

Financial Highlights

- Osotspa started off with strong performance momentum with market share recovery compared to the previous quarter, and YoY and QoQ revenues and profit growth. The results reflected solid growth in both domestic and international beverages, continued margin expansion, and our resilience in business operation. OSP implemented portfolio optimization strategy, which includes focusing on core business expansion and divesting non-core businesses or those with minority interest or no control, along with advancing our sustainability agenda to further drive towards our long-term growth and value creation, aligned with our 5-year ambition.
- OSP delivered Q1'24 net profit of THB 828 million, increased by 6.5% YoY and 91.5% QoQ. Our core profit from operation showed a sequential improvement with an increase of 73.2% YoY and 39.9% QoQ with net profit margin of 11.4%, increased by 410 bps YoY and 230 bps QoQ.
- Our revenue from sales increased by 10.9% YoY and 11.2% QoQ to THB 7,260 million. The robust growth was boosted by a 15.1% YoY increase in the beverages segment and a 8.7% YoY increase in the personal care segment, offsetting the decline in OEM sales. Beverage revenues expanded through a combination of volume growth and our premiumization strategy across both domestic and international markets.
- Gross margin continuously expanded by 310 bps YoY and 100 bps QoQ to 36.5%. The margin improvement was primarily contributed by our premiumization strategy and country mix with higher margins from international businesses, ongoing volume recovery, favorable raw materials and utilities prices, and improved production efficiency.
- OSP strengthened its strong market leadership across beverages categories, maintaining the number one position in the energy drinks market with a share of 46.4% (-20 bps YoY but +50 bps QoQ) and holding number one position in functional drinks market with a share of 42.9% (+250 bps YoY and +270 bps QoQ). The energy drinks market share gain was propelled by our portfolio strategy, offering diverse price points, and effective market execution. In the functional drinks market, C-Vitt secured 72.9% market share in the vitamin C subsegment, while Peptein experienced a 90 bps YoY increase in market share.
- Our balance sheet remained strong with a low net interest-bearing debt to equity ratio of 0.03 times, showing readiness to invest and capture the inorganic growth and partnership opportunities to drive new growth and strengthen our core businesses.

Financial Performance for Q1'24

Consolidated Income Statement Summary

Unit: THB million	Q1'24	Q1'23	%YoY	Q4'23	%QoQ
Total revenues	7,328	6,893	6.3%	6,590	11.2%
Total revenues from sales	7,260	6,545	10.9%	6,530	11.2%
Beverages	6,077	5,279	15.1%	5,292	14.8%
Personal Care	604	556	8.7%	718	-15.8%
Others	579	710	-18.6%	520	11.2%
Total other income	68	348	-80.5%	60	13.1%
Gross profit	2,647	2,186	21.1%	2,317	14.3%
SG&A	1,797	1,703	5.5%	1,781	0.8%
Selling and distribution expenses	1,331	1,180	12.8%	998	33.3%
Administrative expenses	466	523	-10.8%	783	-40.5%
Share of profit of associates and joint ventures	59	39	52.5%	43	38.7%
EBIT	977	869	12.5%	637	53.4%
EBITDA	1,347	1,265	6.5%	1,018	32.3%
Profit for the period	866	791	9.5%	432	100.3%
Profit attributable to owners of the parent	828	778	6.5%	433	91.5%
Core profit from operation	828	478	73.2%	592	39.9%
Key Ratios (%)					
Gross profit margin	36.5%	33.4%	3.1%	35.5%	1.0%
SG&A to net sales ratio	24.7%	26.0%	-1.3%	27.3%	-2.6%
EBIT margin	13.5%	13.3%	0.2%	9.8%	3.7%
EBITDA margin	18.6%	19.3%	-0.7%	15.6%	3.0%
Net profit margin for the period	11.9%	12.1%	-0.2%	6.6%	5.3%
Net profit margin attributable to the owners of the parent	11.4%	11.9%	-0.5%	6.6%	4.8%
Core profit margin from operation	11.4%	7.3%	4.1%	9.1%	2.3%

Financial Performance Summary for Q1'24

The outstanding results in Q1'24 highlighted the successful execution of our portfolio and market activation strategy. This led our core operations to achieve volume and sales recovery along with margin improvement. Amid a challenging and uncertain economic environment, OSP continued to enhance our competitiveness with increased agility and capabilities to adapt to evolving consumer trends. Aligned with our 5-year ambition, Osotspa focuses core portfolio growth, fulfills portfolio with product innovation, expands internationally, improves profitability through cost efficiencies and digital transformation, and pursues strategic investment opportunities to focus on core businesses and divest non-core businesses while advancing our sustainability agenda.

OSP reported revenues from sales of THB 7,260 million, increased by 10.9% YoY and 11.2% QoQ. The robust growth was boosted by a 15.1% YoY increase in the beverages segment and a 8.7% YoY increase in the personal care segment, offsetting the decline in OEM sales, which are non-core businesses.

Beverages Segment

OSP reported total beverages revenues of THB 6,077 million, grew by 15.1% YoY and 14.8% QoQ, expanded through a combination of volume growth and our premiumization strategy. The growth was fueled by record-high international beverages sales and domestic beverages volume recovery, encompassing both energy and functional drinks. Despite regional political and economic challenges, international beverages grew 23.1% YoY and 79.9% QoQ, driven primarily by Myanmar and Laos. Our core beverages business in Myanmar leverages our robust brand presence, local production, and a dedicated local team to effectively implement sales strategies and navigate through uncertainties. This enabled us to consistently deliver performance growth over the past several years and achieved record-high sales in this quarter.

Domestic beverages sales expanded 11.9% YoY, exhibiting robust performance reaching THB 4,220 million, driven by 8.5% YoY growth in energy drinks and 29.2% YoY growth in functional drinks. The traction in energy drinks was propelled by our M-Pire portfolio strategy capturing two-price tier segments, active marketing and promotional campaigns directed at consumers, and a strong distribution network that bolstered our leadership position. In addition, OSP continued to broaden our consumer base, capturing emerging and growing consumer segments such as white-collar professionals, new economy workers, silver generation, and millennials. M-150 sparkling energy drinks play a pivotal role in matching the evolving lifestyle and preferences of younger and premium consumer segments. Functional drinks exhibited strong growth, led by C-Vitt and Peptein. C-Vitt demonstrated sequential recovery following a re-base in Q1'23, particularly with the introduction of new flavors and 0% sugar variants emphasizing health and benefits in various drinking occasions. The addition of Peptein Drink D, featuring a new-easy-to-drink taste, high vitamin D content for immune support, and original soy peptide for enhanced brain function, contributed to the overall sales growth.

OSP continued to strengthen its market leadership across categories. Energy drinks market grew 4.1% YoY, while OSP maintained its number one position with a market share of 46.4%, gained 50 bps QoQ but slightly declined 20 bps YoY. OSP will continue to enhance our execution and portfolio for share recovery through product innovation, differentiated marketing activities, and effective market execution in our strong distribution networks. OSP is a leader in functional drinks market with a market share of 42.9%, gained 250 bps YoY and 270 bps QoQ. C-Vitt secured 72.9% market share in the vitamin C subsegment, while Peptein experienced a 90 bps YoY increase in market share.

Personal Care Segment

OSP's total personal care revenues recorded at THB 604 million, grew by 8.7% YoY, driven by Babi Mild and Twelve Plus. Embracing the shift towards out-of-home and self-care lifestyles, Twelve Plus sustained double-digit growth by consistently innovating and offering high-quality fragrances, while expanding its market presence through enhanced distribution channels. Collaborating with Babi Mild, Twelve Plus successfully launched cologne products featuring a signature baby powder scent. Babi Mild extended its communication campaign "The Power of Gentle Touch", introducing Momchestra activities to reinforce that babies and kids sleep better with their mom's lullabies. Additionally, Ultra Mild by Babi Mild capitalized on its mildness properties to attract adult consumers, enriching the Babi Mild portfolio.

Others Segment

The overall revenues under others segment were THB 579 million, declined by 18.6% YoY, mainly due to lower OEM glass bottles revenues. The overall glass production capacity was adjusted between OEM sales and own production in order to achieve improved margins and better manufacturing efficiency.

Gross profit margin expanded by 310 bps YoY and 100 bps QoQ to 36.5%. The margin improvement was primarily contributed by our premiumization strategy and country mix with higher margins from international businesses, ongoing volume recovery, favorable raw materials and utilities prices, and improved production efficiency. The 2023 furnace shutdown in Thailand helped synchronized OSP production with demand, cutting energy consumption, complemented by lower natural gas prices. Favorable commodity price trends emerged, while OSP continued to optimize costs and boost profitability through Fast Forward 10X program.

Selling and administrative expenses (SG&A) to revenues from sales were at 24.7%, compared to 26.0% last year. The selling expenses increased in absolute terms as OSP continues to reinvest in brands and distribution, strategically and effectively allocating resources to marketing and sales activation for growth across core brands and innovation launches. Administrative expenses decreased due to foreign exchange gains/losses.

OSP recognized share of profit of associates and joint ventures at the amount of THB 59 million, increased by 52.5% YoY. The main contribution was from share of profit contribution from House Osotspa Foods Co., Ltd. and Osotspa Taisho Co., Ltd., boosted by strong sales performance of Lipo and C-Vitt.

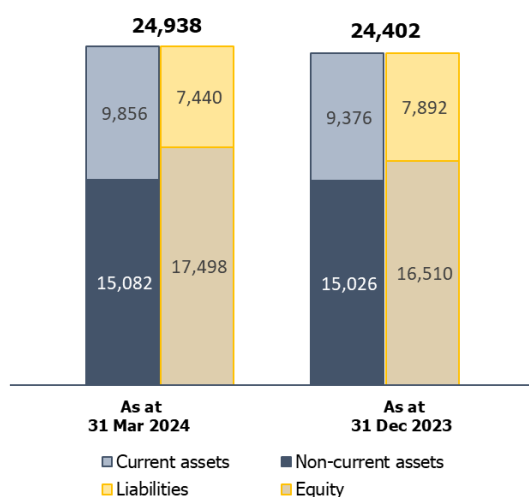
The joint venture business in OEM glass bottle manufacturing in Myanmar, which is non-core business, recognized share of loss from operation. This non-core joint venture business was greatly impacted by worsen situations of political instability, Myanmar currency depreciation, and weakened purchasing power in the business sector. In case the situation is prolonged and more intense, the company's investment amount will be impacted. Under our investment strategy, Osotspa is currently evaluating scenarios and options to mitigate against future risks.

OSP reported profit attributable to owners of the parent at THB 828 million, increased by 6.5% YoY and 91.5% QoQ. If considered only core operation, which excluded dividend received from investment in other company of THB 300 million in Q1'23 and one-time expenses from the cessation of operations of the glass bottle factory in Samut Prakan in Q4'23, our core profit from operation showed a sequential improvement with an increase of 73.2% YoY and 39.9% QoQ with net profit margin of 11.4%, increased by 410 bps YoY and 230 bps QoQ.

Financial Position

Balance Sheet

Unit: THB million



Balance Sheet Breakdown

ASSETS (THB million)	As at 31 Mar 2024	As at 31 Dec 2023
Cash and cash equivalents	1,287	1,339
Trade and other receivables	5,101	4,389
Inventories	3,451	3,627
Other current assets	17	21
Total Current Assets	9,856	9,376
Net PP&E	13,012	13,020
Other non-current financial assets and long-term investments	1,271	1,207
Other assets	799	799
Total Non-Current Assets	15,082	15,026
Total Assets	24,938	24,402
LIABILITIES and EQUITY (THB million)	As at 31 Mar 2024	As at 31 Dec 2023
Trade and other payables	4,870	4,467
Loans from financial institutions	1,444	2,357
Other liabilities	1,126	1,068
Total Liabilities	7,440	7,892
Issued and paid-up share capital	3,004	3,004
Share Premium	11,848	11,848
Retained earnings	3,046	2,218
Other components of equity	(634)	(744)
Non-Controlling Interest	234	184
Total Equity	17,498	16,510
Total Liabilities & Equity	24,938	24,402

As of 31 March 2024, the Company had total assets of THB 24,938 million, increased by THB 536 million (or +2.2%) from 31 December 2023 mainly from higher trade receivables reflecting high sales of international businesses and good recovery for domestic beverages.

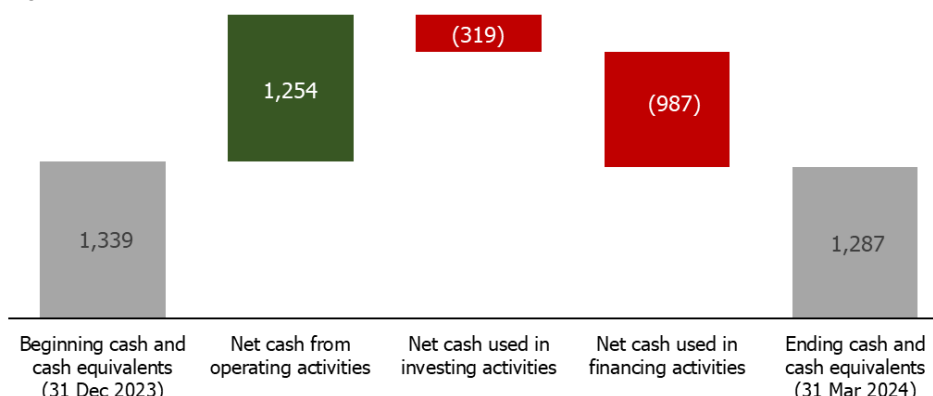
As of 31 March 2024, the Company had total liabilities of THB 7,440 million, decreased by THB 452 million (or -5.7%) from 31 December 2023 primarily from the repayment of short-term borrowings from financial institutions.

As of 31 March 2024, the Company had total equity of THB 17,498 million, increased by THB 988 million (or +6.0%) from 31 December 2023, mainly due to higher retained earnings from profit for the period of THB 828 million.



Cash Flows

Unit: THB million



As of 31 March 2024, the Company had cash and cash equivalents of THB 1,287 million, decreased by THB 52 million, compared to 31 December 2023. The Company had positive cash flows from operating activities of THB 1,254 million. Net cash used in investing activities of THB 319 million was mainly from the improvement of beverages production facilities in Thailand, including the installation of biomass steam boiler to replace the usage of natural gas. Cash outflows of financing activities of THB 987 million were primarily due to repayment of short-term loans from financial institutions.

Financial Ratio Analysis

	Q1'24	Q4'23	Q1'23
Liquidity Ratios			
Current ratio (times)	1.5	1.4	1.5
Number of days of inventory	71	72	60
Collection period (days)	54	50	49
Accounts payable (days)	47	49	48
Profitability Ratios			
Gross profit margin (%)	36.5	35.5	33.4
EBITDA margin (%)	18.6	15.6	19.3
Net profit margin for the period (%)	11.9	6.6	12.1
Net profit margin attributable to owners of the parent (%)	11.4	6.6	11.9
Core profit margin from operation (%)	11.4	9.1	7.3
Return on equity (%) - trailing	13.6	13.9	9.8
Return on assets (%) - trailing	9.7	9.6	7.0
Other Ratios			
Interest bearing debt to equity (times)	0.10	0.16	0.10

Gross profit margin impressively expanded by 310 bps YoY and 100 bps QoQ to 36.5%. The margin improvement was primarily contributed by our premiumization strategy and country mix with higher margins from international businesses, ongoing volume recovery, favorable raw materials and utilities prices, and improved production efficiency. The 2023 furnace shutdown synchronized production with demand, cutting energy consumption, complemented by lower natural gas prices. Favorable commodity price trends emerged, while OSP continued to optimize costs and boost profitability through Fast Forward 10X program, which could achieve through mitigating impact from higher raw material costs, enhancing production efficiency by optimizing the utilization of existing facilities, streamlining processes, and maximizing the potential of our people, technology, and assets with objective to build strong fundamentals for sustainable growth.

OSP reported profit attributable to owners of the parent at THB 828 million, increased by 6.5% YoY and 91.5% QoQ. If considered only core operation, which excluded dividend received from investment in other company of THB 300 million in Q1'23 and one-time expenses from the cessation of operations of the glass bottle factory in Samut Prakan in Q4'23, our core profit from operation showed a sequential improvement with an increase of 73.2% YoY and 39.9% QoQ with net profit margin of 11.4%, increased by 410 bps YoY and 230 bps QoQ.



Cash cycle (Number of days of inventory + Collection period – Accounts payable days) was 78 days, increased from 73 days in 2023. The inventory days decreased slightly due to gradual usage of glass inventory. OSP anticipates reducing inventory days over the year as volume recovery aligns with production capacity. The average collection period was 54 days, reflecting higher sales in Q1'24 and increased modern retail channel proportion. OSP closely monitors credit risk exposure to ensure that it remains within the company's established credit terms, ranging from 15 days to 100 days. Our current ratio was favorable at 1.5 times, indicating a strong liquidity position and financial strength. Furthermore, our interest-bearing debt to equity ratio was 0.10 times and net interest-bearing debt to equity ratio was at 0.03 times, signifying healthy balance sheet that is well-positioned to seize inorganic opportunities.

OSP ESG Updates

OSP has been recognized as one of the globally accepted companies for their sustainable business practices in the S&P Global Sustainability Yearbook 2024. Moreover, it is the only beverage company in Thailand that has been praised as the "Industry Mover," or the company that demonstrated the most remarkable sustainable development within the global beverage industry. This marks another significant achievement for Osotspa, a testament to its unwavering commitment to operating with ESG principles. Osotspa strives to become the power to enhance life for its consumers and society through a culture of high performance, innovation, and sustainability.

Our Business

OSP arranged "Supplier's Innovation and Sustainability Day" in collaboration with BASF (Thailand) Company Limited to present innovation and promote the use of environmentally friendly and sustainable raw materials usage and sustainable procurement for personal care products. In addition, research and development department led by our Chief Innovation Officer arranged "Innovation Shopping Day" to present beverages innovation pipelines, including packaging that can meet the needs of modern consumers and care for the environment.

Our Society

OSP receives recognition for its contribution to the welfare of persons with disabilities, reflecting the dedication of the Association of Persons with Disabilities in promoting the quality of life for persons with disabilities, providing opportunities, creating employment, fostering pride, and supporting social equality.

For employee aspect, OSP was ranked as one of the top 50 companies in Thailand that young people most want to work for, according to the 2024 survey by WorkVenture. This was due to the good working environment and the adoption of a flexible and agile hybrid working model. Additionally, OSP emphasizes on developing skills and promoting learning among employees, creating a working environment that fosters opportunities for employees to fully demonstrate their abilities in work, learning, growth, and welfare benefits, tailored to meet the lifestyle needs of young professionals.

Our Environment

OSP received certificates for implementing the Carbon Neutral project and Carbon Footprint for Organization (CFO) from Thailand Greenhouse Gas Management Organization (TGO), demonstrating a commitment to carbon footprint management, social responsibility, and dedication to managing and reducing greenhouse gas emission to achieve carbon neutral target commitment.

In addition, OSP initiated the "Bottle to Bottle" project since 2022 to promote green power by receiving glass bottle waste from communities and partner networks. Those communities contribute 70,722 kilograms in total, which nearly doubling from the previous year, from Ostospa offices, Huamak community, Khung Bang Krachao community, and Care the Whale project by the Stock Exchange of Thailand. As OSP will contribute 50 satangs for every 1 kg of waste glass bottles for public benefit, OSP converted money into solar cell poles, beverages products, plant nourishing substances, and other essential products as a reward for public benefits to communities. Recycling all these glass bottle wastes helped reduce carbon dioxide emissions by up to 19,802 kilograms, equivalent to planting 1,872 trees or the carbon dioxide absorption of 176,241 trees over the year. In addition, Osotspa is proud to be part of the recycling process, especially glass bottles that can be recycled multiple times. The consistent return of waste materials to the recycling process each year reaffirms the vital role communities play in environmental care and their readiness to collaborate for a sustainable future.

These accomplishments serve as stepping stones towards our 2025 sustainability target and our ambition for carbon neutrality by 2050. They underscore our vision and commitment to becoming "The Power to Enhance Life".

APPENDIX: Ratios & Formulas

Liquidity Ratios

Current ratio (times) = Total current assets / Total current liabilities

Number of days of inventory = $365 / (\text{Cost of sales of goods}^1 / \text{Average inventory}^2)$

Collection period (days) = $365 / (\text{Total revenues from sales}^1 / \text{Average trade account receivables}^2)$

Accounts payable (days) = $365 / (\text{Cost of sales of goods}^1 / \text{Average account payables}^2)$

Profitability Ratios

Gross profit margin (%) = $(\text{Total revenues from sales} - \text{Total cost of sales of goods}) / \text{Total revenues from sales}$

SG&A to sales ratio (%) = $(\text{Selling and distribution expenses} + \text{Administrative expenses}) / \text{Total revenues from sales}$

EBIT margin (%) = $(\text{Profit before income tax expense} + \text{Finance Cost}) / \text{Total revenues from sales}$

EBITDA margin (%) = $(\text{Profit before income tax expense} + \text{Finance Cost} + \text{Depreciation and Amortization}) / \text{Total revenues from sales}$

Net profit margin for the period (%) = $\text{Net Profit for the period} / \text{Total revenues from sales}$

Net profit margin attributable to the owners of the parent (%) = $\text{Net Profit attributable to owners of the parent} / \text{Total revenues from sales}$

Return on equity (%) = $\text{Profit for the period} / \text{Average total equity}$

Return on assets (%) = $\text{Profit for the period} / \text{Average total assets}$

Other Ratios

Interest-bearing debt to equity (times) = $\text{Interest-bearing liabilities} / \text{Total equity}$

Net interest-bearing debt to equity (times) = $(\text{Interest-bearing liabilities} - \text{Cash and cash equivalents}) / \text{Total equity}$

¹ Annualized amount by summing the current quarter with the previous three quarters or the trailing twelve months

² Average ending balance between the current year and the prior year