



Financial Highlights

- OSP scored another all-time-high revenues from sales of THB 26,762 million, +4.6% YoY in 2021 amid the relapse in economic growth and market decline in all key segments largely from pandemic widespread lockdowns. Q4'21 revenues from sales increased +8.9% YoY and +13.6% QoQ, reflecting our resilient operations after economic activities revived from the relaxation of stringent containment measures and a high vaccination rate. Domestic beverage sales grew double digit in Q4'21.
- OSP reported 2021 net profit* of THB 3,255 million, decreased -7.1% YoY, with net profit* margin of 12.2%, -150 bps YoY, mainly due to the impact from pandemic lockdowns in Q3'21, commodity price increase, and depreciation of the Myanmar Kyat (MMK). As the COVID-19 restrictions eased and the market resumed its growth after COVID-19 lockdowns, Q4'21 net profit was at THB 851 million, grew +46.7% QoQ from double digit growth in all reported segments both domestic and international businesses.
- 2021 gross margin declined by 80 bps YoY to 34.5%, reflecting fixed cost deleverage from a schedule glass furnace maintenance, low production volume due to COVID-19 impact, and rising commodity prices during the year. As the domestic demand and consumer spending gradually recovered post reopening, Q4'21 gross margin improved 110 bps QoQ from revived production volume together with cost savings through Fit Fast Firm initiatives.
- OSP continued its leadership with strong momentum of market share gain, increased 10 bps YoY to 54.6% in the energy drinks market and increased 100 bps YoY to 37.3% in the functional drinks market. OSP's reported 2021 sales growth outperformed the declined beverage market growth. This could be achieved through powerful brand portfolio leading by M-150 and C-Vitt, strong market execution, product and package innovation in response to changing consumer trends, and customer base expansion.
- The Board of Directors passed a resolution to propose to the Annual General meeting of Shareholders the approval of a total 2021 dividend payment of THB 1.1 per share paid from 2021 net profit and retained earnings (interim dividend of THB 0.45 per share and final dividend of THB 0.65 per share), equivalent to a 102% dividend payout ratio.
- Our balance sheet remained strong with an interest-bearing debt to equity ratio of 0.06x, which will enable us to capture inorganic growth and partnership opportunities.

*Net Profit = Net Profit attributable to owners of the parent

Financial Performance for Q4'21 and FY2021

Consolidated Income Statement Summary

Unit: THB million	Q4'21	Q4'20	%YoY	2021	2020	%YoY
Total revenues	7,010	6,433	9.0%	27,278	26,129	4.4%
Total revenues from sales	6,952	6,387	8.9%	26,762	25,583	4.6%
Beverages	5,750	5,269	9.1%	22,709	21,547	5.4%
Personal Care	674	724	-6.9%	2,102	2,501	-15.9%
Others	528	394	34.0%	1,951	1,535	27.0%
Total other income	58	46	26.1%	516	546	-5.5%
Gross profit	2,409	2,335	3.2%	9,236	9,029	2.3%
SG&A	1,509	1,400	7.8%	6,070	5,711	6.3%
Selling and distribution expenses	1,139	1,007	13.1%	4,342	3,967	9.5%
Administrative expenses	370	393	-5.8%	1,728	1,744	-0.9%
EBIT	1,047	969	8.0%	3,944	4,090	-3.6%
EBITDA	1,464	1,331	10.0%	5,463	5,374	1.6%
Profit for the period	837	834	0.4%	3,185	3,437	-7.3%
Profit attributable to owners of the parent	851	851	0.0%	3,255	3,504	-7.1%
Key Ratios (%)						
Gross profit margin	34.6%	36.6%	-2.0%	34.5%	35.3%	-0.8%
SG&A to net sales ratio	21.7%	21.9%	-0.2%	22.7%	22.3%	0.4%
EBIT margin	15.1%	15.2%	-0.1%	14.7%	16.0%	-1.3%
EBITDA margin	21.1%	20.8%	0.3%	20.4%	21.0%	-0.6%
Net profit margin for the period	12.0%	13.1%	-1.1%	11.9%	13.4%	-1.5%
Net profit margin attributable to the owners of the parent	12.2%	13.3%	-1.1%	12.2%	13.7%	-1.5%



Financial Performance Summary for FY2021

The resurgence of COVID-19 pandemic in 2021 caused disruptions, challenges, and uncertainties with negative impact on domestic and global economic growth. OSP navigated through crisis by building resilient operations, leveraging strong distribution network, and ensuring solid financial health, together with taking care of the health and safety of employees and communities. OSP ensured to deliver solid performance, improve operational efficiency, and invest in our people, supply chain, and digitalization initiatives to achieve sustainable growth. Maintaining business continuity while protecting and keeping all employees safe and healthy was always our priority as OSP arranged for employees to receive COVID-19 vaccines to protect themselves and maintain trust with customers and suppliers. More than 80% of employees received 3rd or 4th shot of COVID-19 vaccination by the end of January 2022. In addition, the Company implemented measures in compliance with government directives, including strict safe distancing measures, regular disinfection of workplace, and flexible work arrangements. OSP also continued our efforts to support communities, related government agency' activities, and frontline medical staff during COVID-19 through donating necessary medical equipment, mobilizing local teams to deliver beverages, personal care products, and providing financial supports. Aligned with our vision "The Power to Enhance Life", Osotspa will strive through challenges, transform to bolster efficiency, and be better positioned after the pandemic, while continues to provide a helping hand to local communities and business partners.

OSP reported an all-time-high total revenues of THB 27,278 million (+4.4% YoY) and revenues from sales of THB 26,762 million (+4.6% YoY). This reflected our solid performance in both the domestic and international markets amid the relapse in economic growth and market decline in all key segments largely from pandemic widespread lockdown. After economic activities revived from the relaxation of stringent containment measures and a high vaccination rate, OSP showed our resilient recovery as Q4'21 revenues from sales increased +8.9% YoY and +13.6% QoQ. The impressive recovery was contributed by double digit growth in domestic beverages by focusing on strengthening core portfolio, launching innovations, expanding distribution coverage, and exploring opportunities through collaboration and partnerships.

Beverage Segment

OSP reported total beverage revenues of THB 22,709 million, an increase of 5.4% YoY, driven by both the domestic and international businesses. Domestic beverage sales growth rebounded to +2.9% YoY with the strong sales growth in both energy drinks +3.0% YoY and functional drinks +75.1% YoY in Q4'21 after the reopening and resumption of economic activities. The strength of the M-150 brand and the addition of Lipo-Fine to the portfolio to expand our customer base, together with our efficient sales execution, drove the growth in energy drink revenues. In addition to C-Vitt, which continued to be a strong growth driver, revenues from Yanhee Vitamin B water distribution and accelerated growth of Calpis after reactivation also contributed to the overall growth in functional drink revenues. Although operating environment of several international markets faced uncontrollable incidents, including lockdowns due to COVID-19 resurgence, border closures, political unrest, and currency fluctuations, OSP managed to deliver impressive international beverage sales growth of 18.4% YoY with positive growth in all of the company's major overseas markets. This was due to strong brand position, effective route-to-market execution, and flexibility of having local teams and operations to manage the uncertainty.

OSP continued its leadership with strong momentum of market share gain, increased 10 bps YoY to 54.6% in energy drinks market and increased 100 bps YoY to 37.3% in functional drinks market. Market share of core brands increased YoY, including M-150 (+50 bps), Lipo (+20 bps), and C-Vitt (+210 bps). As a result, OSP's reported 2021 sales growth outperformed the market contractions in both segments. This could be achieved through powerful brand portfolio leading by M-150 and C-Vitt, strong market execution, and product and package innovation responding to changing consumer trends along with customer base expansion.

Personal Care Segment

Personal care industry was hit hard at double digit decline during the pandemic. The industry witnessed supply chain disruption, more cautious consumer spending patterns and change in consumer behavior due to work-from-home scenario, and decline in in-store shopping due to lockdowns. OSP thus reported 2021 personal care revenues of THB 2,102 million, declined 15.9% YoY. However, the recovery is on the way in Q4'21 with more than 50% growth QoQ as physical retail stores reopened and economic activities resumed from the relaxation of government's restrictions. OSP continued its leading position in its core baby category throughout the year. In addition, the trend of diversion from offline to online channel was visible as sales through e-commerce channel grew more than 80% in 2021.

Others Segment

Overall others segment revenues increased 27.0% YoY to THB 1,951 million, driven by an increase in OEM of glass bottles. This helped maximize the utilization of our manufacturing facilities and leverage fixed operating costs.

Gross margin declined by 80 bps YoY to 34.5%, reflecting fixed cost deleverage from a schedule glass furnace maintenance, low production volume due to COVID-19 impact, and rising commodity prices during the year. As the domestic demand and consumer spending gradually recovered post reopening, Q4'21 gross margin improved 110 bps QoQ from revived production volume and cost savings through Fit Fast Firm initiatives. During the year, gross margin improvement through Fit Fast Firm initiatives included raw material and packaging material cost mitigation, better utilization of beverage manufacturing facilities in Thailand and Myanmar, and controlled spendings.



Selling and administrative expenses (SG&A) spending was at 22.7% of sales, an increase of 40 bps YoY, reflecting sales activation for domestic and international markets, global surge in freight costs, and impact of currency fluctuation. Excluding the impact of currency fluctuation, SG&A to total revenues from sales would be the same as last year at 22.3%. To cope with the volatile and uncertain environment, OSP prudently controlled and managed the overall spendings, including the cost reduction efforts. Q4'21 SG&A to total revenues from sales decreased QoQ as OSP continued to streamline our processes, implement technology, and improve efficiency.

OSP reported 2021 profit attributable to owners of the parent at THB 3,255 million (including THB 157 million net foreign exchange loss) or -7.1% YoY, with net profit margin of 12.2%, -150 bps YoY. The slowdown in Q3'21 profit owing to the pandemic lockdown impact on sales and distribution, increased production and transportation costs, and foreign exchange impact overshadowed the recovery in Q4'21. As the COVID-19 restrictions eased and the market resumed its growth after COVID-19 lockdowns, Q4'21 net profit was at THB 851 million, grew +46.7% QoQ from double digit growth in all reported segments both domestic and international businesses.

Dividend

OSP has a dividend payout policy to shareholders of at least 60% of consolidated net profit after deducting the legal reserve. On 23 February 2022, the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders, to be held on 27 April 2022, approval of a total dividend payment of THB 1.1 per share paid from the 2021 net profit and retained earnings (comprised of the interim dividend of THB 0.45 per share, already paid in Sep'21, and the final dividend of THB 0.65 per share). Hence, the proposed dividend payout ratio from the 2021 consolidated net profit is 102%.

2022 Business Outlook

Signs of economic recovery emerged toward the end of 2021 amid rising vaccination rates, easing of lockdown measures, and resumption of economic activities. The recovery is expected to continue in 2022 from a revival in demand and consumption along with support from government's stimulus package. However, there are headwinds from the threat of new coronavirus variants, rising inflation from pandemic-related supply chain disruption, and industry-wide impacts of rising commodity and natural gas prices.

Osotspa reiterates our medium to long term ambition to deliver double-digit top-line and bottom-line growth. OSP will continue to gear up for growth by strengthening core brands, driving premiumization across portfolios, using innovation to capitalize on consumer trends, and accelerating digitalization to develop capabilities, invest in infrastructure, and prepare strong fundamental for growth. For 2022, OSP sets our key priorities to capture market recovery, drive growth, and address inflationary pressure and the widespread supply challenges.

- **Fast Forward 10X:** Our transformation program targeting THB 5,000 million cost savings and margin improvement over the next 5 – 7 years. Fast Forward 10x initiative includes identifying actions to mitigate the impact of rising commodity prices and several transformation projects to streamline processes, people, technology, and assets. OSP aims to optimize costs, maximize operational efficiency and build strong fundamentals to support sustainable future growth.
- **Domestic beverage business:** Re-igniting energy drinks, accelerating functional drinks, and innovating to access new spaces such as CBD drinks
- **International business:** Accelerating growth through strong execution and response to local consumer preferences, while managing our Myanmar business
- **Personal care, healthcare and confectionary businesses:** Restarting the categories using our innovative expertise to redefine portfolios to better match the changing consumer and retail landscape
- **Partnerships for new growth engines:** Looking for inorganic growth and partnerships through business collaboration and M&A opportunities to accelerate growth, achieve cost efficiency, and develop new capabilities
- **Sustainability and CSR:** Underpin the development of a resilient business that can thrive in volatile business environment

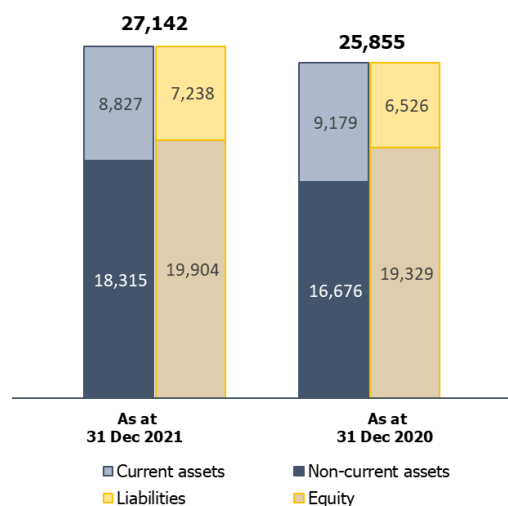
OSP will build on business resilience to respond to uncertainties and opportunities, invest behind capabilities, and emerge stronger after crises, while committing to improve the health and wellbeing of consumers and support communities and society.



Financial Position

Balance Sheet

Unit: THB million



Balance Sheet Breakdown

ASSETS (THB million)	As at 31 Dec 2021	As at 31 Dec 2020
Cash and cash equivalents	2,493	2,531
Trade and other receivables	3,660	3,505
Inventories	2,658	2,077
Other current financial assets	-	1,000
Other current assets	16	66
Total Current Assets	8,827	9,179
Net PP&E	13,730	12,844
Other non-current financial assets and long-term investments	3,817	2,782
Other assets	768	1,050
Total Non-Current Assets	18,315	16,676
Total Assets	27,142	25,855
LIABILITIES and EQUITY (THB million)	As at 31 Dec 2021	As at 31 Dec 2020
Trade and other payables	4,822	4,094
Loans from financial institutions	780	917
Other liabilities	1,636	1,515
Total Liabilities	7,238	6,526
Issued and paid-up share capital	3,004	3,004
Share Premium	11,848	11,848
Retained earnings	3,596	3,645
Other components of equity	1,437	727
Non-Controlling Interest	19	105
Total Equity	19,904	19,329
Total Liabilities & Equity	27,142	25,855

As of 31 December 2021, the Company had total assets of THB 27,142 million, an increase of THB 1,287 million (or +5.0%) from 31 December 2020 from the expansion and improvement of beverage and glass factories and the fair value adjustment of non-marketable equity securities under other non-current financial assets offsetting reduction in deposits at financial institutions.

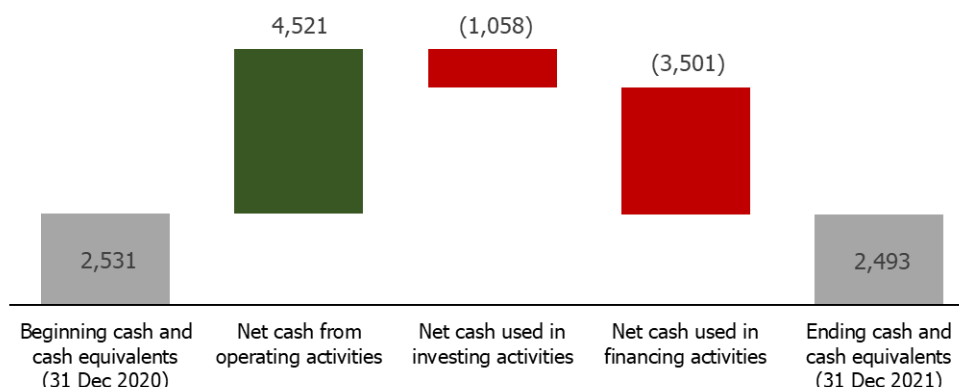
As of 31 December 2021, the Company had total liabilities of THB 7,238 million, an increase of THB 712 million (or +10.9%) from 31 December 2020 primarily from trade accounts payable and other payables to partially purchase key materials to mitigate commodity price increase.

As of 31 December 2021, the Company had total equity of THB 19,904 million, an increase of THB 575 million (or +3.0%) from 31 December 2020, mainly from the increase in other components of equity as a result of gain on measurement of financial assets of THB 865 million, offsetting impact from currency translation. The decrease in retained earnings of THB 49 million accounted for the 2020 final dividend and 2021 interim dividend at the total amount of THB 3,304 million, offsetting with profit for the period.



Cash Flows

Unit: THB million



As of 31 December 2021, the Company had cash and cash equivalents of THB 2,493 million, decreased by THB 38 million from 31 December 2020. The Company had positive cash flows from operating activities of THB 4,521 million. Net cash flows used in investing activities of THB 1,058 million was mainly due to the expansion and improvement of beverage and glass factories, offsetting reduction in deposit at financial institution and dividend received. Cash outflows from financing activities of THB 3,501 million was mainly due to the 2020 final dividend and 2021 interim dividend paid to OSP shareholders.

Financial Ratio Analysis

	Q4'21	Q4'20	2021	2020
Liquidity Ratios				
Current ratio (times)	1.6	2.0	1.6	2.0
Number of days of inventory	52	50	49	39
Collection period (days)	37	41	39	43
Accounts payable (days)	44	43	42	44
Profitability Ratios				
Gross profit margin (%)	34.6	36.6	34.5	35.3
EBITDA margin (%)	21.1	20.8	20.4	21.0
Net profit margin for the period (%)	12.0	13.1	11.9	13.4
Net profit margin attributable to owners of the parent (%)	12.2	13.3	12.2	13.7
Return on equity (%) - trailing	16.2	18.4	16.2	18.4
Return on assets (%) - trailing	12.0	13.7	12.0	13.7
Other Ratios				
Total debt to equity (times)	0.4	0.3	0.4	0.3

2021 gross margin declined by 80 bps YoY to 34.5%, reflecting fixed cost deleverage from a schedule glass furnace maintenance, low production volume due to COVID-19 impact, and rising commodity prices during the year. As the domestic demand and consumer spending gradually recovered post reopening, Q4'21 gross margin improved 110 bps QoQ from revived production volume together with cost savings through Fit Fast Firm initiatives. During the year, gross margin improvement through Fit Fast Firm initiatives included raw material and packaging material cost mitigation, better utilization of beverage manufacturing facilities in Thailand and Myanmar, and controlled spendings. As the Fit Fast Firm target of THB 2,500 million in cost savings was already achieved in 2021, OSP has set a new transformation program under the "Fast Forward 10x", targeting THB 5,000 million cost savings and margin improvement over the next 5 - 7 years. This Fast Forward 10x initiative includes identified actions to mitigate the impact of rising commodity prices and several transformation projects to streamline processes, people, technology, and assets with the objective to optimize costs, maximize operational efficiency and build strong fundamentals to support sustainable future growth.

2021 net profit margin attributable to owners of the parent was 12.2%, decreased 150 bps YoY, mainly due to the impact of the pandemic lockdowns in Q3'21 on sales and distribution, increased production and transportation costs, and foreign exchange impact. 2021 net profit attributable to owners of the parent was THB 3,255 million (including THB 157 million net foreign exchange loss). As the COVID-19 restrictions eased and the market resumed its growth after COVID-19 lockdowns, Q4'21 net profit was at THB 851 million, grew +46.7% QoQ and net profit margin improved 270 bps QoQ from double digit growth in all reported segments both the domestic and international businesses.



2021 cash cycle (Number of days of inventory + Collection period – Accounts payable days) of 46 days, increased from 2020. The increase from inventory level was to prepare for market recovery and mitigate commodity price increase. OSP closely monitored credit risk exposure. As a result, the 2021 average collection period was 39 days, decreased from the same period last year. This was within the company's established credit term ranging from 14 days to 100 days. Current ratio was favorable at 1.6 times, showing strong liquidity position and financial strength. Debt to equity ratio was at 0.4 times.



APPENDIX: Ratios & Formulas

Liquidity Ratios

Current ratio (times) = Total current assets / Total current liabilities

Number of days of inventory = Average inventory / (Cost of sales of goods / Number of days in the period¹)

Collection period (days) = Average trade account receivables / (Total revenues from sales / Number of days in the period¹)

Accounts payable (days) = Average account payables / (Cost of sales of goods / Number of days in the period¹)

Profitability Ratios

Gross profit margin (%) = (Total revenues from sales – Total cost of sales of goods) / Total revenues from sales

SG&A to sales ratio (%) = (Selling and distribution expenses + Administrative expenses) / Total revenues from sales

EBIT margin (%) = (Profit before income tax expense + Finance Cost) / Total revenues from sales

EBITDA margin (%) = (Profit before income tax expense + Finance Cost + Depreciation and Amortization) / Total revenues from sales

Net profit margin for the period (%) = Net Profit for the period / Total revenues from sales

Net profit margin attributable to the owners of the parent (%) = Net Profit attributable to owners of the parent / Total revenues from sales

Return on equity (%) = Profit for the period / Average total equity

Return on assets (%) = Profit for the period / Average total assets

Other Ratios

Debt to equity (times) = Total liabilities / Total equity

¹ Number of days in the period is defined as 360 days in a year. For example, 90 days and 180 days should be used for quarterly and half-year ratio analyses, respectively.