

Financial Highlights

In Q2'22, OSP led to premiumize energy drinks category and our energy drinks portfolio by relaunching key variant of M-150 at THB 12. This premiumization helps to address higher commodity and natural gas prices while offer added benefit to consumers. The premiumization will positively drive future market growth and category profitability. As other market players have not taken a premiumization strategy, OSP had short-term impact on overall energy drinks revenues and volume. From our portfolio adjustment in late Q3'22 and execution actions, we expect market share increase starting from Q4'22 and look forward to a strong profitable growth via holistic portfolio management and operational efficiency enhancement in 2023.

- OSP reported Q3'22 revenue from sales at THB 6,178 million, +0.9% YoY. Personal care, international businesses, and other segments delivered strong growth partially offset by the decline in domestic beverages segment during transition period to premiumization while other market players continued price promotion of their core products. 9M'22 revenue from sales grew by 5.2% YoY to THB 20,833 million, underpinned by growth across all business segments.
- OSP is a market leader in both energy drinks and functional drinks. OSP recorded 9M'22 market share of 50.3% in energy drinks and 43.6% in functional drinks. Our short-term energy drinks market share was affected by the premiumization of M-150. The market share has been stabilized with expectation of continued recovery from Q4'22. C-Vitt continued to lead functional drinks market with market share of 38.9% and currently accounted for two-thirds of total vitamin C subsegment.
- Q3'22 gross margin was at 29.3%, declined by 360 bps YoY and 190 bps QoQ. Key factors included the rise in key materials and energy prices and fixed cost deleverage from lower volume in both glass and beverage factories, partially offset by the premiumization of M-150 and cost savings from the Fast Forward 10X program. 9M'22 gross margin was at 30.8%, decreased by 330 bps YoY.
- Q3'22 net profit* was THB 244 million, -58.0% YoY, with net profit*margin of 3.9%, -560 bps YoY. In addition to lower gross margin, net profit was impacted by THB 63 million foreign exchange loss from the weakened Myanmar Kyat (MMK), THB 52 million additional cost from slowdown glass production, and higher spending on marketing and sales execution to support product launches. 9M'22 net profit* was at THB 1,597 million, -33.6% YoY, with net profit* margin of 7.7%, -440 bps YoY.
- Our balance sheet remained strong with a low interest-bearing debt to equity ratio of 0.11 times, showing readiness to invest and capture the inorganic growth and partnership opportunities. We have set up dedicated and experienced team to drive strategic investments for the next s-curve and expect to announce at least 1 - 2 deals in 2023.

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

Financial Performance for Q3'22 and 9M'22

Consolidated Income Statement Summary

Unit: THB million	Q3'22	Q3'21	%YoY	9M'22	9M'21	%YoY
Total revenues	6,231	6,182	0.8%	21,011	20,267	3.7%
Total revenues from sales	6,178	6,121	0.9%	20,833	19,810	5.2%
Beverages	4,854	5,220	-7.0%	17,067	16,959	0.6%
Personal Care	605	446	35.4%	1,746	1,428	22.2%
Others	719	455	58.1%	2,020	1,423	42.0%
Total other income	53	61	-11.9%	178	457	-61.1%
Gross profit	1,811	2,017	-10.2%	6,427	6,747	-4.8%
SG&A	1,631	1,406	16.0%	4,862	4,482	8.5%
Selling and distribution expenses	1,149	961	19.5%	3,612	3,124	15.6%
Administrative expenses	482	445	8.3%	1,250	1,358	-8.0%
EBIT	311	706	-55.9%	1,995	2,897	-31.1%
EBITDA	692	1,093	-36.7%	3,187	3,998	-20.3%
Profit for the period	218	562	-61.1%	1,577	2,347	-32.8%
Profit attributable to owners of the parent	244	580	-58.0%	1,597	2,404	-33.6%
Key Ratios (%)						
Gross profit margin	29.3%	32.9%	-3.6%	30.8%	34.1%	-3.3%
SG&A to net sales ratio	26.4%	23.0%	3.4%	23.3%	22.6%	0.7%
EBIT margin	5.0%	11.5%	-6.5%	9.6%	14.6%	-5.0%
EBITDA margin	11.2%	17.9%	-6.7%	15.3%	20.2%	-4.9%
Net profit margin for the period	3.5%	9.2%	-5.7%	7.6%	11.8%	-4.2%
Net profit margin attributable to the owners of the parent	3.9%	9.5%	-5.6%	7.7%	12.1%	-4.4%

Financial Performance Summary for Q3'22 vs Q3'21

In Q2'22, OSP led to premiumize energy drinks category and our energy drinks portfolio by relaunching key variant of M-150 at THB 12. This premiumization helps to address higher commodity and natural gas prices while offer added benefit to consumers. The premiumization will positively drive future market growth and category profitability through our holistic portfolio strategy, together with the increased manufacturing flexibility for margin improvement and cost mitigation. As other market players have not taken a premiumization strategy, OSP had short-term impact on overall energy drinks volume, revenues, and profitability. OSP continued strengthening distribution networks, achieving manufacturing and operational excellence, and stepping up our competitive advantage to deliver profitable and sustainable growth in the long run.

OSP reported total revenues of THB 6,231 million, +0.8% YoY, and revenues from sales of THB 6,178 million, +0.9% YoY. Personal care, international businesses, and other segments delivered strong growth partially offset by the decline in domestic beverages segment during transition period to premiumization while other market players continued price promotion of their core products. After executing our product portfolio strategy and market activation, we started to see the sign of stabilization with expectation of continued recovery from Q4'22.

Beverage Segment

OSP reported total beverages revenues of THB 4,854 million, a decrease of 7.0% YoY. CLMV sales reported growth of 3.4% YoY driven by strong sales from Laos and Cambodia. Despite challenging political and economic environment in key countries, overall international beverages sales slightly declined by 0.4% YoY. OSP continued to manage overseas businesses through our own local teams and operations, leverage our strong brand position, and drive effective route-to-market execution. For domestic market, Calpis and Peptin showed double-digit growth, propelled by strong growth in modern retail channels. However, inflation from high commodity cost and energy prices and less government stimulus program compared to last year caused slowdown in sales from domestic traditional trade channels, which resulted in a decline in domestic beverages sales by 8.3% YoY. Energy drinks declined during transition period to premiumization while other market players continued price promotion. Currently, the energy drinks market clearly divided into two-tier pricing, with more or less the same contribution of THB 10 and more than THB 10 segments, while OSP has products under M-150 brand to play in both tiers. We had speed up our innovations, namely M-150 Terpene (THB 12) and M-150 Honey (THB 10) to strengthen our portfolio during transition. We believe that our strong product portfolio and route-to-market execution will drive market share and sales recovery in Q4'22.

OSP is a market leader in both energy drinks and functional drinks markets. OSP recorded market share of 48.2% in energy drinks and 44.0% in functional drinks. Our short-term energy drinks market share was affected by the premiumization of M-150. The market share has been stabilized with expectation of continued recovery from Q4'22. C-Vitt continued to lead functional drinks market and accounted for two-thirds of total vitamin C subsegment.

Personal Care Segment

As business and economic activities gradually returned to normal after the reopening of the country from improving COVID-19 infections, modern retail channels resumed its growth driven by more footfall traffic and consumer spending. Therefore, personal care market, which mainly relies on modern retail channels, showed a strong turnaround. In addition, OSP prepared innovation pipeline along with the recovery. Babi Mild extended its brand to kids and adults using Ultra Mild range (consisting of fabric softener, liquid dish wash, and liquid soap) and Mild Kids range. Twelve Plus introduced a new collection of premium perfume and roll-on deodorant with hemp seed oil. As a result, OSP reported Q3'22 total personal care revenues of THB 605 million, increased 35.4% YoY and 3.1% QoQ, driven by growth across all key subsegments, including baby care under Babi Mild brand, women's beauty care under Twelve Plus brand, and male grooming products under Exit brand.

Others Segment

Overall others segment revenues showed strong growth of 58.1% YoY to THB 719 million, mainly driven by an increase in OEM of glass bottles. This helped maximizing the utilization of our manufacturing facilities and leveraging fixed operating costs.

Gross margin declined by 360 bps YoY and 190 bps QoQ to 29.3%. Key factors included the rise in key materials and energy prices and fixed cost deleverage from lower volume in both glass and beverage factories, partially offset by the premiumization of M-150 and cost savings from the Fast Forward 10X program. Energy drinks volume plays an important part in fixed cost leverage and OSP expects revenue and margin improvement from our volume recovery plan after our full product portfolio for both price tiers and sales execution plan have been in place. In addition, OSP continues our target of THB 5,000 million Fast Forward 10X program over the next 5 – 7 years to mitigate cost increase and aim for margin expansion. 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 to build strong fundamentals for sustainable future growth.

Selling and administrative expenses (SG&A) spending increased to 26.4% of sales, compared to 23.0% in Q3'21. The selling expenses increased from sales execution and marketing spending to support product launches, while the increase in administrative expenses

reflected THB 63 million from foreign exchange loss of due to weakening MMK and THB 52 million from the associated expenses to slow down glass production. OSP will prudently control and manage the overall spending for the quarter to come.

OSP reported Q3'22 profit attributable to owners of the parent at THB 244 million with net profit margin of 3.9%. The softened profit resulted from higher key materials and energy prices, lower volume impact due to operation transition, foreign exchange (FX) impact from the depreciation of MMK, and higher marketing and sales activation spending to support new product launches.

Financial Performance Summary for 9M'22 vs 9M'21

OSP delivered growth across all business segments, achieving total revenue from sales of THB 20,833 million, +5.2% YoY. Both personal care and other segments achieved double-digit growth of 22.2% YoY and 42.0% YoY, respectively. Beverages sales grew +0.6% YoY, impacted from business transition towards the premiumization of M-150 while other market players continued price promotion. The macroeconomic outlook remains mixed and the challenge of high inflation may persist. OSP will continue strengthening our business operations, navigating through unprecedented cost inflation, and stepping up our competitiveness to resume its financial growth and build long-term business resilience.

Beverage Segment

Total beverages revenues increased by 0.6% YoY to THB 17,067 million in 9M'22, driven by 9.1% YoY growth in international businesses. Our key overseas countries, including Myanmar, Laos, Cambodia, and Indonesia, continued to deliver strong growth at normalized FX in challenging political and economic environment, underpinned by a strong brand position, effective route-to-market execution, and flexibility of having our own local teams and operations to manage uncertainty. Domestic beverages sales declined by 1.3% YoY to THB 13,557 million from the drop in energy drinks volume during transition period to premiumization and portfolio adjustment while other market players continued price promotion. However, functional drinks revenues demonstrated strong growth of 60.1% YoY after Calpis reactivation, the launch of Yanhee cannabis water, and distribution service for Yanhee Vitamin B water and Koikeya snack products.

As OSP led to premiumize energy drinks category and our energy drinks portfolio since Q2'22, 9M'22 energy drinks market grew 6.6% YoY. OSP continued its leadership position with a 9M'22 market share of 50.3%. OSP introduced new products, including M-150 Terpene at THB 12 and M-150 Honey at THB 10, to fortify total M-150 product portfolio in Q3'22. The full portfolio will increase consumer coverage to a wider range of consumer tastes, occasions, and price points. Together with our strong route-to-market execution, our strong product portfolio will help stabilizing and further driving both market share and sales volume growth.

The recovery of modern retail channels after the reopening and resumption of economic activities led the turnaround of functional drinks market from contraction in Q1'22 to double-digit growth in Q3'22. 9M'22 functional drinks market grew 4.2% YoY and vitamin C subsegment grew 9.0% YoY. C-Vitt continued to lead functional drinks market with market share of 38.9% (+600 bps from 2021) and currently accounted for two-thirds of total vitamin C subsegment.

Personal Care Segment

The resumption of economic activities and the adaptation to the new normal resulted in a rise in footfall traffic in modern retail channels and an increase demand for personal care. OSP prepared innovation pipeline along with the market and channel recovery. Thus, OSP's total personal care revenues reported growth of 22.2% YoY to THB 1,746 million, showing a strong turnaround driven by growth across all key subsegments, including baby care under Babi Mild brand, women's beauty care under Twelve Plus brand, and male grooming products under Exit brand.

Others Segment

Overall others segment revenues increased by 42.0% YoY to THB 2,020 million, mostly due to an increase in OEM of glass bottles. This enables us to maximize the utilization of our manufacturing facilities and leverage fixed operating costs.

9M'22 gross profit was at THB 6,427 million, a decrease of 4.8% YoY and gross margin was at 30.8%, decreased by 330 bps YoY. Key factors included the rise in key materials and energy prices, fixed cost deleverage from lower volume in both glass and beverage factories in Q3'22, and lower production efficiency from sequential production line adjustment towards lighter weight bottles in 1H'22. Energy drinks volume plays an important part in fixed cost leverage and OSP expects revenue and margin improvement from our volume recovery plan after our product portfolio for both price tiers and sales execution plan have been in place. In addition, OSP continues our target of THB 5,000 million Fast Forward 10X program over the next 5 – 7 years to mitigate cost increase and aim for margin expansion. 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 to build strong fundamentals for sustainable future growth.

Selling and administrative expenses (SG&A) to total revenue from sales jumped to 23.3%, increased by 70 bps YoY from sales and marketing execution to support our new product launches, while the administrative expenses were under control and well managed. OSP continues to prudently control and manage the overall spending for the quarter to come.



OSP reported 9M'22 profit attributable to owners of the parent at THB 1,597 million with net profit margin of 7.7%. The profit declined during Q2'22 - Q3'22, which reflected lower volume impact due to operation transition towards premiumization together with higher key materials and energy prices.

OSP ESG Updates

Osotspa has driven the 3+1 sustainability strategy to establish a solid foundation towards "Enhancing Sustainable Living" with the commitment to enhance the quality of life, improve economic inclusiveness, and reduce environmental impact throughout our value chain.

OSP has been included in the Thailand Sustainability Investment (THSI) 2022 list by the Stock Exchange of Thailand (SET) for the second consecutive year under agriculture and food industry sector. This recognition affirms OSP's outstanding performance in environmental, social, and governance (ESG) practices, which will drive towards OSP's ambition of enhancing sustainable living throughout our value chain.

Best companies to work for in Asia 2022

OSP started to incorporate people pillar in our sustainability strategy to cover the scope of human capital development and the great place to work. During the year, OSP has implemented various activities such as capability building, engagement, and sustainability mindset. Thus, OSP won the award "Best Companies to Work for in Asia 2022" by HR Asia for the second consecutive year. The 2022 assessment by HR Asia covers 3 topics which are 1) CORE (Collective Organization for Real Engagement), 2) SELF (Heart, Mind & Soul), and 3) GROUP (Think, Feel & Do). The company's results are above market average and achieves best scores in the categories of willingness to assist colleagues who require assistance and flexibility of working arrangements.

Our collaborative project to enhance quality of life at Thung Kula Ronghai focusing on herbal in the areas of science, technology, and innovation

OSP established a collaboration project with the National Science and Technology Development Agency (NSTDA) and educational institutes, aiming to uplift herb cultivation standards and enhance farmers' quality of life. OSP started the project in Sisaket, Roi Et, and Maha Sarakham provinces by utilizing knowledge of herbs and related innovation to uplift the cultivation of Ginger, Plai, and Kariyat. The project scope also focuses on revenue generation and security of farmer life through contract purchase of high-quality agriculture products. This is a part of our sustainability strategy to develop suppliers, SMEs, and local herb suppliers toward sustainable raw material sourcing and enhancing quality of stakeholders' life i.e. farmers and communities.

Renewable energy

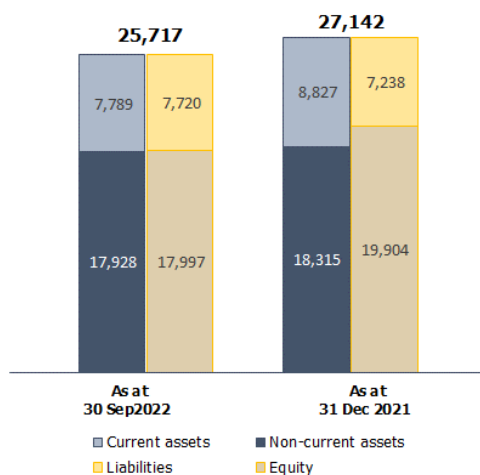
OSP installed the solar rooftop to generate electricity of 3.2 million units (million kWh) which contribute savings of THB 5.6 million in 9M'22. This renewable energy reduces impacts from the fluctuation of energy cost and climate change resulting to GHG emissions reduction by 1,617 tCO_{2e}.



Financial Position

Balance Sheet

Unit: THB million



Balance Sheet Breakdown

ASSETS (THB million)	As at 30 Sep 2022	As at 31 Dec 2021
Cash and cash equivalents	1,177	2,493
Trade and other receivables	3,589	3,660
Inventories	3,010	2,658
Other current assets	13	16
Total Current Assets	7,789	8,827
Net PP&E	13,589	13,730
Other non-current financial assets and long-term investments	3,608	3,817
Other assets	731	768
Total Non-Current Assets	17,928	18,315
Total Assets	25,717	27,142

LIABILITIES and EQUITY (THB million)	As at 30 Sep 2022	As at 31 Dec 2021
Trade and other payables	4,567	4,822
Loans from financial institutions	1,639	780
Other liabilities	1,514	1,636
Total Liabilities	7,720	7,238
Issued and paid-up share capital	3,004	3,004
Share Premium	11,848	11,848
Retained earnings	1,889	3,596
Other components of equity	1,263	1,437
Non-Controlling Interest	(7)	19
Total Equity	17,997	19,904
Total Liabilities & Equity	25,717	27,142

As of 30 September 2022, the Company had total assets of THB 25,717 million, a decrease of THB 1,425 million (or -5.2%) from 31 December 2021 mainly from the decrease of THB 1,316 million in cash and cash equivalent for dividend payment.

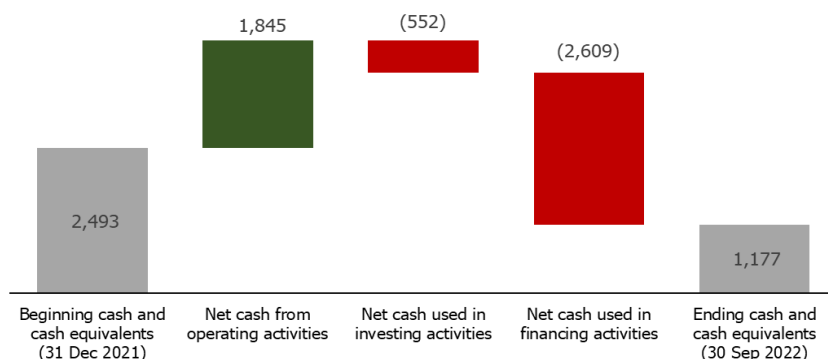
As of 30 September 2022, the Company had total liabilities of THB 7,720 million, an increase of THB 482 million (or +6.7%) from 31 December 2021 primarily from additional loans from financial institutions of THB 859 million, partially offset by a decrease of THB 255 million in trade and other payables.

As of 30 September 2022, the Company had total equity of THB 17,997 million, a decrease of THB 1,907 million (or -9.6%) from 31 December 2021, mainly from lower retained earnings due to the final dividend payment of 2021 and 2022 interim dividend payment at the total amount of THB 3,303 million.



Cash Flows

Unit: THB million



As of 30 September 2022, the Company had cash and cash equivalents of THB 1,177 million, decreased by THB 1,316 million, compared to 31 December 2021. The Company had positive cash flows from operating activities of THB 1,845 million. Net cash flows used in investing activities of THB 552 million was mainly from the investment in the new warehouse, improvement of glass factories to support the lighter weight bottle technology, and the investment in Osotspa Yanhee Beverage Company Limited, offsetting with the dividend received. Cash outflows of financing activities of THB 2,609 million were primarily due to the 2021 final dividend and 2022 interim dividend paid to OSP shareholders, partially offset by the net increase in loan from financial institutions.

Financial Ratio Analysis

	Q3'22	Q3'21	9M'22	9M'21
Liquidity Ratios				
Current ratio (times)	1.3	1.4	1.3	1.4
Number of days of inventory	61	52	53	48
Collection period (days)	47	43	38	39
Accounts payable (days)	50	48	43	41
Profitability Ratios				
Gross profit margin (%)	29.3	32.9	30.8	34.1
EBITDA margin (%)	11.2	17.9	15.3	20.2
Net profit margin for the period (%)	3.5	9.2	7.6	11.8
Net profit margin attributable to owners of the parent (%)	3.9	9.5	7.7	12.1
Return on equity (%) - trailing	13.0	16.9	13.0	16.9
Return on assets (%) - trailing	9.3	12.2	9.3	12.2
Other Ratios				
Total debt to equity (times)	0.4	0.4	0.4	0.4

Q3'22 gross margin declined by 360 bps YoY and 190 bps QoQ to 29.3%. Key factors included the rise in key materials and energy prices and fixed cost deleverage from lower volume in both glass and beverage factories. Energy drinks volume plays an important part in fixed cost leverage and OSP expects revenue and margin improvement from our volume recovery plan after our product portfolio for both price tiers and sales execution plan have been in place. In addition, OSP continues our target of THB 5,000 million Fast Forward 10X program over the next 5 – 7 years to mitigate cost increase and aim for margin expansion. 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 to build strong fundamentals for sustainable future growth.

Q3'22 profit attributable to owners of the parent was at THB 244 million and net profit margin attributable to owners of the parent was 3.9%. The contracted profit resulted from higher key materials and energy prices, fixed cost deleverage from lower volume during operation transition, foreign exchange impact from the depreciation of MMK, and higher marketing and activation spending to support new product launches.

Cash cycle (Number of days of inventory + Collection period – Accounts payable days) was 58 days, increased from 47 days in Q3'21. The increase in inventory level reflected sales volume slowdown and our portfolio adjustment in responding to the business transition towards premiumization. The average collection period in Q3'22 was 47 days, increased from the same period last year from the recovery of modern retail channels. However, OSP will continue closely monitor credit risk exposure and this was within the company's established credit term ranging from 14 days to 100 days. Current ratio was favorable at 1.3 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.