

2Q26 trough; recovery ahead

- 2Q26 net profit expected at THB726m (+4.3% y-y, -16.7% q-q) on cost pressure
- Pet Treats remains the primary growth and margin catalyst
- Maintain BUY; TP THB22.0; 1H26E dividend yield of 2.4%

A softer 2Q26 on treats normalisation

We forecast 2Q26 revenue at THB4,865m (+8.7% y-y, -6.0% q-q), propelled by the y-y growths across all product segments. The q-q decline was on high base of the abnormally high 1Q26 pet treats base, thanks to the revenue carried forward from 4Q25. 2Q26 net profit is expected at THB726m (+4.3% y-y, -16.7% q-q), falling faster than the drops in revenue as higher raw material cost led to GPM compression.

Shrinking GPM to company's lower bound of guidance.

We forecast 2Q26 GPM at 23.2% (24.3% in 1Q26, 25% in 2Q25), the lower bound of ITC's guidance of 23-25%, dragged by 1) rising tuna (Skipjack) prices (20% of COGS), which we expect to average USD1,758/tonne (+16.4% y-y, +3.8% q-q), and 2) a meaningful increase in packaging costs. The full impact of cost hikes occurred by the end of the quarter as elevated-cost inventory flows through COGS to propel ITC's 45-60 day inventory cycle.

Pet Treats: structural growth driver and margin catalyst

Pet Treats remains ITC's primary growth and margin catalyst, with 1Q26 growth of +95.0% y-y, reflecting a structural shift toward high-nutrition pet feeding. Pet Treats carry a higher GPM than those of core wet pet food, thereby ITC's chief GPM tailwind. ITC's proprietary R&D process, including a dedicated 52-cat palatability panel, supports a steady cadence of NPD that we view as a difficult-to-replicate competitive advantage.

2H26 recovery on track

We forecast 2H26 net profit at THB1,724m (+8% h-h), with FY2026E at THB3,320m, as revenue tilts toward 2H26 at 51% of our full-year estimate, in line with ITC's seasonal demand pattern. 2H26 GPM is forecast to recover to 24.8% (23.8% in 1H26); 3Q26 will see cost and price increases effective for a full quarter, driving a partial margin recovery, while 4Q26 is expected to be the strongest quarter of the year as raw material costs ease and peak season lifts utilization rates.

Maintain BUY; TP THB19.90

We maintain BUY but revise our TP to THB22 from THB23, reflecting a 2.1% reduction in our FY2026E net profit forecast. We remain confident in ITC's growth outlook, as the company is well-positioned to capture continued structural demand growth in the global pet food market. Beyond the 2H26 earnings recovery, ITC offers an attractive dividend yield of 5.7% on our FY2026E DPS of THB0.96/share, with an interim dividend of THB0.40

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ESG Rating : A

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	22.00
VS. BB Consensus TP (%)	+10.78%
Share Price (THB)	16.60
Upside/Downside	+32.50%

Share Data

Market Cap (THB m)	49,800.00
Par (THB)	1.00
Free Float (%)	19.65
Issued shares (m shares)	3,000

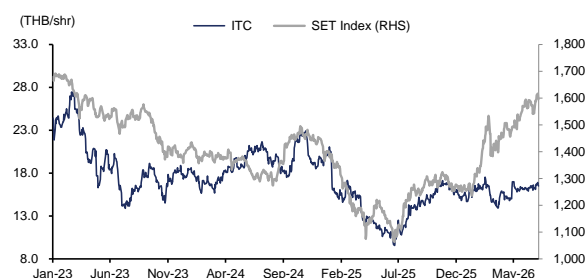
Financial forecast

YE Dec (THB m)	2025	2026E	2027E	2028E
Revenue	18,223	20,335	21,927	23,487
Net profit	2,978	3,320	3,725	3,973
Core net profit	3,020	3,312	3,725	3,973
vs Consensus (%)		(1.3)	(0.1)	(2.2)
Net profit growth (%)	(17.2)	11.5	12.2	6.7
Core net profit growth (%)	(21.0)	9.7	12.5	6.7
EPS (THB)	0.99	1.11	1.24	1.32
Core EPS (THB)	1.01	1.10	1.24	1.32
Chg from previous (%)		9.65	12.48	6.66
DPS (THB)	0.85	0.96	1.08	1.15
P/E (x)	15.21	15.00	13.37	12.53
P/BV (x)	1.90	2.05	2.01	1.97
ROE (%)	5.63	5.79	6.49	6.93
Dividend yield (%)	12.59	13.77	15.20	15.88

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	2.47	5.06	(1.78)	9.93
Market	1.09	(4.09)	(21.57)	(13.67)
12M High/Low (THB)				18.10 / 11.10



Major Shareholders (%) as of 04 Mar 2026

Thai Union Group Public Company Limited	79.30
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Company Profile

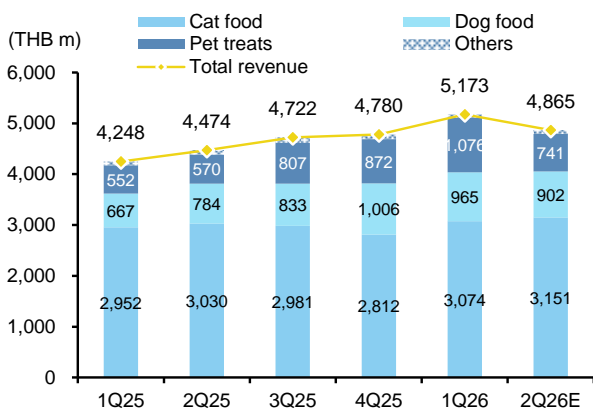
Manufacturer (OEM) production and distributor of pet food products
Source: SETSMART, SET

Exhibit 1: Key changes in assumptions

THB m	Current			Previous			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	20,335	21,927	23,487	18,908	20,172	21,214	7.5	8.7	10.7
Gross profit	4,939	5,522	5,928	4,544	4,835	5,064	8.7	14.2	17.1
Operating profit	3,003	3,434	3,692	3,675	3,907	4,088	(18.3)	(12.1)	(9.7)
Net profit	3,320	3,725	3,973	3,399	3,614	3,782	(2.3)	3.1	5.1
EPS (THB/share)	1.10	1.24	1.32	1.13	1.20	1.26	(2.3)	3.5	5.1

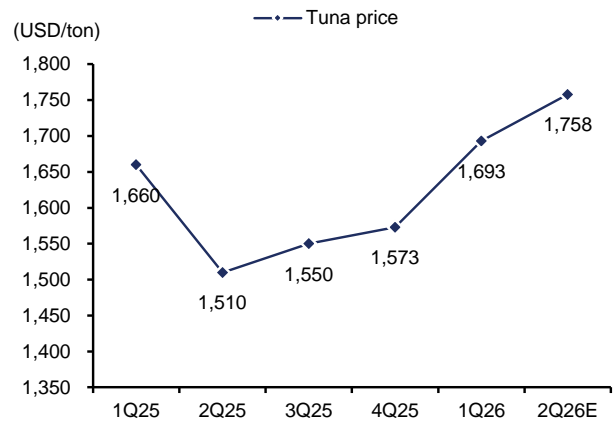
Sources: ITC; Globlex Research

Exhibit 2: Revenue by segment



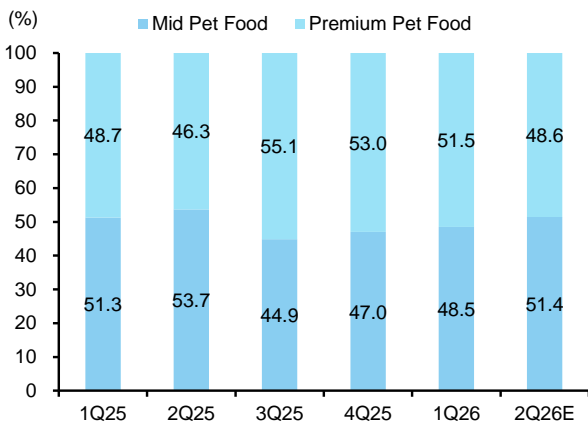
Sources: ITC; Globlex Research

Exhibit 3: Tuna (Skipjack) price



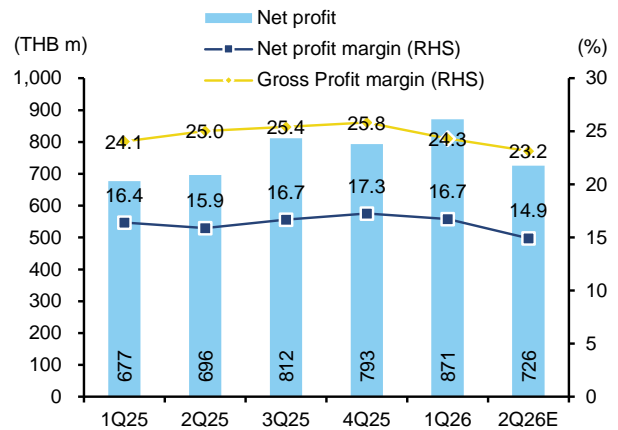
Sources: ITC; Globlex Research

Exhibit 4: Product mix (%)



Sources: ITC; Globlex Research

Exhibit 5: Quarterly GPM, NPM, NP



Sources: ITC; Globlex Research

Balance sheet (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
Current assets					
Cash & ST investment	5,408	6,489	6,313	6,437	6,645
Account receivable	3,951	3,766	3,560	3,338	3,100
Inventories	3,535	4,338	4,909	5,226	5,591
Others	7,656	5,535	5,713	5,847	5,978
Non-current assets					
Net fixed assets	6,009	6,484	6,847	7,155	7,406
Others	369	362	362	362	362
Total Assets	26,928	26,973	27,704	28,365	29,083

Current liabilities					
Account payable	1,815	2,235	2,530	2,693	2,881
ST borrowing	11	24	24	25	25
Others	270	51	48	52	57
Long-term liabilities					
Long-term debts	34	28	28	29	29
Others	659	809	809	809	809
Total liabilities	2,789	3,147	3,439	3,608	3,802
Paid-up capital	3,000	3,000	3,000	3,000	3,000
Retained earnings	3,296	2,702	3,141	3,633	4,157
Others	17,842	18,123	18,123	18,123	18,123
Minority interest	0	0	0	0	0
Shareholders' equity	24,139	23,826	24,264	24,756	25,281

Key ratios					
Year ending Dec	2024	2025	2026E	2027E	2028E
Growth (%YoY)					
Sales	13.8	2.8	11.6	7.8	7.1
Operating profit	77.0	(18.7)	12.6	14.3	7.5
EBITDA	60.2	(14.6)	11.2	13.4	7.6
Net profit	57.6	(17.2)	11.5	12.2	6.7
Core net profit	65.3	(21.0)	9.7	12.5	6.7
EPS	57.6	(17.2)	11.5	12.2	6.7
Core EPS	65.3	(21.0)	9.7	12.5	6.7
Profitability (%)					
Gross margin	27.7	25.1	24.3	25.2	25.2
Operation margin	18.5	14.6	14.8	15.7	15.7
EBITDA margin	21.6	18.0	17.9	18.8	18.9
Net margin	20.3	16.3	16.3	17.0	16.9
ROE	16.2	12.6	13.8	15.2	15.9
ROA	14.6	11.2	12.1	13.3	13.8
Stability					
Interest bearing debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Net debt/equity (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Interest coverage (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Interest & ST debt coverage (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Cash flow interest coverage (x)	1.0	0.9	1.0	1.1	1.1
Current ratio (x)	9.8	8.7	7.9	7.5	7.2
Quick ratio (x)	4.5	4.4	3.8	3.5	3.3
Net debt (THB m)	(5,363)	(6,437)	(6,260)	(6,383)	(6,590)
Activity					
Asset turnover (X)	0.66	0.65	0.72	1.14	2.40
Days receivables	81.3	75.4	63.9	55.6	0.0
Days inventory	105.2	121.4	121.4	121.4	0.0
Days payable	54.0	62.6	62.6	62.6	0.0
Cash cycle days	132.5	134.3	122.7	114.4	0.0

Profit & loss (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
Revenue					
Revenue	17,729	18,223	20,335	21,927	23,487
Cost of goods sold	(12,810)	(13,647)	(15,395)	(16,406)	(17,558)
Gross profit	4,919	4,577	4,939	5,522	5,928
Operating expenses	(1,638)	(1,909)	(1,936)	(2,088)	(2,236)
Operating profit	3,281	2,668	3,003	3,434	3,692
EBIT	3,281	2,668	3,003	3,434	3,692
Depreciation	(552)	(605)	(637)	(692)	(748)
EBITDA	3,833	3,273	3,640	4,126	4,441
Non-operating income					
Other incomes	696	513	449	449	449
Other non-op income	(19)	(1)	0	0	0
Non-operating expense	(220)	(54)	4	(4)	(4)
Interest expense	(6)	(10)	(4)	(4)	(4)
Other non-op expense	(214)	(44)	9	0	0
Equity income/(loss)	0	0	0	0	0
Pre-tax Profit	3,738	3,127	3,457	3,879	4,137
Extraordinary items					
Current taxation	(141)	(149)	(137)	(153)	(164)
Minorities	0	0	0	0	0
Net Profit	3,597	2,978	3,320	3,725	3,973
Core net profit	3,822	3,020	3,312	3,725	3,973
EPS (THB)	1.20	0.99	1.11	1.24	1.32
Core EPS (THB)	1.27	1.01	1.10	1.24	1.32

Cash flow (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
Operating cash flow					
Net profit	3,597	2,978	3,320	3,725	3,973
Depre. & amortization	552	605	637	692	748
Change in working capital	(964)	(577)	(243)	(62)	(66)
Others	(284)	(302)	(275)	(308)	(329)
Investment cash flow	3,517	25	1,705	2,356	2,656
Net CAPEX	(1,079)	(1,079)	(1,000)	(1,000)	(1,000)
Change in LT investment	4,596	1,105	2,705	3,356	3,656
Change in other assets					
Free cash flow	6,418	2,729	5,144	6,404	6,983
Financing cash flow					
Change in share capital	0	0	0	0	0
Net change in debt	(0)	(0)	0	0	0
Dividend paid	(3,450)	(2,550)	(2,882)	(3,233)	(3,449)
Others	(6,865)	901	(2,438)	(3,047)	(3,326)
Net cash flow	(3,897)	1,080	(176)	124	208
Per share (THB)					
EPS	1.20	0.99	1.11	1.24	1.32
Core EPS	1.27	1.01	1.10	1.24	1.32
CFPS	1.38	1.19	1.32	1.47	1.57
BVPS	8.05	7.94	8.09	8.25	8.43
Sales/share	5.91	6.07	6.78	7.31	7.83
EBITDA/share	1.28	1.09	1.21	1.38	1.48
DPS	1.15	0.85	0.96	1.08	1.15
Valuation					
P/E (x)	18.6	15.2	15.0	13.4	12.5
P/BV (x)	2.8	1.9	2.1	2.0	2.0
Dividend yield (%)	5.2	5.6	5.8	6.5	6.9
Dividend payout ratio (%)	95.9	85.6	86.8	86.8	86.8

I-Tail Corporation (ITC TB) | THAILAND / SET / FOOD & BEVERAGE

ESG Analysis

ESG Assessment	SET ESG	Bloomberg
<p>Environment</p> <p>As a wet pet food manufacturer, ITC's most material environmental exposure is GHG emissions from energy-intensive production and Scope 3 raw material sourcing, particularly tuna. Total Scope 1-2 emissions fell to 50,486 tCO₂e in 2025 (-6.1% y-y), representing a 22% reduction versus the 2021 baseline, ahead of the Group's SeaChange 2030 target of a 42% reduction by 2030. Key initiatives include the installation of 2.2 MW solar PV at Samut Sakhon (completed 2025), a biomass boiler at Songkhla to reduce fossil fuel reliance, and a Zero Liquid Discharge system to minimize water discharge. Water consumption declined materially to 213,044 cubic meters in 2025 from 285,882 in 2024. No environmental legal violations were recorded in 2025.</p>	A	4.05
<p>Social</p> <p>Labour practices represent ITC's most significant social risk, given its large migrant workforce across two manufacturing sites. The Company implements the Employer Pays Principle, covering all recruitment costs for migrant workers since 2022, and holds a Certificate of Recognition as a Forced-Labor-Free Workplace. Headcount rose to 15,367 in 2025, reflecting capacity expansion. Voluntary turnover increased to 15.56% in 2025 from 11.10% in 2024, warranting monitoring as the workforce scales. Lost time injury incidents remained low at 14 cases in 2025. ITC received the Outstanding National Labor Relations and Employee Welfare Award for the ninth consecutive year at its Songkhla site.</p>		1.20
<p>Governance</p> <p>ITC's governance is structurally influenced by its 79.3% parent Thai Union Group, which limits free float and board independence in practice. The Board comprises 11 directors, with 4 independent directors (36.4%), meeting the SEC minimum. The Chairman is a non-executive, non-independent director; a Lead Independent Director has been appointed to provide a governance check. ITC received an "Excellent" 5-star CG rating from Thai IOD in 2025 and was included in the ASEAN CG Scorecard ASEAN Asset Class. No bribery, fraud, or ethics violations were reported in 2025. The Company is a certified CAC member.</p>		4.21
Overall CG Score: Excellent (5-star) CAC: Certified	A	3.12

Bloomberg ESG scores reflect FY2024 data (latest available). SET ESG Rating as of 9 January 2026. CG rating reflects 2025 Thai IOD survey. Sources: SET, Thai IOD, CAC, Bloomberg, Globlex Securities Research

SET ESG Ratings 2025 | Thai Listed Companies

As of 9 January 2026

Ratings: AAA (90-100)							
AAV	ACE	ADVANC	AJ	AMATA	AMATAV	ASW	AWC
BAM	BANPU	BAY	BBGI	BBL	BDMS	BEM	BGC
BGRIM	BJC	BKIH	BPP	BTG	CENTEL	CKP	CPALL
CPF	CPAXT	CPN	CRC	DITTO	EASTW	FPI	FPT
GLOBAL	GPSC	GUNKUL	HANA	HENG	HMPRO	III	ILM
IVL	KBANK	KCG	KJL	KKP	KTB	KTC	LH
LOXLEY	MAJOR	MBK	MC	M-CHAI	MFEC	MTI	NER
NOBLE	OR	ORI	OSP	PB	PLANB	PR9	PSH
PTG	PTT	PTTEP	PTTGC	RATCH	S	S&J	SABINA
SAT	SC	SCB	SCC	SCG	SCGP	SIRI	SJWD
SKY	SNP	STA	STECON	STGT	SVOA	TEAMG	TEGH
TFMAMA	THCOM	TISCO	TMT	TOA	TOP	TPBI	TTA
TTB	TTW	TVO	VNG	WHA	WHAUP		
Ratings: AA (80-89)							
ADB	AKP	AOT	AP	ASK	ASP	AURA	BCH
BLA	BRI	BTS	CBG	CIVIL	CK	CMAN	COLOR
COM7	DMT	DRT	EGCO	EPG	ETC	GFPT	GULF
HTC	ICHI	ILINK	IT	ITTHI	JMART	KCE	KUMWEL
LHFG	MINT	MODERN	MOSHI	MSC	MTC	NVD	NYT
PCC	PRM	PSL	QTC	RBF	SA	SAWAD	SCCC
SCGD	SELIC	SFLEX	SHR	SMPC	SNNP	SPALI	SPI
SSP	SUTHA	SYNEX	TASCO	TCAP	TCMC	TGH	THANI
TIPH	TKS	TLI	TOG	TPAC	TPIPP	TSC	TU
UAC	UBE	VIH	WICE	XO	ZEN		
Ratings: A (65-100)							
AEONTS	ALLA	ALT	ALUCON	BA	BH	BLC	CFRESH
CHAO	CHASE	CHG	CM	CPL	CREDIT	ERW	GABLE
HARN	HUMAN	INSET	IRC	ITC	JMT	KSL	M
MALEE	MGC	MOONG	NEO	PHOL	PLUS	PM	PPS
PQS	PROUD	PRTR	PSP	Q-CON	QLT	SAK	SAPPE
SCAP	SEAFCO	SEAOIL	SENA	SENX	SGC	SICT	SITHAI
SKR	SNC	SPC	SSSC	SYMC	TAN	TBN	TGE
THANA	THIP	THREL	TPA	TPCS	TQM	TRU	TWPC
UPF	UPOIC	VIBHA	WPH				
Ratings: BBB (50-64)							
AKR	ASIMAR	CSC	J	LEO	MEGA	NL	PRIN
SE	SO	SPRC	SUN	TMILL	TSTH	WP	YUASA

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Source: SET ESG Ratings, Stock Exchange of Thailand (setsustainability.com). Ratings as of 9 January 2026. Only companies scoring 50 and above are assigned a rating. Covered company are Bold in letter.

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.