

Financial Highlights

Our performance in Q1'23 showed continued recovery momentum, reflecting our commitment to executing our strategic plan towards recovery and efficiency improvement to drive growth and margin expansion.

- OSP delivered Q1'23 net profit* of THB 778 million, increased by +3.8% YoY and +131.1% QoQ, with net profit* margin of 11.9%, +190 bps YoY and +670 bps QoQ. Excluding THB 300 million dividend received from investment in other company, the adjusted Q1'23 net profit* showed an impressive increase of 41.8% QoQ.
- Q1'23 revenue from sales declined by 12.4% when compared to record-high quarter last year but increased by +1.8% QoQ to THB 6,545 million, driven by volume recovery of domestic energy drinks and strong growth in international beverages.
- Gross margin expanded by 170 bps YoY and 350 bps QoQ to 33.4%. The strong QoQ improvement in the context of improved production efficiency of both beverage and glass factories, and favorable commodity and natural gas prices, which partly offset electricity cost hike. We have improved production efficiency of our existing glass furnaces, shutdown and postpone cold tank repair of an end-of-life, resulting in higher yield and lower energy consumption. Last but not least, volume recovery helped leveraging our production fixed costs.
- OSP is a leader in both energy and functional drinks markets. Our energy drinks market share recorded at 46.6%, declined 70 bps QoQ from softened market share in January. However, our market share regained in March as we stepped up our two-price tier strategy implementation and our peer followed portfolio premiumization strategy. In functional drinks market, OSP gained 170 bps QoQ to 40.4% market share driven by C-Vitt, Peptin, and Calpis.
- Our balance sheet remained strong with a low interest-bearing debt to equity ratio of 0.10 times. Thus, OSP is ready to invest and capture the inorganic growth and partnership opportunities, backed by our 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 Q1'23

Consolidated Income Statement Summary

Unit: THB million	Q1'23	Q1'22	%YoY	Q4'22	%QoQ
Total revenues	6,893	7,518	-8.3%	6,471	6.5%
Total revenues from sales	6,545	7,472	-12.4%	6,432	1.8%
Beverages	5,279	6,355	-16.9%	4,953	6.6%
Personal Care	556	554	0.2%	706	-21.3%
Others	710	563	26.4%	773	-8.0%
Total other income	348	46	655.7%	39	805.4%
Gross profit	2,186	2,372	-7.8%	1,924	13.6%
SG&A	1,703	1,580	7.8%	1,638	3.9%
Selling and distribution expenses	1,180	1,158	1.9%	1,100	7.2%
Administrative expenses	523	422	23.8%	538	-2.8%
EBIT	869	922	-5.8%	386	125.0%
EBITDA	1,265	1,331	-4.9%	793	59.6%
Profit for the period	791	751	5.4%	347	127.7%
Profit attributable to owners of the parent	778	750	3.8%	337	131.1%
Key Ratios (%)					
Gross profit margin	33.4%	31.7%	1.7%	29.9%	3.5%
SG&A to net sales ratio	26.0%	21.1%	4.9%	25.5%	0.5%
EBIT margin	13.3%	12.3%	1.0%	6.0%	7.3%
EBITDA margin	19.3%	17.8%	1.5%	12.3%	7.0%
Net profit margin for the period	12.1%	10.0%	2.1%	5.4%	6.7%
Net profit margin attributable to the owners of the parent	11.9%	10.0%	1.9%	5.2%	6.7%

Financial Performance Summary for Q1'23

After leading premiumization strategy and utilizing portfolio to accommodate a two-price tier strategy last year, OSP aims at achieving double-digit bottom line growth by leveraging our portfolio to increase volume, driving transformation to achieve cost mitigation and production efficiency enhancement, and accelerating new growth opportunities. This will strengthen our competitive advantage for profitable and sustainable growth in the long term.

OSP reported Q1'23 total revenues of THB 6,893 million, increased by 6.5% QoQ, but declined by 8.3% YoY. Revenues from sales was THB 6,545 million, increased 1.8% QoQ, but declined of 12.4% when compared to record-high quarter last year. The recovery led by beverages segment, particularly the rebound of domestic energy drinks volume and strong growth in international beverages. However, this was partly offset by slower growth in functional drinks, personal care, and other segments.

Beverage Segment

OSP reported total beverages revenues of THB 5,279 million, increased by 6.6% QoQ, but declined by 16.9% when compared to record-high quarter last year. The quarterly rebound led by double-digit sales growth in international beverages and volume recovery of domestic energy drinks. Despite challenging political and economic environment in regional countries from border closure, economic slowdown, and currency fluctuation, CLMV achieved record-high quarterly sales in Q1'23 with reported growth of 15.1% YoY and normalized FX growth of 25.9% YoY, driven by Myanmar, Laos, and Cambodia. Having a strong brand position and local team helped managing uncertainties and effectively implementing sales strategies. Domestic energy drinks recovered QoQ after escalating our two-price tier strategy implementation with M-150 original for THB 12 segment and M-Honey for THB 10 segment. M-Honey extended its distribution to include modern trade channel to increase exposure and encourage consumer trial. Marketing campaign including brand building communication and consumer activation along with strong distribution networks will continue driving the recovery throughout this year.

Due to a decline in Vitamin C market when consumer has less concern on immunity, our domestic functional drinks sales declined from softened C-Vitt sales in traditional trade channel, while modern retail channel continued to grow. Unlike C-Vitt, Peptien and Calpis posted remarkable double-digit growth, after Peptien upgraded formulation and emphasize benefits for brain and eyes. Lately, Calpis, as a healthy alternative of refreshment drink, collaborated with Café Amazon creating seasonal drinks menu for this summer, including Calpis Peach Smoothie and Iced Coffee Peach Sparkling under theme Give Me Peach!. This perfect combination of Café Amazon x Calpis Lacto brought refreshing and unique taste of Calpis to consumers in a new appealing and creative way. Responding to the high growth in carbonated soft drinks, OSP launched Shark Ume Soda, a healthy soda drink with unique Japanese plum flavor in can format with vitamins, zero calorie, and 0% sugar, appealing to new generation and health-conscious consumers.

OSP is a market leader in both energy drinks and functional drinks markets. OSP recorded Q1'23 market share of 46.6% in energy drinks and 40.4% in functional drinks. Energy drinks market share softened in January but rebounded in March as we stepped up our two-price tier strategy implementation and our peer followed portfolio premiumization strategy. C-Vitt continued to lead both functional drinks market and vitamin C subsegment, with market share gain 170 bps QoQ, capturing a share of two-thirds of the vitamin C subsegment.

Personal Care Segment

OSP's personal care revenue in Q1'23 reached THB 556 million, showing a slight increase from last year. This year, personal care is expected to maintain its growth trajectory from our product innovation and growth in modern retail channels. OSP continues to extend product portfolio of Babi Mild to Mild Kids and Ultra Mild (Adult), to cater wider consumers looking for mild and gentle products for sensitive skin. Twelve Plus and Exit leverage their strong fragrance properties to offer premium perfume and roll-on deodorant.

Others Segment

Overall others segment revenues showed strong growth of 26.4% YoY to THB 710 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 expanded by 170 bps YoY and 350 bps QoQ to 33.4%. The strong QoQ improvement in the context of improved production efficiency of both beverage and glass factories, and favorable commodity and natural gas prices, which partly offset electricity cost hike. We have improved production efficiency of our existing glass furnaces, shutdown and postpone cold tank repair of an end-of-life, resulting in higher yield and lower energy consumption. Last but not least, volume recovery helped leveraging our production fixed costs. OSP continued to drive cost savings program (Fast Forward 10X), which has reflected in lower key material costs, and better manufacturing efficiency. The program aims THB 5,000 million gross saving over the next 5 – 7 years (2022 – 2028) to 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 26.0% of sales, compared to 21.1% in Q1'22 and 25.5% in Q4'22. The selling expenses increased from sales execution in both domestic and international markets and marketing spending to support



product launches, while the administrative expenses were managed and controlled in value. The increase reflected the impact of foreign exchange loss due to weakening MMK.

OSP reported Q1'23 profit attributable to owners of the parent at THB 778 million with net profit margin of 11.9%. Excluding THB 300 million dividend received from investment in other company, the adjusted Q1'23 net profit* showed an impressive increase of 41.8% QoQ. The improved profitability resulted from improved overall production efficiency and shifting towards premiumized portfolio and favorable commodity costs and natural gas price, which could offset electricity price increase.

OSP ESG Updates

Journey towards sustainable procurement aligned with ISO 20400 standard

OSP recognizes the importance of integrating sustainability into our supply chain management system and the adoption of sustainable procurement practices is crucial in creating value in the interconnected economic chain and supporting mutual growth among stakeholders. As a result, OSP aims for systematic management to drive procurement policies and objectives and integrate its capabilities into operations sustainably by implementing international standard ISO 20400. The standard provides guidance on integrating sustainability into our procurement processes, with a focus on engaging stakeholders, particularly suppliers, to improve productivity and sustainable development throughout the supply chain. The implementation of the standard has been set as a sustainability initiative under the 3+1 strategy.

In Q1'23, Osotspa partnered with SGS (Thailand) Limited, a leading organization in inspection and testing, to conduct internal capability building and training for integrating ISO 20400 to procurement, quality, and sustainability teams. The rationale and framework of sustainable procurement have been discussed with interactive learning basis in order to align our current procurement practices with the standard and identify action plan for improvement.

In addition, Osotspa invited suppliers and business partners of Greenville, our personal care manufacturing subsidiary, to join the supplier day: sustainable procurement and ESG capacity building open house. This included knowledge sharing session and include agenda of understanding procurement system, supplier code of conduct, production planning and demand projection, and sustainability business cases along with sustainable supply chain. The representatives of all 90 approved vendors (equivalent to 100% of Greenville's AVL) have acknowledged and better understanding of the procurement system, and the supplier code of conduct, as well as agreed to apply the ESG aspect into their management system.

The Factory of Sustainability

Osotspa held open house 2023 event under the concept "The Factory of Sustainability" to welcome executives and senior representatives from Ayutthaya public sector organization. OSP showcased our complete cycle of production manufacturing, product distribution hub, and a smart inventory powered by cutting-edge and eco-centric technologies, including the use of clean and renewable energy. Moreover, Osotspa reinforces strict environmental measurements for carbon, plastic, waste, and water footprints in every plant and ensures that its manufacturing process aligns with international standards and creates zero impact on the environment of its facilities and the surrounding communities. On this occasion, Osotspa revealed its sustainable business development plan and discussed the future cooperation between private and public sectors to drive the local economy and create jobs, which will improve the quality of life for people in Phra Nakhon Si Ayutthaya Province.

Completed healthier domestic beverages product portfolio

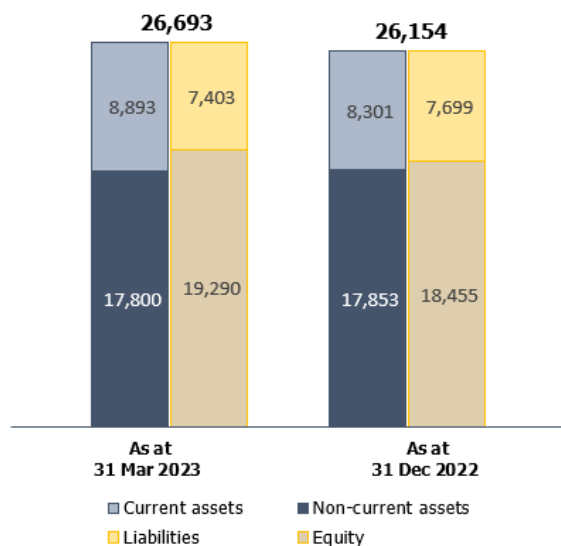
As part of our sustainability strategy for consumer health and well-being to inspire wholesome lifestyles through healthier products across the entire portfolio, OSP has expanded the range of healthier options with lower or zero sugar in beverage products. With our proactive initiatives and expertise in R&D for formulation, 100% of our domestic beverage portfolio has achieved our goal for lower or zero sugar.



Financial Position

Balance Sheet

Unit: THB million



Balance Sheet Breakdown

ASSETS (THB million)	As at 31 Mar 2023	As at 31 Dec 2022
Cash and cash equivalents	1,223	1,087
Trade and other receivables	4,342	4,051
Inventories	3,303	3,147
Other current assets	25	16
Total Current Assets	8,893	8,301
Net PP&E	13,385	13,480
Other non-current financial assets and long-term investments	3,662	3,625
Other assets	753	748
Total Non-Current Assets	17,800	17,853
Total Assets	26,693	26,154
LIABILITIES and EQUITY (THB million)	As at 31 Mar 2023	As at 31 Dec 2022
Trade and other payables	4,437	4,787
Loans from financial institutions	1,554	1,508
Other liabilities	1,412	1,404
Total Liabilities	7,403	7,699
Issued and paid-up share capital	3,004	3,004
Share Premium	11,848	11,848
Retained earnings	3,178	2,400
Other components of equity	1,257	1,212
Non-Controlling Interest	3	(9)
Total Equity	19,290	18,455
Total Liabilities & Equity	26,693	26,154

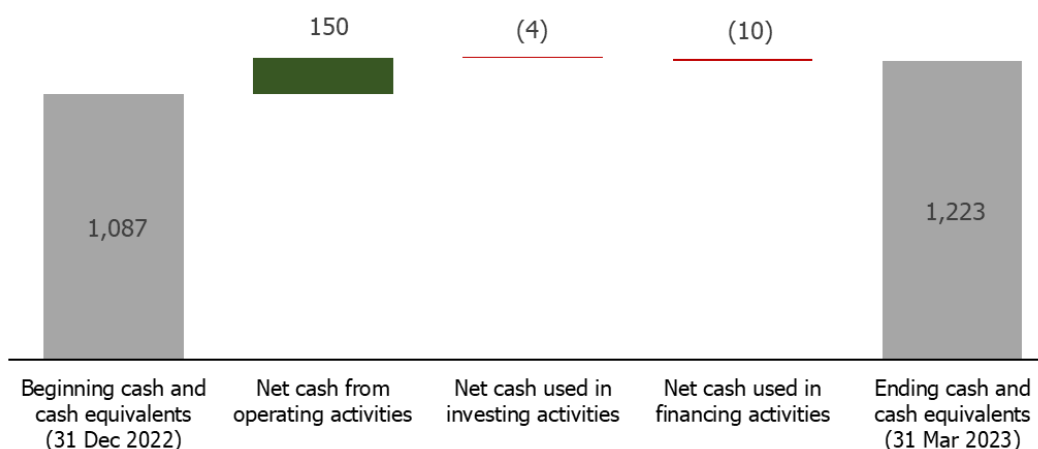
As of 31 March 2023, the Company had total assets of THB 26,693 million, an increase of THB 539 million (or +2.1%) from 31 December 2022 mainly from the increase in cash and cash equivalent generated from positive cash flows from operations, the increase in trade and other receivables with the growth in sales, and the increase in inventories to support summer season and improved sales trend.

As of 31 March 2023, the Company had total liabilities of THB 7,403 million, a decrease of THB 296 million (or -3.8%) from 31 December 2022 primarily from a decrease of THB 350 million in trade accounts payable and other payables.

As of 31 March 2023, the Company had total equity of THB 19,290 million, an increase of THB 835 million (or +4.5%) from 31 December 2022, mainly from higher retained earnings from profit for the period of THB 778 million, offsetting with the impact from currency translation.

Cash Flows

Unit: THB million



As of 31 March 2023, the Company had cash and cash equivalents of THB 1,223 million, increased by THB 136 million, compared to 31 December 2022. The Company had positive cash flows from operating activities of THB 150 million. Net cash flows used in investing activities of THB 4 million consisted of the investment in the new automated warehouse, solar rooftop, and asset optimization project, offsetting with the dividend received from investment in other company. Cash outflows of financing activities of THB 10 million were primarily due to the payment of lease liabilities and interest, partially offset by the net increase in loans from financial institutions.

Financial Ratio Analysis

	Q1'23	Q1'22
Liquidity Ratios		
Current ratio (times)	1.5	1.5
Number of days of inventory	67	47
Collection period (days)	48	38
Accounts payable (days)	47	44
Profitability Ratios		
Gross profit margin (%)	33.4	31.7
EBITDA margin (%)	19.3	17.8
Net profit margin for the period (%)	12.1	10.0
Net profit margin attributable to owners of the parent (%)	11.9	10.0
Return on equity (%) - trailing	9.8	14.1
Return on assets (%) - trailing	7.0	10.1
Other Ratios		
Total debt to equity (times)	0.1	0.1

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Cash cycle (Number of days of inventory + Collection period – Accounts payable days) was 68 days, increased from 41 days in Q1'22. The increase in inventory level reflected preparation for summer season with better sales trend. The average collection period in Q1'23 was 48 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 1.5 times, showing strong liquidity position and financial strength. Interest bearing debt to equity ratio was at 0.1 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

Interest bearing debt to equity (times) = Interest bearing 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.