



Optimizing ITC's Excess Cash Through Lending to TU



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- Purpose of Transaction: **To optimize** the management of the Company's excess cash and **protect shareholders' interests** within the Company's investment framework, while maintaining a **high level of liquidity** to ensure readiness for other investment opportunities with higher returns, such as mergers and acquisitions (M&A) or business expansion.

KEY TERMS

PARTIES:

LENDER

i-Tail
Corporation



X

BORROWER

Thai Union
Group



TRANSACTION:

LOAN AMOUNT

THB 6,000mn

maximum, single drawdown

INTEREST RATE

2.50% p.a.

TERM

5 years, recallable

with 30-day notice

TERMS:

APPROVAL REQUIRED

75% shareholder vote

excludes; IFA opinion required

PROTECTIONS & TIMELINE

EGM: 24 Aug 2026

30-day recall right; capped at

75% of cash tied to TU's stake

KEY CONSIDERATIONS:

1. Enhancing Shareholder Value

This Transaction, with a return of **2.5% p.a.**, helps optimize the Company's investment portfolio and is expected to generate approximately **THB 87 million** of additional annual investment income.

2. Maintaining Financial Flexibility

A **30-day call option** preserves full liquidity and ensures no constraints on future investment or capital allocation decisions.

3. Ensuring Market-Based Pricing

The proposed terms are **arm's length and commercially reasonable**, benchmarked against TU's alternative funding costs and prevailing market conditions.

4. Incorporating Market-Standard Terms

Structured with **market-standard commercial terms, covenants, and protections** comparable to TU Group's financing arrangements of similar tenor.

5. Maintaining Strong Governance

Subject to **robust governance and independent oversight** throughout the transaction lifecycle—from **pre-transaction approval through ongoing monitoring**—to safeguard the interests of the Company and all shareholders.

6. Ensuring Full Regulatory Compliance

Fully compliant with applicable laws, regulations, and ITC's investment policy, with external legal counsel providing independent legal support throughout the transaction.

Remark:

**provided the interest yield covers over full term of 5 years if fully drawn*

Summary of IFA opinion

Topic	Opinion
To entry into this Transaction	Appropriate
Loan amount : Not exceeding THB 6,000 million	Appropriate
Loan allocation conditions	Appropriate
Purpose of the loan	Appropriate
Maturity of drawdown	Appropriate
Interest rate & Default of interest rate	Appropriate
Interest payment	Appropriate
Principal repayment	Appropriate
Collateral	Inappropriate but the risk of default is expected to remain at a low level.
Other terms and conditions of the loan	Appropriate
Conditions that may affect the rights of shareholders	Appropriate

Remark: This information should be read in conjunction with the IFA Report available via the following link

Thai version: [IFA Report](#)

English version: [IFA Report](#)

Summary of IFA opinion – Interest rate

Type of Investment	Interest Rate (% per annum)
ITC's average return (including savings and current accounts)	1.09
Other Investment Alternatives for the Management of Excess Liquidity under the Company's Investment Policy	
Estimated return for the issuance of 5-year corporate debt securities with an A+ credit rating	2.31 - 2.83
Return on investment in debentures of other companies with an A+ credit rating and a remaining tenor of approximately 5 years, based on trading transactions of such debentures from Jan 1, 2026, to Jul 1, 2026	2.13 - 3.12
Interest rate on the loan facility provided by the Company to Thai Union	2.50

In considering the interest rate of the Transaction, the IFA has the following observations:

- (1) the range of returns covers debentures issued by various issuers, and the differences in returns within such range reflect the issuer-specific risks of each issuer, such as credit rating outlook, industry volatility, and instrument liquidity;
- (2) Each debenture series has a different offering structure, issue size, and target investor group, which affects the liquidity of the instrument and the yield of each series within the said range;
- (3) The interest rate of the Transaction is equivalent to TU's estimated average funding cost, inclusive of all related funding costs, based on the quotations obtained from financial institutions as of June 25, 2026. Accordingly, the Company will receive a return at the same level as that which an external creditor would be entitled to receive from extending a loan to TU with a comparable tenor, in accordance with the arm's-length basis;
- (4) The Company's right to demand early repayment of the loan upon 30 days' prior notice is a right not generally available to investors in ordinary debentures; and
- (5) An investment of THB 6,000 million in a single series of debentures may, in practice, be subject to liquidity constraints in the secondary market.

Topics

- Rational of Transactions
- Key terms and conditions
- Key Concerns
- Governance measure & Legal compliance



Rationale for the Transaction

- ITC maintained average cash and investments of **THB 11–12 billion** during 2025–2Q2026. With this level of cash, ITC has cash in excess of its normal working capital requirements, which has been allocated to support future operations and growth investments.
- ITC is restricted by the availability of sufficient retained earnings from utilizing such cash for additional dividend payments to shareholders or other transactions, such as share repurchases.

Unappropriated retained earning (Separate financial statement)

Unit: THBm	Dec-22	Dec-23	Dec-24	Dec-25	Jun-26
Opening balance	4,288	664	1,317	2,617	1,995
Legal reserve	(264)	-	-	-	-
Dividend payment	(7,680)	(1,350)	(2,250)	(3,450)	(1,350)
Profit for the year (Separate FS)	4,279	2,048	3,572	2,950	1,419
Other comprehensive income	42	(46)	(21)	(122)	-
Ending balance	664	1,317	2,617	1,995	2,064

The Board of Directors approved an interim dividend payment in July26 of THB 0.55 per share, totaling THB 1,650 million. After deducting such interim dividend payment, the Company will have remaining unappropriated retained earnings of only THB 414 million.

- ITC continuously significantly invested in capital expenditure during the period of to six-month period ended 30 June 2026 as presented in the below table. The Company's business plan includes continued investment at a significant level to support the Company's future sales growth. However, the use of excess cash for investment in capital expenditure must be considered together with customers' future purchase orders in order to maintain depreciation expenses at an appropriate level. As a result, such investments need to be carried out progressively at appropriate timing in terms of both the amount and timing of the investment.

CAPEX investments

Unit: THBm	2022	2023	2024	2025	2Q26
CAPEX investments	1,196	1,315	958	1,125	318
% to EBITDA	25%	44%	22%	30%	15%

Rationale for the Transaction

- The source of funds for the Transaction will be derived from excess cash generated from ITC's operations and working capital, as well as its short-term investments, and will not involve any proceeds received from the Company's initial public offering (IPO). According to the report on the utilization of IPO proceeds as of 30 June 2026, which was published on the Stock Exchange of Thailand's website on 30 July 2026, the Company reported that it had utilized the IPO proceeds in accordance with the stated objectives and had remaining IPO proceeds of THB 1,334 million.

Items	Use of Proceeds	IPO proceeds	Utilization amounts as of Jun 26	Remaining amounts as of June 26
1	Investments into increasing production efficiency and expansion of infrastructure to support production	2,011	1,813	198
2	Investment in automated warehousing and labelling systems	1,000	917	83
3	Investment in a new plant in the same vicinity as Samut Sakhon plant	600	600	-
4	Investment in R&D and innovation projects	200	146	54
5	Business expansion	1,089	89	1,000
6	Repayment of existing loans	7,416	7,416	-
7	Working capital for business operations	6,409	6,409	-
Total		18,724	17,390	1,334

Rationale for the Transaction

- **Current investment** options provide **limited returns (1.09%)**. Therefore, ITC seeks to **enhance returns** on its surplus cash while maintaining prudent risk and liquidity. The proposed transaction allows ITC to retain **full flexibility** to redeploy the funds to higher-return investment opportunities, including M&A, when such opportunities arise.
- As of Jun 2026, ITC invested in bank deposits and corporate debentures with maturities of not more than one year, generating an average effective return of approximately **1.09%** per annum. As a result of entering into this Transaction and optimizing the Company's investment allocation, the Company expects its average investment returns to increase by approximately **THB 87 million** per year compared with its current average investment returns.

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Key Terms and Conditions for Lending to TU

Key conditions	Terms and conditions
Facility amount	6,000 THBm
Tenor	Up to 5 years (Single drawdown)
Interest rate & Call option	2.50%, Callable with 30 days' notice Arm's-Length Long-Term Market Return with Full Liquidity Flexibility <u>Interest rate is reference to average all-in market funding cost for TU (TRIS A+/Stable) from financial institutions, based on indicative bond and loan market rates, including financing/upfront fees, as of 25 June 2026</u> - Maintains full flexibility through a 30-day call option, allowing ITC to recall the funds when needed.
Key obligations & Covenants	Arm's-Length Loan Obligations and Covenants Aligned with TU's Comparable Financing
Financial Capacity (FS as of 30 Jun 2026)	The proposed facility is well within the Company's financial capacity and is not expected to materially affect its liquidity or financial flexibility. The proposed loan facility represents: 51% of cash and financial investments (11,729 THBm) Cash and financial investments include cash and cash equivalents, short-term investments and investment in debt instrument. 25% of shareholders' equities (23,788 THBm) The ratio is consistent with the lending criteria typically applied by the banks to third-party borrowers at approximately 25%. 21% of total assets (28,115 THBm)

Key Terms and Conditions for Lending to TU

Key conditions	Terms and conditions
Other conditions	- Interest rate or return under the loan facility <u>shall exceed</u> the return that ITC could obtain from comparable investment alternatives under similar terms and conditions. - The facility shall <u>not adversely affect</u> ITC's operating liquidity or planned capital expenditures. - TU shall demonstrate to ITC that it has <u>sufficient committed working capital</u> credit facilities with financial institutions to repay the loan in full should ITC require immediate repayment, and shall provide information evidencing its repayment capability, including its credit rating and financial information. Independent Approval of Call Option Exercise Based on Predefined Criteria Covering All Key Considerations : The Audit Committee and Disinterested directors must review and approve the exercise of the call option, taking into account the best interests of the Company and its shareholders, on quarterly basis. Predefined review criteria have been established. Arm's-Length Loan Obligations and Covenants Aligned with TU's Comparable Financing : The loan agreement incorporates key obligations and protections consistent with Thai Union's existing bond and loan facilities of comparable tenors, including Events of Default, Cross Default, Negative Pledge, and other customary provisions.

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Key concerns from investors regarding ITC's lending to TU

Concerns	How we respond
▪ The arrangement raises clear concerns around potential conflicts of interest between TU and ITC management that need to be explicitly addressed.	✓ The governance mechanism is a key consideration for this Transaction. ITC has established a corporate governance mechanism to strengthen the governance framework. ✓ The objective of this Transaction is clearly identified to optimize ITC's return and protect shareholders' interest. This transaction provides returns and liquidity features that are comparable to those reasonably obtainable from unrelated counterparties and is consistent with the arm's-length principle. In making such assessment, consideration was given to the expected return, liquidity, credit risk and other relevant terms and conditions of available investment alternatives, including ITC's right to demand early repayment under the proposed lending arrangement. ✓ The proposed transaction is in line with ITC's investment policy and carried out in accordance with the applicable regulatory requirements. Independent financial advisor (IFA) is engaged to provide an opinion on the Transaction for consideration and IFA is of the opinion that the entry into this Transaction is appropriate. ✓ The proposed lending rate is benchmarked against TU's market borrowing cost and falls between the estimated return provided by the independent financial advisor for the issuance of 5-yr corporate debt securities with the same credit rating as TU. This enables ITC to earn a market-based return on its excess cash for the benefit of ITC and its shareholders. ✓ The proposed terms and conditions are comparable to those contained in other loan agreements and debentures issued by TU to third parties with similar tenors, including the maintenance of certain financial covenants, such as a Net Interest-Bearing Debt to Equity Ratio (Net IBD/Equity) not exceeding 2.0 times. Such terms are consistent with the arm's-length principle. ✓ The Audit Committee and the disinterested directors are required to review the lending limit, funding requirements, Thai Union's repayment capability and the appropriateness of exercising the Company's right to demand early repayment of the loan on a quarterly basis, or whenever the Company enters into a transaction that meets the criteria established by the disinterested directors for the exercise of such right. The criteria governing the exercise of the early repayment right shall also be reviewed periodically to ensure that they remain appropriate under prevailing circumstances.

Key concerns from investors regarding ITC's lending to TU

Concerns	How we respond
ITC should prioritize capital deployment towards M&A to drive growth, rather than allocating funds to loans extended to TU. This structure introduces real risk to ITC, especially if it needs to mobilize capital quickly for strategic M&A opportunities.	✓ ITC continues to implement its business plan and strategy, including its M&A strategy. ITC is currently in the process of identifying potential target businesses and conducting feasibility studies on investment opportunities that are expected to generate returns in line with the target returns, with the objective of achieving long-term growth. However, ITC is not yet able to determine a definitive timeframe or the amount of funding required to undertake such investment. Should ITC require such excess cash for an acquisition, ITC may exercise its right to demand early repayment of the loan (Call Option) by providing 30 days' prior notice once a suitable target business that is consistent with ITC's strategy has been identified.
Why doesn't ITC return more cash to shareholders through higher dividends?	✓ Under the applicable laws and regulations governing dividend payments, ITC is required to have sufficient unappropriated retained earnings in its separate financial statements to undertake such transactions. At the end of Jun 2026, after deducting the interim dividend declared, ITC had retained earnings (separate FS) of approximately THB 414 million. Therefore, ITC did not have sufficient retained earnings to materially increase its dividend payment.
The proposed interest rate is not sufficiently compelling; Should TU should offer a more appropriate return to ITC?	✓ The proposed interest rate has been carefully benchmarked against TU's market borrowing cost, and prevailing market lending rates. The terms are intended to provide a fair and commercially reasonable return for ITC that is higher than its current investment alternatives, while safeguarding the interests of ITC and its shareholders. ✓ IFA viewed that the return is appropriate, as the Company will have the opportunity to obtain a higher return from managing its excess liquidity, and the interest rate falls within the range of yields of investment alternatives with comparable tenors and risk levels. In addition, IFA has observations that the differences in returns of other corporate debt instruments reflect the issuer-specific credit risks of each issuer and different offering structure which affects the liquidity.

Key concerns from investors regarding ITC's lending to TU

Concerns	How we respond
Why doesn't ITC invest in TU's publicly issued bonds instead of entering into this lending transaction? TU regularly issues bonds in the market.	✓ Investing in TU's publicly issued bonds would not provide the same level of flexibility. The proposed loan allows ITC to structure terms that better support its treasury management objectives, including the contractual right to recall the funds when they are needed for the Company's business.
Why doesn't ITC invest in other corporate debt investment alternatives?	✓ Investments in other corporate debt instruments are subject to several limitations, including market availability constraints, limitations on early redemption rights, risk of principal loss in the event of early disposal. ✓ IFA has observations that the proposed loan provides the Company with the right to demand early repayment, a feature not generally available to holders of ordinary debentures. An investment of THB 6,000 million in a single series of debentures may, in practice, be subject to liquidity constraints in the secondary market.
What assurance is there that ITC will not leave the loan outstanding and instead reduce dividends to shareholders?	✓ The exercise of the call option is subject to review by the Audit Committee and the Board of Directors who have no conflict of interest. They will assess the Company's funding needs and determine whether to exercise the call option based on the best interests of the Company and all shareholders.

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Legal and Governance Compliance

Approval Checklist (MT)

The Capital Market Supervisory Board No. TorJor. 45/2568 Re: Rules on Material Transactions proscribes the approval criteria as set out below. Size of the Provision of Financial Assistance to Thai Union equals **24.20 percent** under the Total Consideration criterion (based on consolidated financial statement as of 31 March 2026). The Company has not entered into any previous related party transactions or transactions under the same project during the twelve-month period prior to this transaction. Therefore, this transaction is not considered a Material Transaction¹.

Financial Conditions of Listed Co.	Transaction Size	Approval Requirements		
		BOD + SET Disclosure	Shareholders' Approval*	IFA
General Circumstance	$25\% \leq X < 50\%$	✓	✓	
	$50\% \leq X$	✓	✓	✓
Special Circumstance	$10\% \leq X < 25\%$	✓	✓	
	$25\% \leq X$	✓	✓	✓

Remarks :1. As the notice of the EGM will be distributed after the release of the financial statement of Q2-2026, if the transaction size calculated based on the Q2 financial statement exceeds 25%, the Company will also be required to obtain shareholders approval under the Material Transaction Rule.

2. Director(s) who has a conflict of interest in the transaction shall abstain his/her vote. In this case, directors of the Company who are directors or management of Thai Union shall not be eligible to vote.

3. Approval by **not less than three-fourth** of the total number of shares of the shareholders who attended the meeting and has right to vote, excluding ones who have conflict of interest in such transaction. In the event that the AC or the IFA opines that such transaction should not be approved, there shall not be shareholders holding in aggregate 10% or more of the total voting rights of the shareholders attending the meeting and entitled to vote voting against the entering into such transaction.

Legal and Governance Compliance

Approval Checklist (RPT)

The Notification of the Capital Market Supervisory Board No. TorJor. 46/2568 entitled Rules on Related Party Transactions prescribes the approval criteria as set out below. The size of the transaction is equivalent to **27.70 percent** of the total net assets of the Company and its subsidiaries (based on consolidated financial statement as of 31 March 2026), which exceeds three percent of the total net assets of the Company and its subsidiaries. The Company has not entered into any previous related party transaction during the six-month period prior to this transaction.

The Company is therefore obliged to convene a general meeting of the shareholders to approve the entry into such transaction with votes of not less than three-fourths of the total votes of the shareholders present and eligible to vote, excluding those of the interested shareholders as well as appoint an independent financial advisor to provide an opinion regarding the entry into this transaction to the shareholders. In addition, the Company is required to submit periodic progress reports on the transaction to the SET until the transaction is completed or terminated.

Transaction Size	General Transaction (whichever value is higher)		Financial Aid (whichever value is lower)		Approval Requirements
	Transaction Value	% Net Asset	Transaction Value	% Net Asset	
Small	X < 1 million	X ≤ 0.03% of Net Asset	-	-	Executive committee
Medium	1 million < X < 20 million	0.03% < X ≤ 3% of Net Asset	X < 100 million	X < 3% of Net Asset	Board of directors
Large	X ≥ 20 million	X ≥ 3% of Net Asset	X ≥ 100 million	X ≥ 3% of Net Asset	Board + SET Disclosure + Shareholders + IFA*

Remarks : 1. Director(s) who has a conflict of interest in the transaction shall abstain his/her vote. In this case, directors of the Company who are directors or management of Thai Union shall not be eligible to vote.

2. Approval by **not less than three-fourth** of the total number of shares of the shareholders who attended the meeting and has right to vote, excluding ones who have conflict of interest in such transaction. In the event that the AC or the IFA opines that such transaction should not be approved, there shall not be shareholders holding in aggregate 10% or more of the total voting rights of the shareholders attending the meeting and entitled to vote voting against the entering into such transaction.

