



## Financial Highlights

- OSP continued momentum to deliver record-high quarterly revenue from sales of THB 7,472 million, +10.3% YoY and +7.5% QoQ, boosted by strong sales growth across all segments. Both domestic and international businesses showed solid recovery, which reflected our strong and effective execution.
- Q1'22 net profit\* was THB 750 million, with net profit\* margin of 10.0%. If excluding the foreign exchange impact, the adjusted Q1'22 net profit was THB 794 million or equal to adjusted net profit margin of 10.6%. Compared to Q1'21 profit excluding THB 305 million dividend received from investment in other company and the foreign exchange impact, the adjusted Q1'22 net profit showed 8.1% growth YoY, indicating an improvement in underlying performance despite all external factors, including the prolonged COVID-19 widespread and the geo-political crisis of Russia-Ukraine war that accelerated global inflation and drove higher energy and commodity prices.
- Q1'22 gross margin declined by 150 bps YoY to 31.7%, reflecting the energy and commodity prices increase and higher freight and logistics costs. On top of that we were in the process of improving production efficiency for lighter weight bottles to support the new M-150 product launch during March - April 2022. Thus, we expect several favorable factors in Q2'22, including better production efficiency, higher contribution of the new product variant, and cost savings through Fast Forward 10X program.
- OSP led and outperformed the overall market showing market share of 54.0% in the energy drinks market. C-Vitt celebrated its 10<sup>th</sup> year anniversary with the record high market share of 38.0%, leading the all-time-high market share of 42.6% for overall OSP's functional drinks in Q1'22. OSP continued to perform well despite the decline in both markets through our agility in responding to consumer and market trend by utilizing our strong execution team, product innovation, and robust brand portfolio.
- OSP has strong balance sheet with low interest-bearing debt to equity ratio of 0.05x, ready to invest and capture inorganic growth and partnership opportunities.

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

## Financial Performance for Q1'22

### Consolidated Income Statement Summary

Unit: THB million	Q1'22	Q1'21	%YoY	Q4'21	%QoQ
<b>Total revenues</b>	7,518	7,122	5.6%	7,010	7.2%
<b>Total revenues from sales</b>	7,472	6,776	10.3%	6,952	7.5%
Beverages	6,355	5,801	9.6%	5,750	10.5%
Personal Care	554	500	10.9%	674	-17.7%
Others	563	475	18.6%	528	6.6%
Total other income	46	346	-86.7%	58	-21.3%
Gross profit	2,372	2,252	5.3%	2,396	-1.0%
SG&A	1,580	1,494	5.8%	1,496	5.6%
Selling and distribution expenses	1,158	1,039	11.4%	1,126	2.8%
Administrative expenses	422	455	-7.2%	370	14.2%
EBIT	922	1,178	-21.7%	1,047	-11.9%
EBITDA	1,331	1,527	-12.8%	1,464	-9.1%
Profit for the period	751	987	-24.0%	837	-10.4%
Profit attributable to owners of the parent	750	1,004	-25.3%	851	-11.9%
<b>Key Ratios (%)</b>					
Gross profit margin	31.7%	33.2%	-1.5%	34.5%	-2.8%
SG&A to net sales ratio	21.1%	22.0%	-0.9%	21.5%	-0.4%
EBIT margin	12.3%	17.4%	-5.1%	15.1%	-2.8%
EBITDA margin	17.8%	22.5%	-4.7%	21.1%	-3.3%
Net profit margin for the period	10.0%	14.6%	-4.6%	12.0%	-2.0%
Net profit margin attributable to the owners of the parent	10.0%	14.8%	-4.8%	12.2%	-2.2%



### Financial Performance Summary for Q1'22

We started the year with several challenges, including the prolonged COVID-19 pandemic and the geo-political crisis of Russia-Ukraine war that accelerated global inflation and drove higher energy and commodity prices. OSP will continue to navigate our business through unprecedented cost inflation, step-up our competitiveness, and build resilient operations, in order to ensure solid financial health and deliver sustainable growth in the long run.

OSP reported a record high in both total revenues of THB 7,518 million (+5.6% YoY and +7.2% QoQ) and revenues from sales of THB 7,472 million (+10.3% YoY and 7.5% QoQ). OSP delivered another solid quarterly sales growth from the strength of our brand portfolio and our operational excellence to drive improved sales growth momentum across all segments in both domestic and international businesses amid a challenging period of inflation and ongoing pandemic widespread. OSP has leveraged our brand portfolio and launched new premiumized variant of M-150 with double vitamin B12 at 12 Baht with full marketing and activation supports to make it mass. This may have some short-term impact on volume, however, it will provide more rooms to invest competitively in marketing, R&D, and sales execution to further strengthen our brands. We will ensure effective execution and believe that this strategic move will be beneficial and enhance OSP's position in achieving long-term sustainable growth.

#### **Beverage Segment**

OSP reported total beverage revenues of THB 6,355 million, an increase of 9.6% YoY and 10.5% QoQ, driven by both the domestic and international businesses. Domestic beverage sales grew +7.2% YoY with the strong sales growth in both energy drinks +3.6% YoY and functional drinks +19.5% YoY. International beverage sales show strong growth of +19.0% YoY and +58.2% QoQ, despite high base from Myanmar sales post-establishment of our new organization structure and new route-to-market model, and before political unrest. The growth was led by the recovery in Asian countries and proved our strong brand position, effective route-to-market execution, and flexibility of having local teams and operations to manage the uncertainty. Nevertheless, OSP continue to manage the situation as the operating environment of our key international markets still faced uncertainty in border closures, political unrest, and currency fluctuations.

The quarterly sales of domestic energy drinks returned to its peak of pre-COVID-19 level from the continued growth momentum from Q4'21 through our strong sales execution and the strength of brands like M-150 and Lipo together with resumption of economic activities from easing of COVID-19 prevention measures. OSP executed our plan to reignite energy drinks by introducing the new M-150 with added benefit by doubling vitamin B12 to offer both brain and physical energy benefits with low sugar. Full support with music and sport marketing to attract consumers and build trial and adoption will start in March 2022 and expect nationwide launch in Q2'22. This product innovation capitalized on consumer trends and will help strengthen our core brands, drive premiumization and growth, and contribute to our cost saving program and sustainability roadmap by reducing sugar level for consumer health and wellbeing and using lighter weight bottles that could save raw materials and energy consumption.

C-Vitt continued to gain traction and sustain its strong base from strong core variant, production portfolio to cover more drinking occasions, and increased market penetration to traditional trade channel. Moreover, the "Living with COVID-19" policy with relaxation of containment measures and a high vaccination rate resulted in retail sales and footfall traffic recovery in modern trade channel, which helped driving further growth of functional drinks sales.

OSP led and outperformed the overall market with market share of 54.0% in the energy drinks market. Our core M-150 brand gained market share 40 bps YoY to 39.5% share in 1Q'22. C-Vitt celebrated its 10th year anniversary with the record high market share of 38.0% (+800 bps YoY), leading the all-time-high market share of 42.6% for overall OSP's functional drinks in Q1'22. Even though both markets declined YoY, it showed recovery QoQ and OSP continued to perform well through our agility in responding to consumer and market trend by utilizing our strong execution team, product innovation, and robust brand portfolio. Leveraging its existing distribution network, OSP further drove revenue expansion by distributing Yanhee Vitamin B water and Koikeya snack products.

#### **Personal Care Segment**

OSP reported Q1'22 personal care revenues of THB 554 million, increased 10.9% YoY. All key categories of our baby products performed well and OSP continued its leading position in core baby category. Personal care industry started to recover from the post-pandemic sales downturn from the resumption of economic activities and physical retail stores reopened. The modern retail channel started to regain its footfall traffic and sales with government stimulus program, but this could offset by elevated energy and commodity price impacting the consumer spending.

#### **Others Segment**

Overall others segment revenues increased 18.6% YoY to THB 563 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 150 bps YoY to 31.7%, reflecting energy and commodity prices increase, higher freight and logistics costs. On top of that we were in the process of improving production efficiency for lighter weight bottles to support the new M-150 product launch during March - April 2022. OSP took several actions to mitigate the overall industry challenges of unprecedented inflation on energy and raw material and packaging material prices. Majority of key raw materials and packaging materials prices were secured until at least Q3'22 to mitigate further price increase. We leveraged our innovation pipeline and implemented premiumization strategy giving additional benefits and healthier choice to consumers while achieving cost savings from formulation and packaging optimization by using lighter weight bottles that could save raw materials and energy consumption. We will continue to improve and transform our organization and operation under the "Fast Forward 10X" program, targeting THB 5,000 million cost savings and margin improvement over the next 5 - 7 years. This program will identify actions to mitigate costs and maximize our operational efficiency, achieve better utilization of manufacturing facilities, and streamline processes, people, technology, and assets with the objective to optimize costs in order to build strong fundamentals for sustainable future growth. As a result, we expect several favorable factors in Q2'22, including better production efficiency, higher contribution of the new premiumized product variant, and cost savings through Fast Forward 10X program.

Selling and administrative expenses (SG&A) spending was at 21.1% of sales, a decrease of 90 bps YoY and 40 bps QoQ. The increase in selling expenses aligned with the sales and marketing plan to support our new product launch and sales activation to prepare for market recovery in domestic and international markets. The continued surge in freight costs offset with the controlled administrative spending to cope with the volatile and uncertain environment. OSP will continue to prudently control and manage the overall spendings, including the cost reduction efforts by streamlining our processes, implementing technology, and improving efficiency.

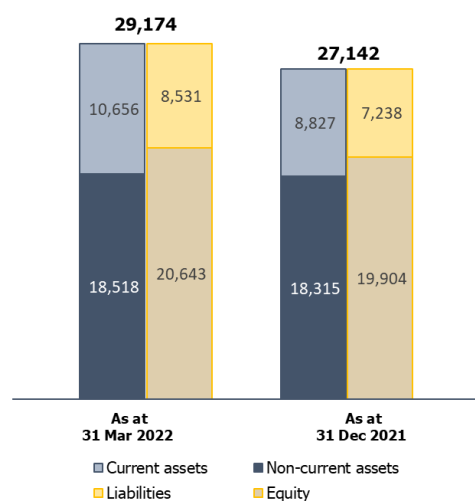
OSP reported Q1'22 profit attributable to owners of the parent at THB 750 million with net profit margin of 10.0%. If excluding the foreign exchange impact, the adjusted Q1'22 net profit was THB 794 million or equal to adjusted net profit margin of 10.6%. Compared to Q1'21 profit excluding THB 305 million dividend received from investment in other company and the foreign exchange impact, the adjusted Q1'22 net profit showed 8.1% growth YoY, indicating an improvement in underlying performance given the accelerated global inflation and higher energy and commodity prices and higher freight costs.



## Financial Position

### Balance Sheet

Unit: THB million



### Balance Sheet Breakdown

ASSETS (THB million)	As at 31 Mar 2022	As at 31 Dec 2021
Cash and cash equivalents	3,826	2,493
Trade and other receivables	4,147	3,660
Inventories	2,667	2,658
Other current assets	16	16
<b>Total Current Assets</b>	<b>10,656</b>	<b>8,827</b>
Net PP&E	13,755	13,730
Other non-current financial assets and long-term investments	3,910	3,817
Other assets	853	768
<b>Total Non-Current Assets</b>	<b>18,518</b>	<b>18,315</b>
<b>Total Assets</b>	<b>29,174</b>	<b>27,142</b>
LIABILITIES and EQUITY (THB million)	As at 31 Mar 2022	As at 31 Dec 2021
Trade and other payables	6,059	4,822
Loans from financial institutions	776	780
Other liabilities	1,696	1,636
<b>Total Liabilities</b>	<b>8,531</b>	<b>7,238</b>
Issued and paid-up share capital	3,004	3,004
Share Premium	11,848	11,848
Retained earnings	4,346	3,596
Other components of equity	1,425	1,437
Non-Controlling Interest	20	19
<b>Total Equity</b>	<b>20,643</b>	<b>19,904</b>
<b>Total Liabilities &amp; Equity</b>	<b>29,174</b>	<b>27,142</b>

As of 31 March 2022, the Company had total assets of THB 29,174 million, an increase of THB 2,032 million (or +7.5%) from 31 December 2021 from the increase of THB 1,333 million in cash and cash equivalent and the increase of THB 487 million in trade and other receivables. The all-time-high sales together with average collection period decreased resulted in positive cash flows from operations and led to healthy growth of our balance sheet position.

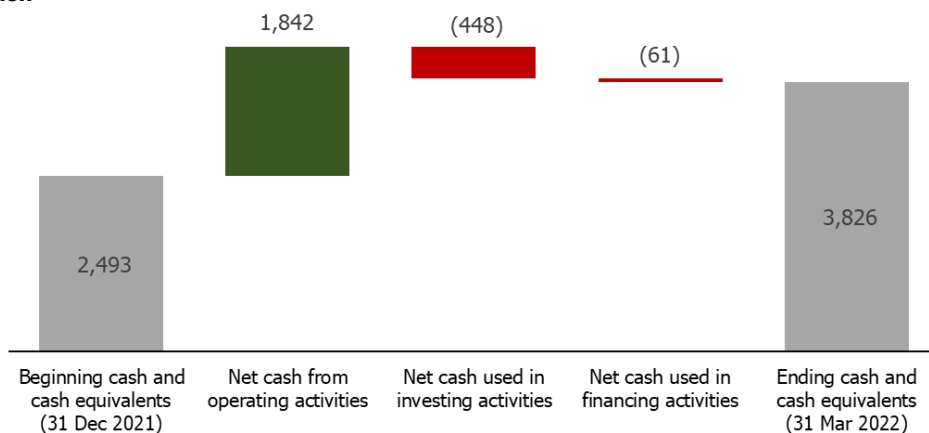
As of 31 March 2022, the Company had total liabilities of THB 8,531 million, an increase of THB 1,293 million (or +17.9%) from 31 December 2021 primarily from trade accounts payable and other payables to purchase key materials to mitigate commodity price increase and planned activities to support the new product launch, including advertising and promotion.

As of 31 March 2022, the Company had total equity of THB 20,643 million, an increase of THB 739 million (or +3.7%) from 31 December 2021, mainly from the higher retained earnings from profit for the period of THB 750 million, offsetting with the impact from currency translation.



## Cash Flows

Unit: THB million



As of 31 March 2022, the Company had cash and cash equivalents of THB 3,826 million, increased by THB 1,333 million from 31 December 2021. The Company had positive cash flows from operating activities of THB 1,842 million from higher sales trend together with lower days sales outstanding. Net cash flows used in investing activities of THB 448 million was mainly from the improvement of glass factories to support new lighter weight bottle technology, the investment of new warehouse system, and invest in Osotspa Yanhee Beverage Company Limited to research, develop, and marketing cannabis or hemp related beverage products.

## Financial Ratio Analysis

	Q1'22	Q1'21
<b>Liquidity Ratios</b>		
Current ratio (times)	1.5	1.8
Number of days of inventory	47	41
Collection period (days)	38	41
Accounts payable (days)	44	42
<b>Profitability Ratios</b>		
Gross profit margin (%)	31.7	33.2
EBITDA margin (%)	17.8	22.5
Net profit margin for the period (%)	10.0	14.6
Net profit margin attributable to owners of the parent (%)	10.0	14.8
Return on equity (%) - trailing	14.1	17.8
Return on assets (%) - trailing	10.1	12.3
<b>Other Ratios</b>		
Total debt to equity (times)	0.4	0.4

Q1'22 gross margin declined by 150 bps YoY to 31.7%, reflecting energy and commodity prices increase and higher freight and logistics costs. On top of that we were in the process of improving production efficiency for lighter weight bottles to support the new M-150 product launch during March - April 2022. OSP took several actions to mitigate the overall industry challenges of unprecedented inflation on energy and raw material and packaging material prices. Majority of key raw materials and packaging materials prices were secured until at least Q3'22 to mitigate further price increase. We leveraged our innovation pipeline and implemented premiumization strategy giving additional benefits and healthier choice to consumers while achieving cost savings from formulation and packaging optimization by using lighter weight bottles that could save raw materials and energy consumption. We will continue to improve and transform our organization and operation under the "Fast Forward 10x" program, targeting THB 5,000 million cost savings and margin improvement over the next 5 - 7 years. This program will identify actions to mitigate costs and maximize our operational efficiency, achieve better utilization of manufacturing facilities, and streamline processes, people, technology, and assets with the objective to optimize costs in order to build strong fundamentals for sustainable future growth. As a result, we expect several favorable factors in Q2'22, including better production efficiency, higher contribution of the new premiumized product variant, and cost savings through Fast Forward 10X program.



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Cash cycle (Number of days of inventory + Collection period – Accounts payable days) was 41 days, decreased from 45 days in Q4'21 but slightly increased from Q1'21. Our actions to mitigate commodity price increase resulted in higher inventory level compared to Q1'21 but the sales trend recovery resulted in lower inventory level from Q4'21. As OSP closely monitored credit risk exposure, the average collection period was 38 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 1.5 times, showing strong liquidity position and financial strength. Debt to equity ratio was at 0.4 times.



## **APPENDIX: Ratios & Formulas**

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### **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 period<sup>1</sup>)

Collection period (days) = Average trade account receivables / (Total revenues from sales / Number of days in the period<sup>1</sup>)

Accounts payable (days) = Average account payables / (Cost of sales of goods / Number of days in the period<sup>1</sup>)

### **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

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<sup>1</sup> 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.