

Financial Highlights

In Q2'23, Osotspa achieved impressive quarter-on-quarter (QoQ) recovery in market shares, revenues, and profit excluding dividend received, with solid recovery of our domestic beverages portfolio, coupled with a sustained margin expansion.

- OSP delivered Q2'23 net profit* of THB 549 million with net profit* margin of 8.2%. Excluding dividend received from investment in other company (THB 300 million in Q1'23 and THB 20 million in Q2'22), Q2'23 net profit* increased by 14.9% QoQ and -6.0% YoY, leading to net profit* margin +90 bps QoQ and +10 bps YoY. 1H'23 net profit* was at THB 1,327 million, declined 2.0% YoY, with net profit* margin increased 80 bps YoY to 10.0%.
- Q2'23 revenue from sales reported THB 6,709 million, increase 2.5% QoQ, driven by the momentum of volume recovery in our domestic beverages portfolio, both energy drinks (+6.4% QoQ) and functional drinks (+13.3% QoQ). Core domestic energy drinks portfolio also demonstrated strong YoY growth against a high last year base.
- Gross margin expanded by 280 bps YoY and 60 bps QoQ to 34.0%. Continuous QoQ margin expansion was driven by lower raw material and energy costs, along with improved production efficiency. Also, OSP achieved strong YoY margin expansion from enhancing glass furnaces efficiency, enabling us to maintain our glass production capacity after shutting down one of our end-of-life furnaces in Q1'23.
- OSP is the leader in both energy and functional drinks markets. Our energy drinks market share increased 90 bps QoQ to 47.5% in Q2'23, following the successful implementation of a two-price tier strategy in Q1'23. In functional drinks market, OSP recorded market share of 42.1%, gaining 170 bps QoQ, driven by momentum of C-Vitt and Calpis market share gain.
- Our balance sheet remained strong with a low interest-bearing debt to equity ratio of 0.06 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 Q2'23 and 1H'23

Consolidated Income Statement Summary

Unit: THB million	Q2'23	Q2'22	%YoY	Q1'23	%QoQ	1H'23	1H'22	%YoY
Total revenues	6,768	7,262	-6.8%	6,893	-1.8%	13,660	14,780	-7.6%
Total revenues from sales	6,709	7,184	-6.6%	6,545	2.5%	13,255	14,656	-9.6%
Beverages	5,487	5,857	-6.3%	5,279	4.0%	10,766	12,212	-11.8%
Personal Care	566	587	-3.6%	556	1.8%	1,121	1,141	-1.7%
Others	656	740	-11.3%	710	-7.7%	1,368	1,303	5.0%
Total other income	59	78	-26.0%	348	-83.3%	405	124	225.8%
Gross profit	2,281	2,244	1.6%	2,186	4.3%	4,467	4,616	-3.2%
SG&A	1,660	1,651	0.6%	1,703	-2.5%	3,363	3,231	4.1%
Selling and distribution expenses	1,294	1,305	-0.8%	1,180	9.7%	2,474	2,463	0.5%
Administrative expenses	366	346	6.0%	523	-29.9%	889	768	15.8%
EBIT	691	762	-9.3%	869	-20.5%	1,560	1,684	-7.4%
EBITDA	1,077	1,164	-7.5%	1,265	-14.8%	2,342	2,495	-6.1%
Profit for the period	558	608	-8.2%	791	-29.5%	1,349	1,358	-0.7%
Profit attributable to owners of the parent	549	604	-9.1%	778	-29.5%	1,327	1,354	-2.0%
Key Ratios (%)								
Gross profit margin	34.0%	31.2%	2.8%	33.4%	0.6%	33.7%	31.5%	2.2%
SG&A to net sales ratio	24.8%	23.0%	1.8%	26.0%	-1.2%	25.4%	22.0%	3.4%
EBIT margin	10.3%	10.6%	-0.3%	13.3%	-3.0%	11.8%	11.5%	0.3%
EBITDA margin	16.1%	16.2%	-0.1%	19.3%	-3.2%	17.7%	17.0%	0.7%
Net profit margin for the period	8.3%	8.5%	-0.2%	12.1%	-3.8%	10.2%	9.3%	0.9%
Net profit margin attributable to the owners of the parent	8.2%	8.4%	-0.2%	11.9%	-3.7%	10.0%	9.2%	0.8%

Financial Performance Summary for Q2'23 vs. Q2'22

In Q2'23, our performance successfully progressed towards volume, sales, and profit recovery following our initiative to lead premiumization in Q1'22. To achieve our double-digit bottom-line target and enhance our competitive advantage for sustainable growth, OSP adjusted our product portfolio for a two-price tier strategy, drove transformation for improved process and production efficiency, and strategically restructured our business to embrace new growth opportunities.

OSP reported Q2'23 total revenues of THB 6,768 million, decreased 6.8% YoY from the high base last year and decreased 1.8% QoQ given THB 300 million dividend income in Q1'23. Revenues from sales amounted to THB 6,709 million, increased 2.5% QoQ, but declined of 6.6% when compared to last year due to the premiumization transition. The QoQ recovery was led by strong performance in domestic beverages, particularly the rebound of domestic energy drinks and functional drinks volume. International beverages showed favorable YoY growth, while others segment declined.

Beverage Segment

OSP reported total beverages revenues of THB 5,487 million, increased by 4.0% QoQ, but declined by 6.3% YoY. The QoQ recovery was driven by volume improvements in both domestic energy and functional drinks, offset by seasonal decline in international beverages. However, international beverages exhibited 6.9% YoY growth and normalized FX growth of 14.8% YoY, driven by double-digit sales growth in Myanmar and Laos despite challenging political and economic conditions. Strong brand positioning, local teams, and local production capabilities effectively helped managed uncertainties and implementing sales strategies. Gradual domestic energy drinks recovery was supported by stabilizing M-150 original at THB 12 and expanding distribution coverage of M-Honey at THB 10. The M-150 superstar project further bolstered our brand recognition and broadened our consumer base through the combination of idol marketing, sports marketing, and music marketing with integrated online and offline marketing channels. This included series of commercials around the empowering concept of conquering life's challenges and obstacles featuring five prominent brand ambassadors and the special feature of the M-150 superstar limited edition bottle, coupled with utilizing digital marketing efforts to enhance consumer loyalty and drive volume recovery throughout the year.

Our functional drinks portfolio showed an impressive 13.3% QoQ growth. This demonstrated the recovery of C-Vitt after adjusting the post-COVID base to reflect the decline in Vitamin C market from less immunity concerns. The continuous strong growth of Calpis and Peptin also played a significant role in driving the overall functional drinks growth. As a healthy alternative to refreshment drinks, Calpis sustained the robust double-digit growth through continuous marketing efforts, experimental market activation with seasonal flavors, and collaborative campaign with Café Amazon. During the quarter, Osotspa and Yanhee collaboratively introduced a new "Yanhee Calcium Water", the first ever vitamin-infused drink enriched with calcium in Thailand. This product aims to revolutionize the healthy drinking water market, leading the health-conscious lifestyle trend and promoting good health among Thais by fulfilling their health requirements while offering convenience, novelty, trendiness, and most importantly a delightful taste. Moving forward, OSP remains committed to our innovative product development journey, catering to consumer lifestyle, enhancing consumers' health and wellbeing, and driving the overall growth of the company.

OSP is the market leader in both energy drinks and functional drinks markets with Q2'23 market share of 47.5% and 42.1%, respectively. The implementation of two-price tier portfolio and strengthening marketing and sales execution, led to a 90 bps QoQ increase in energy drinks market share amid intense competition. C-Vitt remained at the forefront of the functional drinks market, gaining 170 bps QoQ, and capturing over two-thirds of the Vitamin C subsegment market share.

Personal Care Segment

OSP's personal care revenue in Q2'23 reached THB 566 million, increased 1.8% QoQ but decreased 3.6% YoY. Women's beauty care category under Twelve Plus gained momentum, achieving double digit growth YoY and QoQ, driven by successful new product launches with a focus on premium perfume and roll-on deodorant emphasizing its strong fragrance properties. The growth was offset by a slowdown in international markets and intense promotion of the baby category.

Others Segment

The overall revenues under others segment declined 11.3% YoY and 7.7% QoQ to THB 656 million. This decline was mainly due to reduced OEM of glass bottles which adjusted overall production capacity between OEM and own production.

Gross margin expanded by 280 bps YoY and 60 bps QoQ to 34.0%. Continuous QoQ margin expansion was driven by lower raw material and energy costs, along with improved production efficiency, and volume recovery. OSP achieved strong YoY margin expansion from enhancing production efficiency of glass furnaces, enabling us to maintain our glass production capacity after shutting down one of our end-of-life furnaces in Q1'23 despite high raw material and energy costs compared to last year. Osotspa continued to drive our Fast Forward 10X program, which aims THB 5,000 million gross saving over the next 5 – 7 years (2022 – 2028), to identify actions to optimize costs and maximize our operational efficiency, achieve better utilization of manufacturing facilities, and streamline processes, people, technology, and assets with the objective to build strong fundamentals for sustainable future growth.

Selling and administrative expenses (SG&A) spending was at 24.8% of sales, compared to 23.0% in Q2'22 and 26.0% in Q1'23. The spending level of selling expenses depended on marketing activities and sales activation campaigns, while the administrative expenses were effectively managed and controlled in absolute value.

OSP reported Q2'23 profit attributable to owners of the parent at THB 549 million with net profit margin of 8.2%. Excluding THB 300 million dividend received from investment in other company in Q1'23, net profit showed an impressive increase of 14.9% QoQ. The enhanced profitability resulted from volume recovery, margin improvement achieved through raw material and energy cost reductions and overall improvement in production efficiency.

Financial Performance Summary for 1H'23 vs. 1H'22

Osotspa reported total revenue from sales of THB 13,255 million, declined by 9.6% YoY due to the high base of record high Q1'22 before implementing M-150 premiumization strategy. Osotspa facilitated the transition by adjusting our beverages portfolio to serve a two-price tier market, strengthening our distribution networks, and improving manufacturing and operational efficiency. Thus, total revenue from sales grew 5.1% compared to 2H'22 (July – December 2022) primarily driven by the stronger performance of energy drinks sales in both domestic and international markets.

Beverage Segment

OSP reported total 1H'23 beverage revenues of THB 10,766 million, decreased by 11.8% YoY from domestic beverages. International beverages achieved 8.6% growth YoY, led by strong double-digit growth in Myanmar and Laos, where OSP has strong brand position and effective local team and operations to manage uncertainty. Domestic beverages sales declined 17.6% YoY, attributed to the record high base of energy drinks in Q1'22 and changes in Vitamin C market post-COVID, with less immunity concerns. Despite these challenges, Calpis and Peptin showed impressive double-digit growth, driven by continuous marketing activities, effective sales execution, and consumer trend on healthy and refreshing beverages.

Energy drinks market strongly grew 8.9% YoY, partly attributed to the low base before OSP implemented our premiumization strategy. OSP continued our leadership position with a 1H'23 market share of 47.1%. As a market leader, OSP continues to lead and drive both market growth and share by strengthening and leveraging our product portfolio, launching innovations to suit consumer taste and preferences, and driving effective route-to-market execution. The COVID-19 pandemic escalated the demand for health and immunity boosters, creating high demand for the functional drinks, particularly Vitamin C drinks. Functional drinks market softened with a decline of 13.2% YoY, mainly from the big adjustment in Q1'23 followed by gradual recovery in Q2'23. Nonetheless, C-Vitt continued its strong leadership with two-thirds of market share and further gained a market share 210 bps QoQ in Vitamin C subsegment.

Personal Care Segment

1H'23 total personal care revenue recorded at THB 1,121 million, declined 1.7% YoY. The baby care category was affected by increased promotion and slowdown in exports. However, women's beauty care under Twelve Plus and male grooming products under Exit delivered impressive sales growth with margin improvement.

Others Segment

Overall others segment revenues increased 5.0% YoY to THB 1,368 million. The growth was driven by the confectionery category, which benefited from increased footfall traffic in modern retail channels, and OEM of glass bottles.

1H'23 gross profit was at THB 4,467 million, declined 3.2% YoY and gross margin was at 33.7%, increased 220 bps YoY. Gross margin expansion was driven by implementing the premiumization strategy of our core portfolio and improving production efficiency of glass factories, which enabled us to enabling us to maintain our glass production capacity after shutting down one of our end-of-life furnaces in Q1'23. This resulted in better output yield and reduced energy consumption, which effectively offset unfavorable raw materials and energy costs compared to last year. Additionally, Fast Forward 10X program, which aims for gross savings and margin improvement of THB 5,000 million covering 5 - 7 years (2022 – 2028), also helped identifying actions to optimize costs and maximize our operational efficiency, achieve better utilization of manufacturing facilities, and streamline processes, people, technology, and assets with the objective to build strong fundamentals for sustainable future growth.

Selling and administrative expenses (SG&A) to total revenue from sales were at 25.4%, increased 340 bps YoY. The increased spending on selling expenses was primarily attributed to the marketing activities and sales activation under the M-150 superstar campaigns, the combination of idol marketing, sports marketing, and music marketing through integrated online and offline channels to enhance our M-150 brand recognition. Administrative expenses increased after adding a new experienced team to drive inorganic growth opportunities. OSP is committed to exercising prudent control and management of overall spending, especially administrative expenses through cost reduction efforts by streamlined processes, technology implementation, and improved efficiency.

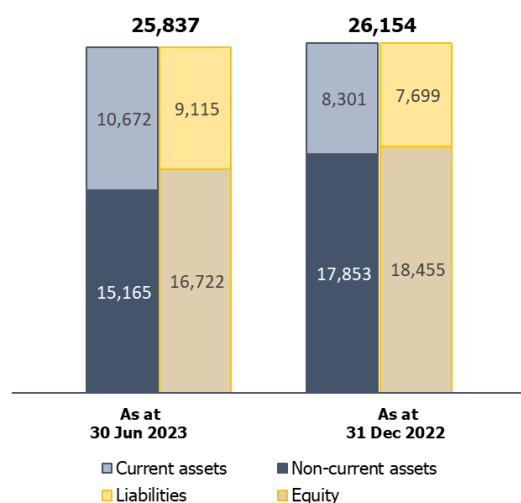
OSP reported 1H'23 profit attributable to owners of the parent at THB 1,327 million with net profit margin of 10.0%. The profit declined from 1H'22 due to high base during the transition period towards premiumization but significantly improved from 2H'22, indicating a strong recovery.



Financial Position

Balance Sheet

Unit: THB million



Balance Sheet Breakdown

ASSETS (THB million)	As at 30 Jun 2023	As at 31 Dec 2022
Cash and cash equivalents	2,813	1,087
Trade and other receivables	4,285	4,051
Inventories	3,321	3,147
Other current assets	253	16
Total Current Assets	10,672	8,301
Net PP&E	13,209	13,480
Other non-current financial assets and long-term investments	1,120	3,625
Other assets	836	748
Total Non-Current Assets	15,165	17,853
Total Assets	25,837	26,154
LIABILITIES and EQUITY (THB million)	As at 30 Jun 2023	As at 31 Dec 2022
Trade and other payables	6,918	4,787
Loans from financial institutions	597	1,508
Other liabilities	1,600	1,404
Total Liabilities	9,115	7,699
Issued and paid-up share capital	3,004	3,004
Share Premium	11,848	11,848
Retained earnings	2,344	2,400
Other components of equity	(645)	1,212
Non-Controlling Interest	171	(9)
Total Equity	16,722	18,455
Total Liabilities & Equity	25,837	26,154

As of 30 June 2023, the Company had total assets of THB 25,837 million, a decrease of THB 317 million (or -1.2%) from 31 December 2022 mainly from a decrease in other non-current financial assets from divestment of non-marketable equity securities in Uni.Cham (Thailand) Co., Ltd. offset with an increase in cash and cash equivalent generated from positive cash flows from operations and investment.

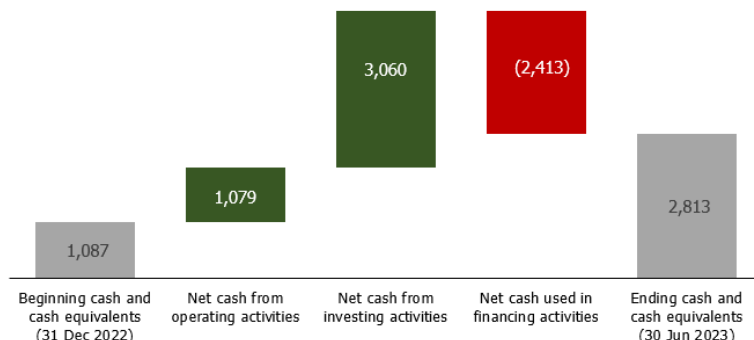
As of 30 June 2023, the Company had total liabilities of THB 9,115 million, an increase of THB 1,416 million (or +18.4%) from 31 December 2022 primarily from dividend payables of THB 2,403 million, offset with decrease in short-term loans from financial institutions.

As of 30 June 2023, the Company had total equity of THB 16,722 million, a decrease of THB 1,733 million (or -9.4%) from 31 December 2022, mainly due to special dividend payment from the Company's retained earnings after the divestment of stakes in Uni.Charm (Thailand) Company Limited



Cash Flows

Unit: THB million



As of 30 June 2023, the Company had cash and cash equivalents of THB 2,813 million, increased by THB 1,726 million, compared to 31 December 2022. The Company had positive cash flows from operating activities of THB 1,079 million. Net cash from investing activities of THB 3,060 million was mainly from the proceed from disposal of non-marketable equity securities. Cash outflows of financing activities of THB 2,413 million were primarily due to the 2022 final dividend paid to OSP shareholders in May 2023 and a decrease in short-term loans from financial institutions.

Financial Ratio Analysis

	Q2'23	Q2'22	1H'23	1H'22
Liquidity Ratios				
Current ratio (times)	1.3	1.4	1.3	1.4
Number of days of inventory	67	51	66	50
Collection period (days)	48	44	47	40
Accounts payable (days)	42	48	46	44
Profitability Ratios				
Gross profit margin (%)	34.0	31.2	33.7	31.5
EBITDA margin (%)	16.1	16.2	17.7	17.0
Net profit margin for the period (%)	8.3	8.5	10.2	9.3
Net profit margin attributable to owners of the parent (%)	8.2	8.4	10.0	9.2
Return on equity (%) - trailing	10.6	14.1	10.6	14.1
Return on assets (%) - trailing	7.2	10.1	7.2	10.1
Other Ratios				
Interest bearing debt to equity (times)	0.06	0.08	0.06	0.08

Q2'23 gross margin expanded by 280 bps YoY and 60 bps QoQ to 34.0%. The continuous QoQ margin expansion reflected lower raw material and energy costs, along with improved production efficiency, and volume recovery. OSP achieved strong YoY margin expansion from enhancing production efficiency of glass furnaces, enabling us to maintain our glass production capacity after shutting down one of our end-of-life furnaces in Q1'23 despite high raw material and energy costs compared to last year. Osotspa continued to drive our Fast Forward 10X program, which aims THB 5,000 million gross saving over the next 5 – 7 years (2022 – 2028), to identify actions to optimize costs and maximize our operational efficiency, achieve better utilization of manufacturing facilities, and streamline processes, people, technology, and assets with the objective to build strong fundamentals for sustainable future growth.

Q2'23 profit attributable to owners of the parent at THB 549 million with net profit margin of 8.2%. Excluding THB 300 million dividend received from investment in other company in Q1'23, net profit showed an impressive increase of 14.9% QoQ. The enhanced profitability resulted from volume recovery, margin improvement achieved through raw material and energy cost reductions and overall improvement in production efficiency.

Cash cycle (Number of days of inventory + Collection period – Accounts payable days) was 73 days, increased from 47 days in Q2'22 and 68 days in Q1'23. The increase in inventory level reflected higher finished goods and packaging material due to C-Vitt temporarily slowdown and cullet stock prepared before entering rainy season to prevent cullet shortage. The average collection period in Q2'23 was 48 days, increased from the same period last year from increased proportion of the growing modern retail channels but maintained compared to Q1'23. However, OSP will continue to closely monitor credit risk exposure, and this was within the company's established credit term ranging from 7 days to 100 days. Current ratio was favorable at 1.3 times, showing strong liquidity position and financial strength. Interest bearing debt to equity ratio was at 0.06 times.

Dividend

OSP has a dividend payout policy to shareholders of at least 60% of consolidated net profit after deducting the legal reserve.

On 21 June 2023, the Board of Directors approved a special dividend payment of THB 0.8 per share (THB 2,403 million) from the Company's retained earnings because of the divestment of our minority stakes in Uni.Charm (Thailand) Company Limited. The payment was made on 20 July 2023. In addition, on 9 August 2023, the Board of Directors approved an interim dividend payment of THB 0.40 per share (THB 1,202 million) from the Company's 1H'23 operating results. The interim dividend is payable on 8 September 2023 (record date on 24 August 2023) and is translated to dividend payout ratio at approximately 91% of the consolidated net profit, aligned with the dividend payout policy of at least 60%.

OSP ESG Updates

Introducing our Health & Nutrition Policy for Beverage Products

As part of our commitment, Osotspa aim to enhance consumer well-being and offer high-quality, nutritional products catering to our domestic and international consumers. To further bolster our sustainability plan, Osotspa announced a health & nutrition policy for beverage products under three key criteria:

- 1) **Nutritious, Delicious and Forward-Looking**
To innovate products with new benefits and exciting formats that cater to emerging trends, appeal to our consumer's tastes, and fulfill consumers' nutritional requirements.
- 2) **Responsible**
To improve the nutritional status of our product portfolio as a result Osotspa's nutritional criteria are carefully selected based on recommendations from leading national and international nutrition authorities.
- 3) **Accessible and Affordable**
To make our products accessible and affordable to a wide range of consumers.

Integrating Human Rights Risk Management Across Our Value Chain

At Osotspa, our commitment to environmental, social, and governance or ESG principles drives us to proactively address human rights risk management pillar as part of the overall strategy. Osotspa has introduced the human rights policy and conducted the human rights due diligence process (HRDD), encompassing not only our own operations but also all relevant stakeholders and rights holders in the value chain. This includes employees, suppliers, contractors, business partners, joint ventures, and other business relations, including new mergers and acquisitions, as well as customers, consumers, and communities. The policy also extends to groups at risk or vulnerable, such as women, pregnant women, children, LGBTQI+ individuals, the elderly, people with disabilities, migrant workers, third-party employees, indigenous people, and local communities. The company recognizes that treating everyone with equal value and respecting their human rights will enable us to grow steadily and sustainably.

Empowering Disabled Lives Towards Career Development

Osotspa continued our commitment to support the disabled community under the principle of "teaching a man to fish to feed him for a lifetime" by providing career training to create a sustainable future for people with disabilities. Osotspa organized "create opportunities, happiness, and sustainable life with Osotspa" workshop to pilot the cooperative model that builds an integrated network uniting private and public sectors in Khon Kaen Province to support the disabled for job opportunities to generate incomes in a sustainable way. The model consists of preparing both the mental and physical health for employment, providing job training and career opportunities through OSP's disability career development program, and establishing a shared mission between private and public sectors to support the disabled and set an example of caring for society.

In addition, Osotspa organized a "Develop the Right Product for Your Market" workshop, inviting specialists from various fields to share knowledge about sales and marketing, product development. The workshop also inspires disabled participants to create quality products that cater to the market and ensure sustainable incomes. The workshop provided hands-on experience in various areas, including food processing, carpentry, and handicraft, through "Kindee Yoodee Handy," a brand for handmade products crafted by disabled artisans under the OSP vocational training program for people with disabilities.



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.