

## Financial Highlights

With commodity costs hiked in 2022, OSP has implemented premiumization strategy on M-150 to mitigate the cost impact and drive market growth. M-150 relaunch was priced at THB 12 with added product benefits and marketing supports. However, other market players had not followed the premiumization strategy and implemented more price promotion. As a result, our energy drinks sales faced a short-term impact and volume decline. OSP used portfolio to play in two-price-tier market, while strengthened market execution and consumer campaign. In Dec'22, we started to see market share stabilization and expect recovery in 2023 along with operational efficiency enhancement for a stronger profitable growth.

- OSP reported 2022 revenue from sales at THB 27,266 million, +1.9% YoY. Strong growth in personal care, international businesses, and other segments offset the decline in domestic beverages segment. The sentiment of domestic beverages improved in November – December along with continued growth across business segments, resulting in 4.1% QoQ growth.
- 2022 gross margin declined by 360 bps YoY to 30.6%. The action on pricing and cost saving program played their role to mitigate impact from natural gas and commodity cost hikes. However, with the volume decline, remaining impact from fixed cost deleverage in both glass and beverage factories can't be offset. Q4'22 gross margin was at 29.9%, improved 60bps QoQ from better manufacturing efficiency, despite the peak in key raw materials and natural gas, however, dropped 460bps YoY.
- OSP delivered 2022 net profit\* was THB 1,934 million, -40.6% YoY, with net profit\*margin of 7.1%, -510 bps YoY. Q4'22 net profit improved 38.0% QoQ to THB 337 million, where OSP managed to improve gross margin and control advertising and promotion expenses.
- OSP is a leader in both energy and functional drinks markets. In functional drinks market, OSP gained 550 bps YoY to 42.7% market share in functional drinks driven by C-Vitt, Peptin, and Calpis. Our energy drinks market share recorded at 49.5%, declined 510 bps YoY from the short-term impact of M-150 premiumization. However, in Dec'22, our market share established the baseline and recovered MoM.
- Our balance sheet remained strong with a low interest-bearing debt to equity ratio of 0.10 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.

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

## Financial Performance for Q4'22 and FY2022

### Consolidated Income Statement Summary

Unit: THB million	Q4'22	Q4'21	%YoY	FY'22	FY'21	%YoY
<b>Total revenues</b>	6,471	7,010	-7.7%	27,482	27,278	0.7%
<b>Total revenues from sales</b>	6,432	6,952	-7.5%	27,266	26,762	1.9%
Beverages	4,953	5,750	-13.9%	22,020	22,709	-3.0%
Personal Care	706	674	4.7%	2,451	2,102	16.6%
Others	773	528	46.5%	2,795	1,951	43.2%
Total other income	39	58	-34.3%	216	516	-58.1%
Gross profit	1,924	2,396	-19.7%	8,350	9,143	-8.7%
SG&A	1,638	1,496	9.5%	6,500	5,978	8.7%
Selling and distribution expenses	1,100	1,126	-2.3%	4,712	4,250	10.9%
Administrative expenses	538	370	45.4%	1,788	1,728	3.4%
EBIT	386	1,047	-63.1%	2,381	3,944	-39.6%
EBITDA	793	1,464	-45.9%	3,979	5,463	-27.2%
Profit for the period	347	837	-58.5%	1,924	3,185	-39.6%
Profit attributable to owners of the parent	337	851	-60.4%	1,934	3,255	-40.6%
<b>Key Ratios (%)</b>						
Gross profit margin	29.9%	34.5%	-4.6%	30.6%	34.2%	-3.6%
SG&A to net sales ratio	25.5%	21.5%	4.0%	23.8%	22.3%	1.5%
EBIT margin	6.0%	15.1%	-9.1%	8.7%	14.7%	-6.0%
EBITDA margin	12.3%	21.1%	-8.8%	14.6%	20.4%	-5.8%
Net profit margin for the period	5.4%	12.0%	-6.6%	7.1%	11.9%	-4.8%
Net profit margin attributable to the owners of the parent	5.2%	12.2%	-7.0%	7.1%	12.2%	-5.1%

### Financial Performance Summary for FY2022

In 2022, our main goal was to move forward with our strategic plan of premiumized energy drinks and mitigate commodity price impact to create long-term value and the best returns for shareholders. OSP relaunched our key variant of M-150 with added benefits to consumers at THB 12, which will positively drive future category growth and profitability in the long run. In short term, our energy drinks volume, revenues, and profitability faced challenges as other market players have not followed our premiumization strategy. OSP will continue stepping up our competitive advantage through a holistic portfolio strategy, strong distribution networks, improved manufacturing flexibility, and operational excellence to deliver profitable and sustainable growth in the long run.

OSP reported total revenues of THB 27,482 million, +0.7% YoY, and revenues from sales of THB 27,266 million, +1.9% YoY. Strong growth in personal care, international businesses, and other segments offset the decline in the domestic beverages segment during our portfolio premiumization transition while other market players continued price promotion. The sentiment of domestic beverages improved in November – December along with continued growth across all business segments, resulting in 4.1% QoQ sales growth and we expect continued recovery in 2023.

#### Beverage Segment

OSP reported total beverages revenues of THB 22,020 million, a decrease of 3.0% YoY. Among challenging political and economic environment in regional countries, overall international beverages sales showed reported growth of 8.3% YoY and normalized FX growth of 12.1% YoY, driven by CLMV at 16.3% YoY from strong sales in Myanmar, Laos, and Cambodia. Having a strong brand position and local team helped managing uncertainties and effectively implementing sales strategies. Domestic functional drinks sales continued to grow from the recovery of modern retail channels after COVID-19, increasing health awareness, and product innovation. Both Calpis as a healthy alternative of refreshment drink and Peptein after upgraded formulation and emphasize benefits for brain and eyes showed remarkable double-digit growth. However, the overall domestic beverages sales declined 5.5% YoY, mainly from the drop in domestic energy drinks sales during our portfolio transition while other market players did not follow and continued price promotion. The domestic 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. We ensure our portfolio coverage in both price tiers and continued to lead the premium segment. As a result, OSP strengthened our portfolio with product innovation, including M-150 Terpene (THB 12) and M-150 Honey (THB 10) that could serve in both tiers. The core product started to establish baseline with some recovery signs and the remaining portfolio will help speed up the recovery along with continued route-to-market execution for market share and sales improvement in 2023.

OSP is a market leader in both energy drinks and functional drinks markets. OSP recorded 2022 market share of 49.5% in energy drinks and 42.7% in functional drinks. Our short-term energy drinks market share was affected by the premiumization of M-150. The market share has been stabilized and we expect continued recovery in 2023. C-Vitt continued to lead functional drinks market and accounted for two-thirds of total vitamin C subsegment.

#### Personal Care Segment

In 2022, total personal care revenues grew 16.6% YoY to THB 2,451 million, driven by our product innovation and the turnaround of modern retail channels from the resumption of business and economic activities after the country reopening following the COVID-19 pandemic. During the year, OSP extended portfolio of Babi Mild 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 leveraged its strong fragrance properties to premium perfume and roll-on deodorant with hemp seed oil. As a result, 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, showed strong double-digit growth YoY. Moreover, Q4'22 total personal care revenues showed continued growth momentum of 4.7% YoY and 16.7% QoQ.

#### Others Segment

Overall others segment revenues showed strong growth of 43.2% YoY to THB 2,795 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.

2022 gross margin declined by 360 bps YoY to 30.6% which resulted from the increase in key materials prices, the hike in energy and electricity prices, and the impact of fixed cost deleverage from lower volume in both glass and beverage factories. The premiumization of M-150 and THB 929 million cost savings from the Fast Forward 10X program could partially offset those impacts. OSP strived to improve our production efficiency, thus Q4'22 gross margin improved 60 bps QoQ. Going forward, OSP will further drive revenue and margin improvement from increased production efficiency and sales volume recovery plan with full product portfolio in both price tiers to resume our economies of scale. 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 23.8% of sales, compared to 22.3% in 2021. The selling expenses increased from sales execution and marketing spending to support product launches after the reopening and market recovery, while the administrative expenses were well managed after reflected foreign exchange loss due to weakening MMK. OSP will prudently



control and manage the overall spending, while implementing technology solutions to increase productivity and drive further profit expansion.

OSP reported 2022 profit attributable to owners of the parent at THB 1,934 million with net profit margin of 7.1%. 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.

### OSP ESG Updates

OSP would like to highlight a series of steps in our sustainability journey. The 3+1 sustainability strategy has been enthusiastically driven by our Osotspa's Board of Directors, Executive Committee, and Osotspa leadership team. The sustainability working team collaboratively engaged stakeholders to deploy the framework, policy, and strategy and ensure the delivery of targets aligned with our roadmap. We continue showing our commitment "Enhancing Sustainable Living" for all stakeholders through our progress achievement of sustainability performances.

Addressing one of the world's critical issues on climate change, Osotspa demonstrated our commitment to reducing the carbon footprint, which could reduce our GHG emissions (scope 1 and 2) by 5,283 tCO<sub>2</sub>e equivalent to 2.2% reduction compared to last year. As our production volume faced short term impact from the volume drop, the GHG intensity increased 2.5% from base year. However, Osotspa has implemented several programs to achieve the emission reduction targets, including transitioning to renewable energy sources like solar rooftop and continuously implementing energy conservation program. In addition, our recycling center and cullet treatment plant contribute to the recycling and reduction of waste by recycling and circulating 318,265 tonnes of glass cullet in our production process, which help reducing the use of new materials. To create positive impact on both society and the environment, Osotspa implemented and continuously improved our corporate social responsibility initiatives by engaging various stakeholders, involving 3,012 beneficiaries along with developing skills and understanding among 296 small suppliers for supply chain management practices.

OSP has been recognized for our commitment and achievement in corporate sustainability performance and awarded by reputable organizations in various aspects.

- Honorary medal and the certificate of appreciation from the Ministry of Natural Resources and Environment (MNRE), Pollution Control Department, and Thailand Institute of Packaging and Recycling Management for Sustainable Environment (TIPMSE) under the Federation of Thai Industries (F.T.I), for joining the "PackBack" network, and demonstrating a leader and responsible organization in sustainability.
- "Best Companies to Work for in Asia 2022" for the second consecutive year by HR Asia Magazine, Asia's leading publication for HR professionals. This reflects the commitment to our Core Values (ITIPS): Integrity, Teamwork, Innovative Thinking, Passion to Win, and Sustainable Living, which contribute to a holistic human resource management strategy, a happy workplace, competent employees, agility, and a good workplace atmosphere.
- 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 reaffirms 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.
- ASEAN Asset Class Publicly Listed Companies award by ASEAN Corporate Governance Scorecard (ACGS) and CG score rating at 5 stars or excellent CG scoring (highest) by the Thai Institute of Directors Association (IOD). This was granted based on corporate governance performance assessment and continuous adaptability in governance practices up to international standards.

In 2023, OSP continues our sustainability roadmap with further strengthened our plan towards the climate-related strategy and human rights pillar. Our objective is aligned with Thailand's national goal and the Paris Agreement to limit global warming and reach carbon neutrality by 2050 and net-zero greenhouse gas emission by 2065. Osotspa focuses on integrating the guideline of the Task Force on Climate-Related Financial Disclosure (TCFD) framework to address climate risks and opportunities to design our strategy and targets. With respect to human rights pillar, Osotspa plans to conduct Human Rights Due Diligence (HRDD), which will be a stepping stone to guide our strategy implementation in identifying human rights risks and improve labor practices in our operation and value chain, aligned with the UN Guiding Principle on Business and Human Rights and other international or national expectations.

### Dividend

OSP has a dividend payout policy to shareholders of at least 60% of consolidated net profit after deducting the legal reserve. On 22 February 2023, the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders, to be held on 26 April 2023, approval of a total dividend payment of THB 0.90 per share paid from the 2022 net profit and retained earnings (comprised of the interim dividend of THB 0.45 per share, already paid in Sep'22, and the final dividend of THB 0.45 per share). Hence, the proposed dividend payout ratio from the 2022 consolidated net profit is 140%.



### 2023 Business Outlook

Thai economy started to rebound in late 2022 from wider coverage of vaccinations, acceleration of reopening to international tourists, and rapid resumption of economic activity. While domestic business outlook is expected to continue growing from the recovery of tourism sector and labor market, there are numerous challenges from global uncertainties, higher cost of living from inflation pressure and production costs, electricity and natural gas price, increasing interest rate, and household debt.

For 2023, Osotspa aims to operate with prudence and agility in order to deliver double-digit bottom-line growth from production efficiency enhancement and volume recovery with our strengthened route-to-market execution along with positive recovery in domestic consumption and tourism industry. OSP will deploy our full portfolio to strengthen our position and drive market share gain, while preparing innovation responding to consumer trends. At the same time, OSP continues our Fast Forward 10X transformation program to drive margin improvement through cost mitigation and operational transformation in processes, people, technology, and assets. Our 2023 key priorities include

- **Aim double-digit growth** in revenue from sales and profit from volume recovery, product innovation, and margin improvement
- **Achieve profitable market share gains** improving Q4'23 market share by at least 2% compared to Q4'22
- **Accelerate new growth engine** exploring new beverages space and scale up international businesses
- **Progress ESG roadmap** moving towards carbon neutrality in 2050
- **Drive inorganic growth** to accelerate growth and capabilities

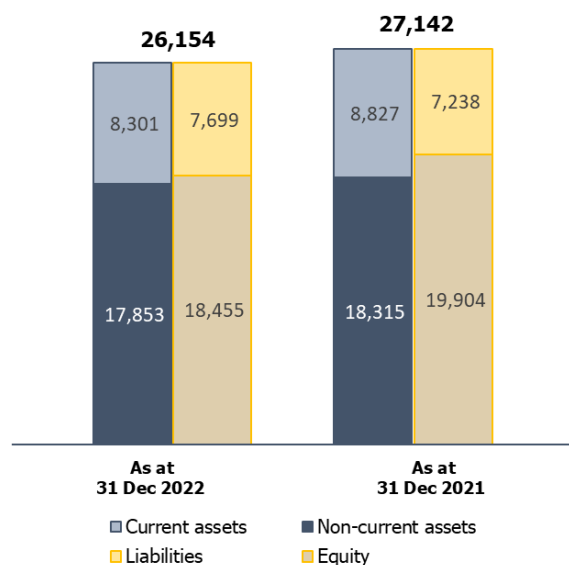
OSP remains committed to our priorities and implementation plan to gear for growth and efficiency improvement, invest behind capabilities, accelerating digitalization, as well as building strong fundamental for business resilience to navigate through near-term challenges and deliver long-term sustainable growth along with our commitment 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 2022	As at 31 Dec 2021
Cash and cash equivalents	1,087	2,493
Trade and other receivables	4,051	3,660
Inventories	3,147	2,658
Other current assets	16	16
<b>Total Current Assets</b>	<b>8,301</b>	<b>8,827</b>
Net PP&E	13,480	13,730
Other non-current financial assets and long-term investments	3,625	3,817
Other assets	748	768
<b>Total Non-Current Assets</b>	<b>17,853</b>	<b>18,315</b>
<b>Total Assets</b>	<b>26,154</b>	<b>27,142</b>
LIABILITIES and EQUITY (THB million)	As at 31 Dec 2022	As at 31 Dec 2021
Trade and other payables	4,787	4,822
Loans from financial institutions	1,508	780
Other liabilities	1,404	1,636
<b>Total Liabilities</b>	<b>7,699</b>	<b>7,238</b>
Issued and paid-up share capital	3,004	3,004
Share Premium	11,848	11,848
Retained earnings	2,400	3,596
Other components of equity	1,212	1,437
Non-Controlling Interest	(9)	19
<b>Total Equity</b>	<b>18,455</b>	<b>19,904</b>
<b>Total Liabilities &amp; Equity</b>	<b>26,154</b>	<b>27,142</b>

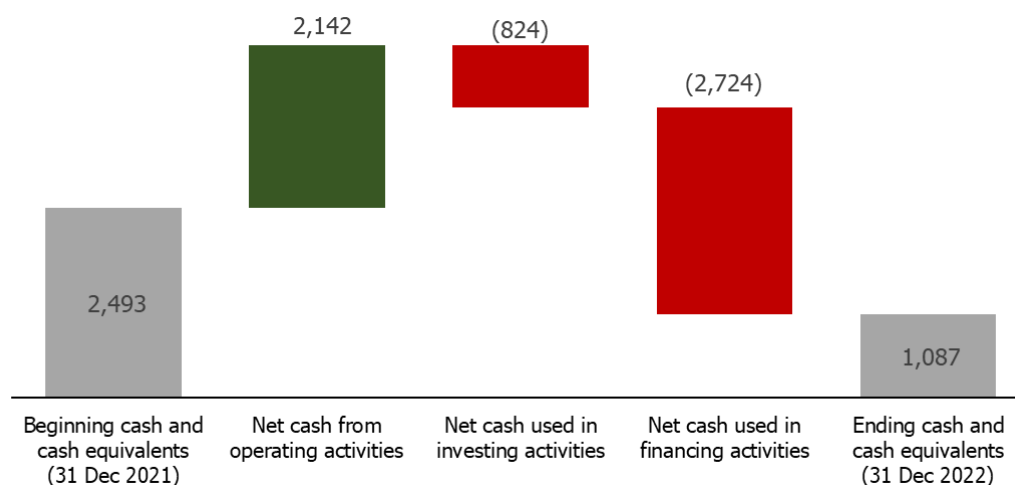
As of 31 December 2022, the Company had total assets of THB 26,154 million, a decrease of THB 988 million (or -3.6%) from 31 December 2021 mainly from the decrease of THB 1,406 million in cash and cash equivalent for dividend payment.

As of 31 December 2022, the Company had total liabilities of THB 7,699 million, an increase of THB 461 million (or +6.4%) from 31 December 2021 primarily from additional loans from financial institutions of THB 728 million.

As of 31 December 2022, the Company had total equity of THB 18,455 million, a decrease of THB 1,449 million (or -7.3%) 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 3,304 million.

## Cash Flows

Unit: THB million



As of 31 December 2022, the Company had cash and cash equivalents of THB 1,087 million, decreased by THB 1,406 million, compared to 31 December 2021. The Company had positive cash flows from operating activities of THB 2,142 million. Net cash flows used in investing activities of THB 824 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 2,724 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

	Q4'22	Q4'21	FY'22	FY'21
<b>Liquidity Ratios</b>				
Current ratio (times)	1.4	1.6	1.4	1.6
Number of days of inventory	61	51	55	48
Collection period (days)	44	37	42	39
Accounts payable (days)	48	44	46	42
<b>Profitability Ratios</b>				
Gross profit margin (%)	29.9	34.5	30.6	34.2
EBITDA margin (%)	12.3	21.1	14.6	20.4
Net profit margin for the period (%)	5.4	12.0	7.1	11.9
Net profit margin attributable to owners of the parent (%)	5.2	12.2	7.1	12.2
Return on equity (%) - trailing	10.0	16.2	10.0	16.2
Return on assets (%) - trailing	7.2	12.0	7.2	12.0
<b>Other Ratios</b>				
Total debt to equity (times)	0.4	0.4	0.4	0.4

2022 gross margin declined by 360 bps YoY to 30.6% which resulted from the increase in key materials prices, the hike in energy and electricity prices, and the impact of fixed cost deleverage from lower volume in both glass and beverage factories. OSP strived to improve our production efficiency, thus Q4'22 gross margin improved 60 bps QoQ. Going forward, OSP will further drive revenue and margin improvement from increased production efficiency and sales volume recovery plan with full product portfolio in both price tiers to resume our economies of scale. In addition, OSP achieved THB 929 million cost savings out of total THB 5,000 million Fast Forward 10X program target 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.

2022 profit attributable to owners of the parent was at THB 1,934 million and net profit margin attributable to owners of the parent was 7.1%. 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.



Cash cycle (Number of days of inventory + Collection period – Accounts payable days) was 51 days, increased from 45 days in 2021. The increase in inventory level reflected sales volume slowdown and preparation for scheduled furnace shutdown in 2023. The average collection period in 2022 was 42 days, increased from the same period last year from increased proportion of the growing modern retail channels. However, OSP will continue to 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 1.4 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.