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Ref. No. SorNor. 035/2018

August 10, 2018

Subject: Clarification of Operating Results and Financial Status for the three-month period and the nine-month period ended June 30, 2018

Attention: President

The Stock Exchange of Thailand

Oishi Group Public Company Limited and subsidiaries clarify consolidated operating results and consolidated financial statements for the three-month and nine-month periods and Financial Position ended June 30, 2018 as follows,

### **Oishi Group Financial Performance for three-month period of Quarter 3/2018**

#### **Sales**

Total sales revenue of the company for Q3'2018 was Baht 3,345 million, slightly decreased by Baht 121 million or 3.5% from Q3'2017 which is explained as follows,

#### **Beverages business**

The beverage sales for Q3'2018 was Baht 1,715 million, decreased by Baht 72 million or 4.0% from Q3'2017, mainly from declining in total green tea market while the company still maintained market leader position, and partly from the fire incident at UHT production line, which was fully covered by insurance for properties damaged and business interruption. The export sales continued to grow significantly, which helped overall beverages sales.

#### **Food business**

Overall Thailand economic in this quarter was still stagnant, the food sales for Q3'2018 was Baht 1,630 million, slightly decreased by Baht 49 million or 2.9% from Q3'2017 due to some stores temporary closed for renovation and transition of Food business restructuring by transferring Central Kitchen to Oishi Food Service Co., Ltd. to support the business growth.

#### **Cost of Sales**

Total cost of sales of the company for Q3'2018 was Baht 2,143 million, slightly increased by Baht 38 million or 1.8% from Q3'2017 which is explained as follows,

### Beverages business

Beverages cost of sales slightly increased from excise tax and partly offset by cost reduction of raw materials and packaging.

### Food business

Food cost of sales slightly increased from utilities cost in production and partly offset by cost reduction of raw materials.

### **Selling Expenses**

Selling expenses of Q3'2018 was Baht 390 million, decreased by Baht 24 million or 5.8% from Q3'2017, mainly from increased efficiency of advertising and promotional expense of beverage business.

### **Administrative Expenses**

Administrative expenses of Q3'2018 was Baht 514 million, decreased by Baht 16 million or 3.0% from Q3'2017, mainly from reduction of personal expense and rental expense.

### **Non-Recurring Item**

In Q3'2018, the Company recognized insurance claim revenue for business interruption due to the fire incident on November 27, 2017 at UHT production line, located in Navanakorn Industrial Estate of Baht 50 million.

In addition, this quarter the Company had restructured Food Business by transferring assets of Central Kitchen from Oishi Trading Co., Ltd. to Oishi Food Service Co., Ltd in order to increase focus and capability as center of food production for package food and supply food materials to Oishi's restaurants. The restructuring also helped Oishi Trading Co., Ltd. had a clear focus on Beverages business, which increased efficiency in operation's management. The business value of transferring assets of Central Kitchen transaction had benefit to utilize deferred tax assets amounting to Baht 51 million that was recognized as tax expense in Income Statement, but no impact to Cash Flow due to its non-cash item.

### **Net Profit**

Net profit excluded non-recurring deferred tax expense Baht 51 million (Normalized profit) of Q3'2018 was Baht 343 million, decreased by Baht 68 million or 16.5%, mainly from some decreased of beverages sales as aforementioned and partly offset by cost reduction of selling and administrative expense due to increased efficiency control.

Net profit included non-recurring deferred tax expense Baht 51 million of Q3'2018 was Baht 292 million, decreased by Baht 119 million or 28.9%, mainly from some decreased of beverages sales as aforementioned and one-time recognition of deferred tax expense from food business restructuring, which partly offset by cost reduction of selling and administrative expense due to increased efficiency control.

## **Oishi Group Financial Performance for the nine-month period of 2018**

### **Sales**

Total sales revenue of the company for the nine-month period of 2018 was Baht 9,626 million, slightly decreased by Baht 475 million or 4.7% which is explained as follows,

#### **Beverages business**

The beverage sales for the nine-month period of 2018 was Baht 4,773 million, decreased by Baht 469 million or 8.9% from the same period of 2017, mainly from declining in total green tea market while the company still maintained market leader position, and partly from fire incident of UHT production line, which was fully covered by insurance for properties damaged and business interruption. The export sales continued to grow significantly, which helped overall beverages sales.

#### **Food business**

Despite of overall Thailand economic stagnant during the nine-month of 2018, the food sales for the nine-month period of 2018 was Baht 4,853 million, which maintained with the same period of 2017, mainly from continued store expansion.

### **Cost of Sales**

Total cost of sales of the company for the nine-month period of 2018 was Baht 6,173 million, decreased by Baht 44 million or 0.7% from the same period of 2017 which is explained as follows,

#### **Beverages business**

Beverages cost of sales decreased mainly from cost reduction of raw materials and packaging materials, partly offset by excise tax.

#### **Food business**

Food cost of sales was slightly increase from labor and utilities cost and partly offset by cost reduction of overhead expense.

### **Selling Expenses**

Selling expenses for the nine-month period of 2018 was Baht 1,154 million, decreased by Baht 81 million or 6.6% from the same period of 2017, mainly from efficiency improvement of advertising and promotional expense.

### **Administrative Expenses**

Administrative expenses for the nine-month period of 2018 was Baht 1,520 million, decreased by Baht 68 million or 4.3% from the same period of 2017, mainly from cost reduction of rental expenses and office supplies.

### **Non-Recurring Item**

During the nine-month period of 2018, the Company recognized insurance claim revenue for business interruption due to the fire incident on November 27, 2017 at UHT production line, located in Navanakorn Industrial Estate of Baht 118 million.

In addition, the Company had recognized the deferred tax expense amounting to Baht 51 million in income statement due to the restructuring of food business as aforementioned and this transaction had no impact to Cash Flow due to its non-cash item.

### **Net Profit**

Net profit excluded non-recurring deferred tax expense Baht 51 million (Normalized profit) for nine-month period of 2018 was Baht 883 million, decreased by Baht 214 million or 19.5% from the same period of 2017, mainly from decreased of beverages sales as aforementioned and partly offset by cost reduction of selling and administrative expense due to increased efficiency control.

Net profit included non-recurring deferred tax expense Baht 51 million for the nine-month period of 2018 was Baht 832 million, decreased by Baht 265 million or 24.1% from the same period of 2017, mainly from decreased of beverages sales and one-time recognition of deferred tax expense from food business restructuring, which partly offset by cost reduction of selling and administrative expense due to increased efficiency control.

### **Oishi Group Financial Position as at June 30, 2018**

#### **Assets**

Total assets as at June 30, 2018 was Baht 9,745 million, decreased by Baht 38 million or 0.4% from the year end of 2017, which is explained as follows,

Current assets were Baht 3,763 million, increased by Baht 1,122 million or 42.5% from the year end of 2017, mainly from trade accounts receivable and other receivables from insurance claim of assets loss due to fire incident.

Non-current assets were Baht 5,982 million, decreased by Baht 1,084 million or 15.3% from the year end of 2017, mainly from property plant and equipment's depreciation and UHT production line assets loss due to fire incident, which was fully covered by insurance for properties damaged and business interruption.

#### **Liabilities**

Total liabilities as at June 30, 2018 was Baht 3,923 million, decreased Baht 193 million or 4.7% from the year end of 2017

Current liabilities were Baht 2,827 million, increased by 797 million or 39.3% from the year end of 2017, mainly from reclassification of debentures of Baht 1,000 million from non-current liabilities to current liabilities, partly offset by decrease in trade accounts payable.

Non-current liabilities were Baht 1,095 million, decreased by Baht 990 million or 47.5% from the year end of 2017, mainly from reclassification of debentures of Baht 1,000 million from non-current liabilities to current liabilities.

**Shareholders' Equity**

Total equity as at June 30, 2018 was Baht 5,822 million, increased by Baht 232 million or 4.1% from the year end of 2017, due to increase in net profit for the period, partly offset by dividend payment.

Sincerely yours,

-Signature-

(Mrs. Nongnuch Buranasetkul)  
President & CEO