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No: SN. 053/2022

May 12, 2022

Subject: Management Discussion and Analysis for the three-month and six-month period and Financial Position ended March 31, 2022 (Quarter 2/ 2021-2022)

Attention: President

The Stock Exchange of Thailand

Oishi Group Public Company Limited and its subsidiaries clarify Consolidated Operating Results for the three-month and six-month periods and Financial Position ended March 31, 2022 as the following;

Oishi Group Financial Performances for the three-month period ended March 31, 2022 (Quarter 2/ 2021-2022)

Revenue

The Company total sales and services revenue for Q2/2021-2022 was Baht 3,011 million, an increase of Baht 642 million or 27.1% from Q2/2020-2021. Detailed explanations by business segments are as follows;

Beverage business

The beverage sales and services revenue for Q2/2021-2022 was Baht 1,749 million, which rose by Baht 333 million or 23.5% from Q2/2020-2021 the growth of domestic sales was a result of the success of marketing campaign “Demon Slayer”, a well-known Japanese animation, that introduced new packaging of Oishi green tea bottles with Demon Slayer design which target on kid and teen groups. We also launched “Oishi Green Tea Honey Lemon 0%” which focuses on a healthy conscious customer group. In addition, export sales returned to have a strong growth this quarter from the recovery of consumer purchasing power due to the slow-down in Covid-19 infection rate.

Food business

The food sales for Q2/2021-2022 was Baht 1,262 million, which improved by Baht 309 million or 32.4% from Q2/2020-2021. This was mainly due to the return of customer dining within restaurants and the company’s outlets expansion to support growth. In addition, the company has introduced a new restaurant brand “Biztoro”, that responds to the needs of modern customer with Japanese fast casual style. This restaurant model can be extended to areas outside shopping centers that can reach consumers and create more sales opportunities. Meanwhile, revenue from home delivery channels was growing continuously. In addition, ready to eat products “Oishi Eato Gyoza” grew in both domestic, through modern trade channels, and export sales segments.

Cost of Sales

The total cost of sales and services of the Company for Q2/2021-2022 was Baht 2,038 million, which was higher than the cost of sales and services in Q2/2020-2021 by Baht 417 million or 25.8%, in line with revenue.

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Beverage business

The beverage cost of sales and services for Q2/2021-2022 grew from Q2/2020-2021, aligned with an increase in beverage revenue. There was a packaging cost increase according to cost-push from the global market situation which was partly offset by production efficiency due to sales growth. As a result, the cost of sales was at 72.9% to beverage sales or 1.1% higher than that of Q1/2021-2022 but lower than Q2/2020-2021 due to volume growth.

Food business

The food cost of sales for Q2/2021-2022 grew from Q2/2020-2021, which was moved towards the same trend as food revenue. Due to the rising food raw material prices that can be partly negated by an efficiency improvement in restaurant operations and a well-planned purchasing strategy that helped to achieve economies of scale. As a result, cost of sales was at 58.8% to Food sales or 2.3% higher than that of Q1/2021-2022 but lower than Q2/2020-2021 due to sales growth. However, the company is considering price adjustments at an appropriate time to minimize the cost impact.

Selling Expenses

Selling expenses for Q2/2021-2022 was Baht 281 million, an increase of Baht 40 million or 16.4% from Q2/2020-2021. The increase was mainly to support marketing activities to drive sales in the beverage business by focusing on targeted consumer groups as mentioned above while the effective control over the marketing spending has remained.

Administrative Expenses

Administrative expenses for Q2/2021-2022 was Baht 430 million, which slightly increased by Baht 27 million or 6.8% from Q2/2020-2021. The increase was mainly from labor cost and operating expenses to support business expansion in both beverages and food businesses that will help drive sales growth continuously.

Net Profit

The Company reported Baht 265 million of Net profit in Q2/2021-2022, a significant increase of Baht 125 million or 89.4% from Q2/2020-2021, contributed from beverage units. This was due to sales growth while our cost control measures remained effective as aforementioned.

Oishi Group Financial Performances for the six-month period ended March 31, 2022

Revenue

The Company reported total sales and services revenue for the first half year 2021-2022 at Baht 5,993 million, an increase of Baht 957 million or 19.0% from the first half year 2020-2021. Detailed explanations by business segments are as follows;

Beverage business

The beverage sales and services revenue for the first half year 2021-2022 was Baht 3,443 million, which rose by Baht 547 million or 18.9% from the first half year 2020-2021. The growth resulted from both domestic and international markets due to the success of our marketing campaign and the recovery of consumer purchasing power due to the slow-down in the Covid-19 infection rate.

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Food business

The food sales for the first half year 2021-2022 was Baht 2,550 million, which improved by Baht 410 million or 19.2% from the first half year 2020-2021. As a result of the growth from both dine-in and home delivery channels as well as our restaurant outlet expansions, these helped back our food sales growth. In addition, the ready-to-eat product “Oishi Eato Gyoza” sales improved as aforementioned

Cost of Sales

The total cost of sales and services of the Company for the first half year 2021-2022 was Baht 3,987 million, which was higher than the cost of sales and services in the first half year 2020-2021 by Baht 583 million or 17.1%, in-line with revenue.

Beverage business

The beverage cost of sales and services for the first half year 2021-2022 grew from the first half year 2020-2021 resulting from volume increase. However, the cost to sales ratio was still lower than that of last year due to the blend-in between the old cost of packaging material for production from the previous quarter and the new, higher cost of packaging materials this quarter and lower conversion cost per unit due to high sales volume growth.

Food business

The food cost of sales for the first half year 2021-2022 grew from the first half year 2020-2021, aligned to food revenue growth. In addition, there was cost-push impact from higher food raw materials price as mentioned above partly offset by increasing in operational efficiency. The Company is considering price adjustments at an appropriate time to minimize the cost impact.

Selling Expenses

Selling expenses for the first half year 2021-2022 was Baht 509 million, an increase of Baht 13 million or 2.6% from the first half year 2020-2021. The increase was mainly due to promotional expenses to drive sales as aforementioned while remaining effective control over marketing spend.

Administrative Expenses

Administrative expenses for the first half year 2021-2022 was Baht 812 million, which decreased by Baht 10 million or 1.3% from the first half year 2020-2021. This was as a result of measures to control office expenses and a continue increase in overall management efficiency.

Net Profit

The Company reported Baht 654 million of Net profit in the first half year 2021-2022, a significant growth of Baht 289 million or 79.3% from the first half year 2020-2021, mainly from profit growth in both beverage and food business units due to sales growth while remain effective cost control measures as aforementioned.

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Interim Dividend

Resulted from Company's net profit, our Board of Director considered and approved the interim dividend payment of Baht 0.50 per share or equivalent to the total amount of Baht 187.5 million from the Company's financial performances ended March 31, 2022. The dividend payout ratio was 28.7% in order to generate continuous and sustainable returns for shareholders.

Oishi Group Financial Position as of March 31, 2022

Assets

Total assets as of March 31, 2022 was Baht 9,828 million, increased from Baht 9,109 million as of September 30, 2021 by Baht 719 million or 7.9%, which consisted of the following;

Current assets at Baht 4,385 million, increased by Baht 940 million, which was mainly from an increase in Cash and cash equivalent and Investment in short-term debt instrument funds that have high liquidity and generate returns higher than bank deposits and an increase in account receivables due to sales growth.

Non-current assets of Baht 5,443 million, lower by Baht 221 million, mainly from a reduction in property plant and equipment items due to depreciation expenses, partly offset by an increase in fixed assets as a result of restaurant outlet expansions.

Liabilities

Total liabilities as of March 31, 2022 was Baht 2,232 million, an increase of Baht 255 million or 12.9% from total liabilities of Baht 1,977 million as of September 30, 2021, and consisted of the following;

Current liabilities of Baht 1,817 million, which increased by Baht 227 million, was due to an increase in account payable mainly resulting from the recovery in the food business.

Non-current liabilities of Baht 415 million, which increased by Baht 27 million, was due to higher financial lease liabilities from new restaurant outlet expansions.

The Company financial position remained strong with debt-free status as of March 31, 2022.

Shareholders' Equity

Total equity as of March 31, 2022 was Baht 7,596 million, which increased from Baht 7,132 million from the year-end fiscal year 2021 by Baht 465 million or 6.5%. An increase in retained earnings as a result of additional net profit during the first half year was partly offset by Baht 188 million dividend payment to shareholders.

Please be informed accordingly.

Sincerely yours,

(Mrs. Nongnuch Buranasetkul)
President & CEO