled soybean meal in Q1/2025 was THB 17.1 per kilogram, representing a 23.3% decrease from the same period last year, which had an average price of THB 22.3 per kilogram. Compared to the previous quarter, the average price continued to decline by 8.6%, down from THB 18.7 per kilogram.

The average price of fishmeal in Q1/2025 was THB 36.0 per kilogram, a 23.1% decrease from the same period last year, which had an average price of THB 46.8 per kilogram. The price remained stable when compared to the previous quarter.

The average price of wheat flour in Q1/2025 was THB 15.7 per kilogram, a 13.3% decrease from the same period last year, which had an average price of THB 18.1 per kilogram. Compared to the previous quarter, the average price of wheat flour continued to decline by 4.8%, down from THB 16.5 per kilogram.

STATEMENT OF FINANCIAL POSITION ANALYSIS

Statement of Financial Position

(Unit: THB mn)	March 31, 2025	December 31, 2024	YoY (%)
Cash and cash equivalents	1,022.1	1,077.1	-5.1%
Trade and other current receivables, net	815.6	799.1	2.1%
Inventories, net	482.6	492.0	-1.9%
Other current assets	4.0	47.8	-91.8%
Total current assets	2,324.2	2,416.0	-3.8%
Property, plant and equipment, net	1,330.3	1,332.0	-0.1%
Other non-current assets	112.8	107.7	4.7%
Total non-current assets	1,442.5	1,439.7	0.2%
Total assets	3,766.7	3,855.7	-2.3%
Bank overdrafts and short-term loans from financial institution	165.0	147.8	11.6%
Trade and other current payables	443.2	692.9	-36.0%
Other current liabilities	87.8	56.6	55.1%
Total current liabilities	696.0	897.3	-22.4%
Long-term loan from financial institution	35.9	41.4	-13.3%
Employee benefit obligations	175.8	171.2	2.7%
Other non-current liabilities	14.4	15.2	-5.3%
Total non-current liabilities	226.1	227.8	-0.7%
Total liabilities	922.1	1,125.1	-18.0%
Non-controlling interests	201.9	211.4	-4.5%
Total equity	2,844.6	2,730.6	4.2%
Total liabilities and equity	3,766.7	3,855.7	-2.3%

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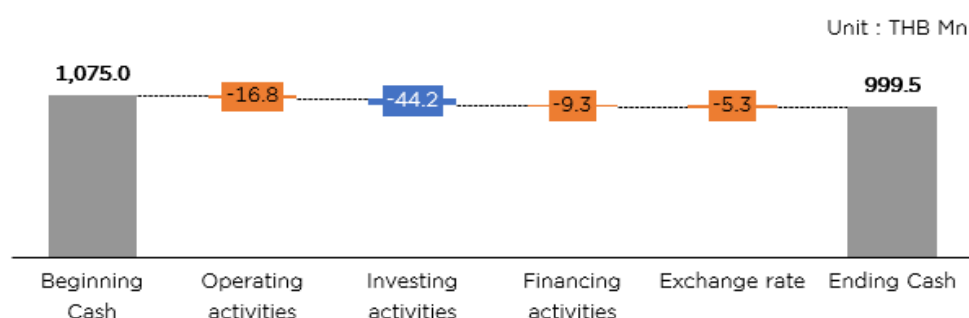
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As of March 31, 2025, the Company had total assets of THB 3,766.7 million, representing a 2.3% decrease from the end of the previous year. This was mainly due to a decrease in current assets, including cash and cash equivalents and other current assets which was assets held for sale.

Total liabilities decreased by 18.0%, primarily due to a reduction in trade payables and other payables, which was partially offset by an increase in short-term borrowings from financial institutions by THB 11.4 million by TUKL, to support working capital requirements.

Total shareholders' equity stood at THB 2,844.6 million, increasing by 4.2% from the end of the previous year, driven by the net profit performance as mentioned above.

CASH FLOW ANALYSIS



In Q1/2025, **net cash used in operating activities** total THB 16.8 million, primarily due to a decrease in trade payables. **Net cash used in investing activities** amounted to THB 44.2 million, mainly from cash payments for investments in property, plant and equipment, totaling THB 92.2 million, offset by cash received from the disposal of assets held for sale, totaling THB 45.3 million. **Net cash provided by financing activities** amounted to THB 9.3 million, mainly from repayments of long-term borrowings, including interest and lease payments, totaling THB 4.6 million and THB 4.9 million, respectively.

KEY FINANCIAL RATIOS

	Q1 2025	Q4 2024	Q1 2024
Profitability ratio			
Gross profit margin (%)	21.7%	20.5%	16.1%
Net profit margin (%)	10.7%	10.6%	8.3%

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	Q1 2025	Q4 2024	Q1 2024
Return on assets (%) ⁽¹⁾	16.5%	15.4%	6.4%
Return on equity (%) ⁽²⁾	22.6%	22.6%	9.7%
Return on capital employed (%) ⁽³⁾	20.1%	19.3%	7.9%
Efficiency activity ratio			
Accounts receivable days (days) ⁽⁴⁾	55	53	53
Inventory days (days) ⁽⁵⁾	44	40	44
Liquidity ratio			
Current ratio (times) ⁽⁶⁾	3.3	2.7	3.0
Leverage ratio			
Net debt to equity ratio (times) ⁽⁷⁾	(0.28)	(0.31)	(0.06)
Net debt to EBITDA ratio (times) ⁽⁸⁾	0.31	0.31	0.46
Interest coverage ratio (times) ⁽⁹⁾	12.24	13.70	13.71
Debt to equity ratio (times) ⁽¹⁰⁾	0.32	0.41	0.34
Per share ratio			
Basic earnings / share* (THB) ⁽¹¹⁾	0.13	0.15	0.10
Book value / share* (THB) ⁽¹²⁾	2.64	2.52	2.35

Formula of key ratios

- (1) *Return on assets = 12-month rolling EBIT / Average total assets*
- (2) *Return on equity = 12-month rolling net profit / average total shareholders' equity*
- (3) *Return on capital employed = 12-month rolling EBIT / Average capital employed*
Capital Employed = total assets - total current liabilities (incl. current portion of long-term debt)
- (4) *Account receivable days = 365 / account receivable turnover*
- (5) *Inventory days = 365 / inventory turnover*
- (6) *Current ratio = Total current assets / total current liabilities*
- (7) *Net debt to equity ratio = Interest-bearing debt - cash & cash equivalents / total shareholders' equity*
- (8) *Net debt to EBITDA ratio = Interest-bearing debt / 12-month rolling EBITDA*
- (9) *Interest coverage ratio = EBITDA / 12-month rolling finance costs*
- (10) *Debt to equity ratio = total liabilities / total shareholders' equity*

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

(12) Book value/share = Total equity attributable to owners of the parent / (outstanding shares - share repurchase)

** The par value was split from 2 Baht per share to 1 Baht per share, with the number of shares increasing from 500 million shares to 1,000 million shares with effective date on 24 April 2025. The numbers above are adjusted retrospectively for comparison purposes.*