

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit ratings.

Thai Union Group Public Company Limited (security code: -)

<Assignment>

Foreign Currency Long-term Issuer Rating: A-
Outlook: Stable

Rationale

- (1) Thai Union Group Public Company Limited is a major seafood processor established in Thailand in 1977. It has grown into a global business through M&A of overseas market leading food brands. It has strengths in the production and sale of canned seafood. In particular, it is one of the world's leading companies in the sale of canned tuna. The Company's main business portfolio consists of ambient seafood, frozen and chilled seafood, and pet care, value-added and other products. It has been strengthening investment in high-value-added products and innovation in recent years in an effort to ensure new growth. The Company's rating is primarily supported by (i) its engagement in seafood products for which demand is expected to grow, (ii) possession of products with strong brand power around the world and (iii) strong global production, procurement and marketing capabilities which keep its earnings highly stable. On the other hand, the rating is constrained by its financial structure that needs a further improvement. Moreover, Red Lobster, an equity-method affiliate of its U.S. subsidiary, suffers from a poor performance and if it should cause a large-scale financial burden on the Company, it could adversely affect the rating. JCR holds that the Company's rating before being constrained by the sovereign rating is equal to the sovereign rating of Thailand (foreign currency long-term issuer rating: A-/stable). Despite its stable revenue base outside Thailand, JCR thinks that the Company's rating is mainly constrained by Thailand's sovereign rating in terms of funding activity. Based on the above, JCR has assigned the A- rating with a Stable outlook.
- (2) The Company's strength lies in the global diversification of its business areas. With its sales in Thailand accounting for only 10% of the total, it broadly deploys in overseas markets, particularly the United States and Europe which respectively account for around 42% and 29%. This stems from the Company's successive acquisitions of long-established and leading overseas brands, such as Chicken of the Sea in the U.S. in 1997 and MW Brands in the EU in 2010. It has production bases in 14 countries around the world including Thailand, the U.S., France and Norway which boast competitive global procurement capabilities. Seafood production is a labor-intensive business that requires manpower. However, the Company has been successful in reducing the production cost by leveraging economies of scale. In addition, its OEM contracts with other major food companies account for more than a half of its sales, providing another stable revenue source. Many of its diversified business partners are also major global players of food industry in the U.S., Europe and Japan. On the other hand, many of the canned and frozen fishery products the Company handles are basically commodity products that are difficult to differentiate. Thus, their profit margins are low as it is not easy to immediately pass on fluctuations of raw material prices to product prices. JCR will therefore continue to monitor future trends of raw material prices and sales of high-value-added products. The Company has been keen to promote the sustainability of not only its own business but also that of the entire seafood industry. In this context, changes in the business environment for the industry and exchange rate fluctuations need to be watched.
- (3) In 2016, as part of its business diversification, the Company branched out into the restaurant business by acquiring an equity stake in Red Lobster, the world's largest seafood restaurant chain with over 750 branches. After initially acquiring a 25% common shares and 24% preferred shares (non-voting right) in 2016, Thai Union and a consortium of investors, called Seafood Alliance Limited, and Red Lobster management acquired the remaining shares in 2020. It has since acquiring and after reorganizing the restaurant chain recorded as its equity-method affiliate. In 2020, Red Lobster's business performance deteriorated due to reduced eating-out demand caused by the COVID-19 pandemic. Its customer traffic has been currently recovering thanks to its turnaround measures including menu changes in addition to the resumption of economic activities

following progress on vaccination. JCR will closely monitor how those measures will help recover its performance. The Company has no immediate plans to provide additional financial support to Red Lobster. While JCR holds that any large-scale risks are less likely to surface, it will keep watching future developments as the business environment may change in the future.

- (4) The Company has been posting stable earnings performance without suffering a net loss on a quarterly basis since its listing in 1994 although its profit growth has been slowing in recent years as compared to the past. In 2020, net profit grew 64% year-on-year to THB6.2 billion on sales of THB132.4 billion, up 4.9%, mainly on increased sales of ambient and shelf-stable seafood amid stronger consumption demand by people forced to stay at home by the pandemic. JCR expects that the Company's operating performance will stay stable from 2021 onward as demand in its core business will be solid amid people's growing aspiration for better health and nutrition. The Company plans to beef up its core business and develop value-added products through innovation such as functional and nutritional supplementary foods in order to improve profitability. JCR will keep watching progress of those initiatives and their contribution to profit performance.
- (5) Before its acquisition of Red Lobster shares, the Company had kept its financial structure reasonably sound through enhancement of equity capital and capital increases made possible by the growth of profits although its interest-bearing debt had been on the increase due to continued M&As. However, its financial indices deteriorated after it raised USD575 million to acquire Red Lobster common shares and preferred stocks. Its interest-bearing debt increased to THB65.7 billion at the end of 2016 from THB39 billion at the end of 2015, with its equity capital ratio falling to 30.4% from 40.8% and net D/E Ratio rising to 1.37 from 0.86. The Company managed to recover its equity capital ratio to 34.0% at the end of 2020 from 30.4% at the end of 2016 after taking a series of financial measures including the issuance of subordinated bonds (half of which was considered to be capitalization). The Company still needs a further improvement of its financial structure. However, JCR holds that its interest-bearing debt will keep decreasing given its financial policy and stable cash generating capacity and that an improved financial structure may add to the stability of its credit rating.

Hajime Inoue, Mariko Miura, Toshihiko Naito, Yoshihiko Tamura

Rating

Issuer: Thai Union Group Public Company Limited

<Assignment>

Foreign Currency Long-term Issuer Rating: A-

Outlook: Stable

Rating Assignment Date: August 11, 2021

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (November 7, 2014) and "Foods" (June 1, 2021) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Thai Union Group Public Company Limited
Rating Publication Date:	August 13, 2021

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

A) Audited financial statements presented by the rating stakeholders

B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

12

Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

13

Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but

possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

14 Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Toshihiko Naito, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



Toshihiko Naito
General Manager of International Rating Department

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