

Annual Report
Annual Registration Statement
(Form 56-1 One Report)

2022



Sherwood Corporation (Thailand)
Public Company Limited



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Message from the Chairman of the Board

In 2022, many countries around the world have been able to resume its economic activities including Thai economy that tends to expand in a positive direction in a similar way to the global economy. This was supported by a recovery from the tourism sector and continued recovery in domestic demand. However, the business operation under the risk from the fluctuating global economic direction from the tight monetary policy to control inflation as well as the risk of the Russo-Ukrainian war that leads to trade sanctions and a protracted energy crisis that affects the cost of factors of production. These resulted in downward trend of household consumption since the consumers are affected by the rising cost of living both necessary products for daily usage and the continuously rising of transportation costs. These were reflected to the Company's business operations. However, the Company have maintained a strong financial position and continuously pays dividends to its shareholders. Moreover, the Company is committed to creating the future strong growth in order to improve operational efficiency and to reap from the economic recovery for both the household chemical and the food and beverage products through expanding and developing all product categories to provide superior alternatives and manufacture products that meet the needs of consumers to the fullest extent.

Finally, on behalf of the Board of Directors, I would like to ensure that all executives and employees are committed to administering and performing their duties to the best of their abilities in order to lead the Company to grow sustainably on the principles of good corporate governance. I also would like to thank the shareholders who have always trusted and supported the Company's operations.

Mr. Chanin Yensudchai
Chairman

Part 1

Business and Performance

1. Structure and Operations of the Corporate Group

1.1 Policy and Business Overview

Sherwood Corporation (Thailand) Public Company Limited (“the Company”) is a manufacturer and marketer of chemicals used in household, industrial, and public health, as well as agrochemicals. The Company was established on December 1, 1995, with a registered capital of 30,000,000 Baht by TOA Paint (Thailand) Public Company Limited, which acquired a portion of Shell Thailand Company Limited’s household chemical business through acquisition. This included Shelldrite termite prevention and control products, Teepol all-purpose cleaners, and Devatern wood preservatives products. After the business transfer was completed in June 1996, the executive household chemical team of Shell Thailand Company Limited served as the Company’s executives and later became a shareholder. In 2001, the Company also initiated a plan to change the product’s trademark. When the Shelldrite trademarks expired, “Shelldrite” became “Chaindrite.” The Company increased its registered capital to 60,000,000 Baht and 120,000,000 Baht respectively. On April 9, 2004, the Company registered as a Public Limited Company and increased its registered capital from 120,000,000 Baht to 150,000,000 Baht by offering new ordinary shares to through Initial Public Offering, as well as listing the Company on the Market for Alternative Investment. On October 18, 2004, the Company began trading newly issued ordinary shares. In 2009, the Company registered Sherwood Chemical Australasia Company Limited in Australia to export products and strengthen consumer confidence in the Company’s products. The Company began exporting to ASEAN countries in 2014 while continuing to grow its business. In 2018 and 2019, the Company established Hokkaido Food and Beverage Company Limited to conduct consumer food products business and Teepol Professional International Company Limited to conduct industrial cleaning products business respectively. In 2021, the Company established Lotto Food (Thailand) Company Limited to operate a plant-based protein business as a new alternative for future food consumption.

1.1.1 Vision, Mission and Strategy of the Company

Vision

“Be the world’s leading provider of high-quality products that improve people’s lives worldwide”

Mission

“Be a top-tier company by meticulously producing the highest-quality products to achieve the highest levels of satisfaction for all stakeholders”

Core Values

A : Agility

Agility: Work quickly, accurately, and keep up with the market, as operating in a fast-moving industry.

B : Bold

Bold: Dare to think, dare to change, dare to communicate, dare to accept change, and dare to accept differences in order to accomplish the ultimate goal.

C : Care

Care: Attentive to consumers and customers, as well as the impact on the work environment, whether personal, public, or societal.

Sherwood Corporation (Thailand) Public Company Limited aspires to be a market leader in manufacturing and distributing high-quality products that improve the quality of life for consumers worldwide. This is accomplished through the experience gained over two decades of doing business in Thailand. The Company aims to be a leader of consumer products in the ASEAN region under the “Diversification” strategy in order to create sustainable growth under 3 core principles:

- Safety - a specialist in termite, insect and pest control products.
- Wellness - a manufacturer of health and wellness consumer products.
- Care - a pet specialist who cares for everyone’s hygiene.

The Company expanded its business through the concept of “SWC Change to Win,” by adapting to the changing circumstances, being ready to support changes in consumer behavior and enhancing the utilization of the following four strength development strategies:

- 1) Expand Distribution Channels to cover all channels, including international markets.
- 2) Build strong brands in the “Chaindrite”, “Teepol”, “HOKKAIDO”, and “Super Fight”, which are the main brands.
- 3) Develop quality personnel so that employees can work quickly and creatively while considering the needs of consumers.
- 4) Develop a sales system by incorporating more technology into the workplace.

1.1.2 Major Changes and Developments of the Company and its Subsidiaries Between 2015-2022

2015

- > FDA Quality Award from the Food and Drug Administration, Ministry of Health.
- > Certificate of Green Industry Award: Level 3 (Green System), Ministry of Industry.

2016

- > FDA Quality Award from the Food and Drug Administration, Ministry of Health.
- > The 20th anniversary of the Company.

2017

- > FDA Quality Award from the Food and Drug Administration, Ministry of Health.
- > Awarded with an outstanding award in the category for Best Company Performance Awards in 2017 from the Stock Exchange of Thailand.

2018

- > FDA Quality Award from the Food and Drug Administration, Ministry of Health.
- > Hokkaido Food and Beverage Company Limited, a subsidiary, was established to operate consumer products business such as milk and confectioneries with a registered capital of 1,000,000 Baht and 10,000 ordinary shares at a price of 100 Baht per share.
- > The Company changed its name to Sherwood Corporation (Thailand) Public Company Limited.

2019

- > FDA Quality Award from the Food and Drug Administration, Ministry of Health.
- > The Company changed the par value from 1 Baht per share to 0.50 Baht per share.
- > The Company issued and allocated warrants to purchase newly issued ordinary shares of the Company No. 1 (SWC-W1) in an amount that did not exceed 150,000,000 units to existing shareholders in proportion to their shareholding.
- > The Company issued and offered warrants to employees of Sherwood Corporation (Thailand) Public Company Limited (ESOP-W1) in an amount that did not exceed 15,000,000 units.
- > The Company increased registered capital in the amount of 82,500,000.00 Baht from the registered capital of 150,000,000.00 Baht to 232,500,000.00 Baht by issuing 165,000,000 new ordinary shares.
- > Teepol Professional International Company Limited, a subsidiary, was established to manufacture and distribute cleaning solutions domestically and internationally with 1,000,000 Baht registered capital and 10,000 ordinary shares at a price of 100 Baht per share.
- > Hokkaido Food and Beverage Company Limited began to manufacture and distribute peanut products under the “Marujo” brand and milk products under the “HOKKAIDO” brand.

2020

- > FDA Quality Award from the Food and Drug Administration, Ministry of Health.

2021

- > The Company launched a healthy beverage product under the “Super Fight” brand. This is a blend of 8 herbal extracts with low sugar and caffeine derived from natural green tea. It was the first herbal beverage to receive the nutrition symbol “Healthy Choices.”
- > Lotto Food (Thailand) Company Limited was established to operate manufacture and distribute a plant-based protein products as a new alternative for future food consumption.

1.2 Nature of Business

The Company strives to be a top tier company that manufactures and markets high quality products to enhance consumers' quality of life worldwide. Therefore, the Company has consistently expanded its operations, and now it operates in three business categories:

1



1. Consumer Non-Food: Manufacturing and distributing household chemical products for the insecticide, wood preservatives, and cleaning product groups. Household consumers are the Company's target group.

2

2. Industrial: Manufacturing and distributing insecticides, cleaning agents, and disinfectants for industrial service business as well as agrochemical products for rice fields, field crops, orchards, vegetable gardens, and livestock.



3



3. Consumer Food: Manufacturing, marketing, and distributing food and beverage products. Household consumers are the target group of the Company.

1.2.1 Revenue Structure

The revenue structure is classified as follows:

Product Group	2022		2021		2020	
	Millions of Baht	%	Millions of Baht	%	Millions of Baht	%
Consumer Non-Food	1,121.30	66.10	1,447.26	78.98	974.88	74.93
Industrial	415.69	24.51	261.42	14.27	246.11	18.92
Consumer Food	157.11	9.26	117.77	6.43	74.92	5.76
Total Sales Revenue	1,694.10	99.87	1,826.45	99.68	1,295.91	99.61
Other Revenue	2.21	0.13	5.94	0.32	5.10	0.39
Total	1,696.31	100.00	1,832.39	100.00	1,301.01	100.00

1.2.2 Product Information

Consumer Non-Food

Since the acceptance of the transfer from Shell Company of Thailand more than 20 years ago, the Company has worked to improve existing products and develop new ones. The Company currently has over 130 registered trademarks on its product which can be classified according to the following product categories:

1. Wood preservatives products are finished products that can be applied or sprayed on wood surfaces prior to the application of any other coatings to prevent termites, moths, and fungi, which are the leading causes of wood decay. Chaindrite 1 is an oil-based wood preservative available in brown, light brown, and colorless.

2. Termite and pest prevention and control products These are termiticides and pesticides that are used to prevent and eliminate termites and pests. They are available in liquid, spray, powder, and foam forms. A diversity of products are appropriate to control termite and pests in different areas because different areas have different problems. For example, termite problems are classified into two categories: prevention and repellents.

In terms of prevention, it is used to prepare construction sites for future termite protection. Chaindrite Stedfast 30 SC and Chaindrite Stedfast 40 EC are required. To repel termites, Chaindrite Termiforce, Chaindrite Spray, Chaindrite Powder, and Chaindrite Foam are required.

Chaindrite also has a product line for household insecticide that works to eliminate both flying and crawling insects. Chaindrite insecticide spray is available in lavender or odorless scents, killing flying and crawling insects. Chaindrite Insecticide Spray for mosquitoes in delemonine scent, or Chaindrite mosquito coils are available in lavender and geranium scents, eliminating or preventing mosquitoes.

In regards to cockroach problems, the Company launched a new product to trap cockroaches, lizards and spiders. The trap is non-toxic and safe for everyone in the house. In regards to rat problems which are pests in homes, there are STUN Block Bait Rodenticide products that effectively kill rodents.

3. Cleaning products The cleaning products are used for general cleaning such as cleaning dishes, bowls, feeding bottles. These products remove dirt and grime while remaining gentle and hygienic. Teepol Pure, Teepol Lemon Power Plus and Teepol Dish Super are among the dishwashing products available. For cleaning products, it included Scully Anti Lice Shampoo. The Company also introduced new products to the market including Teepol Pro Clean products, which are dust removing products for multi-surface, and they were well received by consumers.

4. Pet care products are products for cleaning pets and pet's bedding. This includes Chaingard dog shampoo and conditioner, Chaingard cat shampoo, mattress spray products, pet odor eliminator sprays for furniture, tick and flea spray, powder for dogs and cats, and dry shampoo for dogs and cats. The Company also introduced Chaingard Organic for dogs and cats in the previous year. This is a new product in the market that emphasizes natural ingredients. In collaboration with Kasetsart University's Faculty of Veterinary Medicine, the product has been clinically proven to be gentle on pets with sensitive skin.

Research and Development

The Company recognizes the value of research and development as part of enhancing its competitiveness. The Company established a product research and development department to study guidelines and methods for the household and industrial chemical products development to be diverse and efficient and be able to continually meet consumer needs. The product development process begins with understanding the market's needs as well as being attentive to consumer feedback from various distribution channels. The preliminary data for the research and development department was divided into 2 sections:

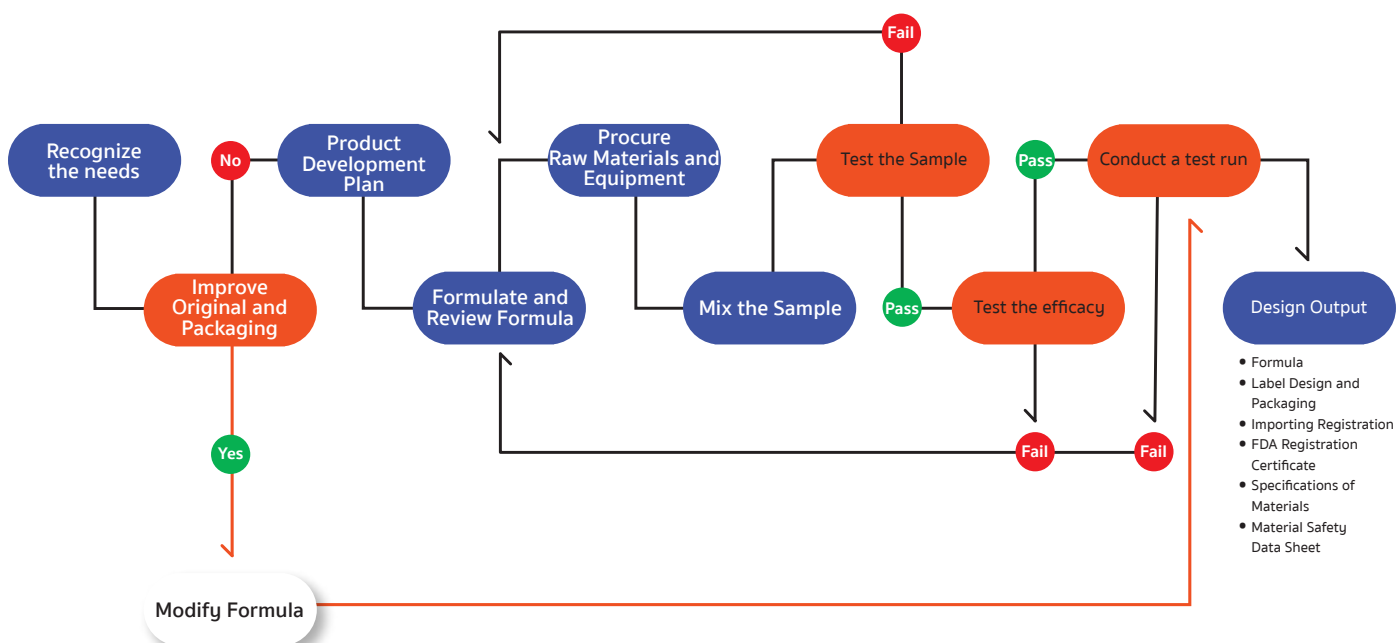
1. Improve Original Products

Improving the original product's quality and/or benefits to make it more effective by focusing on meeting the needs of customers. The majority of improvements were made in product design, efficiency, user safety, and packaging, such as Chaindrite 1 and Teepol Pure. Teepol Lemon Power Plus is one of the raw material formulations developed by the Company to make it even more effective while also taking safety into consideration.

2. Develop New Products

The Company continues to develop new products by utilizing in-house technology or technology from other appropriate sources, in order to fulfill consumer needs while also broadening the Company's business base. This was done in order to have a variety of products and provide new options for consumers, such as Teepol Pro Clean and Chaingard Organic Dog & Cat Shampoo. Every product is tested for efficacy, safety, and registered with the appropriate government agencies.

In 2022, the Company's total expenses on research and development were 2 million Baht. The majority of this was spent on product development. The following is the product development process used by the Company:



Distribution Channels

Distribution is currently distributed through four major channels.

1. Modern Trade - consists of hypermarkets and supermarkets such as Tesco Lotus, Big C, Tops, The Mall, etc.; convenience stores such as 7-Eleven, Family Mart, Jiffy, etc.; and Cash and Carry stores such as Siam Makro, where the Company delivers goods to customers on an agreed-upon basis.
2. Traditional Trade and Local Modern Trade - consists of large or medium wholesale stores and general retail stores that sell through distributors to distribute products to wholesale and retail stores throughout the country. The Company's sales staff visits and contacts the stores on a regular basis. Over the past year, the Company increased the number of distributors in order to cover more stores across the country.
3. Domestic online channels - the Company sells on major platforms such as Lazada and Shopee. This includes launching sales channels on the Company's website and on Facebook. As a result of changing consumer behavior, this channel has grown exponentially over the last year.
4. Overseas Market Channels- Local distributors in overseas Markets import products, market, sell, and distribute them to modern, traditional and local trade.

Marketing and Competition

Consumer goods is a fiercely competitive market. The Company's growth objectives remain unchanged (growth strategy). As a result, the Company adjusted a marketing strategy that focused on brand strength, promoting and developing new products for the market, and sales channel strategies in order to distribute products to retail stores across the country while also expanding into foreign markets.

Marketing Strategy

1. Product Quality

The Company is focused on the quality products because it is a factor that influences consumer trust in the brand. This results in brand equity, which leads to brand loyalty.

In the production process, the Company controls the quality of the products throughout production. Before a product can be released to consumers, experts test its performance to ensure that it meets the specified standards. The Company has a research and development department that is made up of knowledgeable individuals with abundant experiences. The Company also provides a complete and modern chemical laboratory, quality inspection tools, and a variety of production equipment. This includes a Gas Chromatograph (GC) and a High-Pressure Liquid Chromatography (HPLC), which is used to accurately and quickly determine the quality of pesticides. Apart from product quality, the Company takes into account the safety of its customers, employees, and the environment.

To emphasize the importance of quality products, the Company was certified with international standards, which helps consumers have confidence in the quality, safety, and environmental protection of products. The Company is certified with the ISO 9001: 2015 quality management system standard, the ISO 14001: 2015 environmental management system standard, and GMP (Good Manufacturing Practice for Hazardous Substance). This is a production standard in accordance with good methodology in the production of hazardous substances under the responsibility of the Food and Drug Administration (FDA), Ministry of Public Health which includes the manufacturing of pesticides and cleaning agents.

2. Product Variety

The Company is prepared to meet various customers' needs by introducing new products to keep up with consumer and market changes. This is an important factor that contributes to the Company's continuous sales growth. The Company conducted product research and studied consumer behavior in order to develop and improve the products to meet customer's needs.

The Company expanded on its success as the market leader in termite and crawling insect control products with cockroach, mosquito, and ant killer sprays by repackaging the entire insect spray products to be more modern and outstandingly colorful. The color of the containers is the symbol that distinguishes each group of insects. For example, orange containers are for termites and crawling insects, green containers are for flying and crawling insects, and yellow containers are for mosquitoes and flying insects.

In terms of household cleaning products, the Company expanded its cleaning product line by launching a new product, Teepol ProClean, a dust remover and multipurpose cleaner for multiple surfaces in order to meet the lifestyle of the new generation, which values convenience and effectiveness.

Additionally, pet products are thriving as consumers work from home and have more time to spend with their pets. Chaingard has introduced 1500 ml of Chaingard Complete Shampoo, which is suitable for pet grooming, in response to increased usage, and has also launched a new product with a gentle and safe concept. Chaingard Organic Shampoo for Dogs and Cats is made with natural ingredients and is very gentle. The research was conducted in collaboration with Kasetsart University's specialist veterinarians in order to meet the needs of new consumers who view their pets as a member of the family.

3. Product Prices

Apart from product quality, another factor to consider in a highly competitive industry is product pricing strategy. Products must be priced competitively, especially for brands that do not hold the majority of the market. Pricing for the product groups in which the Company's brands are market leaders is based on the Company's standard profit and an acceptable price level for consumers. The Company conducts surveys and inquires for price information from distributors and marketing departments to regularly review the prices of competitors in the market,

4. Sales and Distribution Channels

The Company's policy is to constantly expand its growth. This includes all types of retail stores, whether modern or traditional trade. This is a critical mechanism for assisting products to be distributed to consumers more easily and comprehensively. In addition, the Company has a policy to divide areas and increase the number of dealers to increase quantitative and qualitative distribution efficiency.

In the past year, the Company increased the number of distributors to ensure that products are distributed and managed comprehensively, quickly, and efficiently. The Company also increased the number of employees in the sales department in order to improve the efficiency of the Company's work with its sales representatives. Product training and marketing plans are provided to distributors and sales representatives on a regular basis. This allows for a more extensive distribution of the Company's products. The storefront areas are also arranged to be beautiful, eye-catching, and alluring to attract the attention of retailers who buy for resale. For example, display shelves were created for wholesale stores across the country in order to make the products stand out.

The Company sells its products to consumers through distributors. This is the Company's primary distribution channel, accounting for approximately 78 percent of total revenue. The distributors sell the Company's products to retailers throughout the country whether they are modern and traditional trade. Not only are distributors experts in product distribution and are familiar with retailers, they also make distribution more efficient which enables the Company to be able to reduce the cost of product distribution.

Moreover, the Company expanded its online distribution channels in response to the changing consumer behavior as a result of the COVID-19 pandemic.

5. Marketing and Promotional Activities

The Company is aware that brand awareness promotes brand loyalty. As a result, the Company communicates brand awareness through 360-degree offline and online media such as television, out of home media, online media, and promotional activities at storefronts which includes roadshow activities, etc. This encourages consumers to recognize the brand, the benefits, and a good image. This also creates opportunities for consumers to make a decision to purchase. However, the Company believes that good quality products will create satisfaction for consumers which will result in a continuous use of the products which will create long-term growth.

Competitive Conditions

Nowadays, the household chemical industry is highly competitive. There are numerous operators from both multinational and domestic companies. The Company has positioned itself in the market as a manufacturer of high-quality products due to various certification standards with a mid to high product price. The competitive conditions of the Company's main product groups are as follows:

Wood Preservative Products: This product group generates the highest market share for the Company because the Company was one of the first entrepreneurs to offer such products. As a result, consumers recognize the products. Presently, the number of operators in the market is still not high compared to other types of household chemical products. The factors that make the Company a market leader are high quality products that have been trusted by consumers for a long time as well as the ability to distribute products to paint stores, as well as tool and construction material retailers. This includes TOA Paint (Thailand) Public Company Limited stores located throughout the country. In regards to the competitive conditions of the product group, the competitors continue to focus on marketing stimulus media at the point of sale.

Insect Prevention and Control Products: There is intense competition in both advertising and sales promotion for insecticide spray products as a whole. However, 85% of the market is controlled by only four operators. In 2022, the overall market value of the insecticide spray products is approximately 2,600 Million Baht. The market growth rate was a positive 3.5 %, while the “Chaindrite” brand saw a 7.3% growth rate. According to the Nielsen IQ (Thailand) market share ratings in 2022, the “Chaindrite” brand had the second largest market share with 25.8% of the market share over the past 12 months. This was due to the recognition of quality and a new brand image that was able to reach a new generation better. The Company selected Mark Parin, a famous actor and celebrity to be the Company’s presenter. The Company also focused on comprehensive marketing which emphasizes flying and crawling insecticide products that eliminate mosquitoes, ants, and cockroaches.

Termite Prevention and Control Sprays Products: The Company maintains the No. 1 market share for termite prevention and control sprays which is accounting for 95 percent of the market share. Chaindrite Stedfast 30 SC floor cleaner and Chaindrite 1, wood preservative products that prevent mold and termites continue to be one of the top market leaders because other agrochemical manufacturers, distributors and multinational companies do not have good product distribution.

Cleaning Products: The dishwashing products has an overall market value of approximately 4,600 Million Baht with a small value growth rate of less than 1%. This product group has fierce competition because of the product development, especially the price competition and space competition at the point of sale. In the past year, Teepol dishwashing products used marketing communication to promote Teepol Pure with Bella Ranee as a presenter in order to create a new customer base in the dishwashing product group, namely the Teepol brand via television, online media, out of home media and roadshow activities to promote product testing nationwide.

Pet Cleaning Products under the “Chaingard” brand is the top brand of dog shampoo that consumers trust. Over the past year, Chaingard products continued to use marketing communication with pet lover and pet owner groups via online channels and point-of-sale communication. Over the past year, the Company focused on marketing the Chaingard complete product group. This product does not only eliminate ticks and fleas, but it gives an amazing smell. The product was designed for the coat and skin of each dog breed. Chaingard herbal products stand out exceptionally for extra gentle formulas for dogs and cats. It has been well received among cat owners who enjoy cleaning cats with hygienic bathing.

Product Procurement

The household consumer Non-Food has raw materials and packaging accounting for 85.57% of the total cost of production. The major raw materials are active technical materials accounting for 24.45%, solvents at 17.09%, and packaging at 45.88%.

Besides a reasonable price, the purchase of raw materials must meet the standards specified by the Company and the requirements of the relevant government agencies. It must be derived from reliable sources with certificates or quality certification every time a purchase is made for production. The Company does not have a policy to monopolize the purchase of raw material from a selected group of distributors in order to create flexibility in the selection of raw materials. The imported raw materials accounted for 20% and domestic raw material purchases accounted for 80%. There are many operators who distribute active technical materials. As a result, the Company has never encountered a problem of raw material shortage.

Packaging and other raw materials are purchased from more than 100 domestic manufacturers and distributors while the raw materials for the active ingredients are imported from different countries. The Company purchases the materials from various sources in Europe, Japan, India and China based on product quality and reasonable prices depending on the circumstances. This includes technology services from certain vendors.

Production Capacity and Production Volume

There are 2 factories that manufacture household products. The first factory is located on an area of 9 rai 3 ngan 93 square wa at Wellgrow Industrial Estate in Chachoengsao to produce wood preservative products, insect prevention and control products, and other product groups. The second factory is located on an area of 18 rai 51 square wa in Wellgrow Industrial Estate about 1.5 kilometers away from the first manufacturing plant to produce cleaning products. The total production capacity and the total capacity utilization rate for the Company's product groups are as follows:

	2022	2021	2020
Wood Preservative Products:			
Full Capacity (liters/year)	19,093,000	19,093,000	7,147,200
Actual Production Volume (liters/year)	1,081,220	1,495,175	1,082,110
Capacity Utilization Rate	6%	8%	15%
Insect Prevention and Control Products:			
Full Capacity (liters/year)	13,524,000	13,524,000	6,169,680
Actual Production Volume (liters/year)	3,696,456	4,921,828	2,884,700
Capacity Utilization Rate	27%	36%	47%
Cleaning Products:			
Full Capacity (liters/year)	15,935,000	15,935,000	12,168,000
Actual Production Volume (liters/year)	4,031,420	3,458,930	4,052,006
Capacity Utilization Rate	25%	22%	33%
Other Products:			
Full Capacity (liters/year)	6,049,000	6,049,000	600,000
Actual Production Volume (liters/year)	1,518,655	730,882	548,930
Capacity Utilization Rate	25%	12%	91%

Environmental Impact

The Company has never had any significant environmental problems. The Company's factories have a modern production process under the control of the Industrial Estate Authority of Thailand. The Company is certified with ISO 9001: 2015 and ISO 14001: 2015, environmental standards as well as the certification of Good Manufacturing Practice of hazardous substances (GMP) under the control of the Food and Drug Administration. The Company is also certified with Process Safety Management (PSM). The Company's policy regarding the environment is as follows:

1. Strictly comply with the laws and regulations related to the environment.
2. Monitor, prevent and correct, as well as reducing any environmental impact that may result from the Company's activities. This includes carrying out efficient waste disposal.
3. Appropriately use energy and natural resources for the maximum benefit.

The Company has guidelines to deal with pollution from its factories as follows:

- The Company uses septic tanks to treat waste water, effluent from general cleaning released from bathrooms, cafeteria and floor cleaning, etc. Aeration was done to ensure that the quality level is in accordance with the law.
- The Company uses an air suction system (HOOD) to remove air, dust and odor by using a dust and odor filter tank with activated carbon powder. The test results of air quality emissions into the environment must be in accordance with the criteria prescribed by law.
- Soil and groundwater contamination: The Company tests the soil and groundwater as required by law. The results meet the criteria prescribed by law.
- Noises from packing aerosol products in the Factory Building No. 2 and No.3. The Company takes every measure to prevent noise at the source by creating protection at the passage and protecting employees by providing personal protective equipment.
- Hazardous waste from the production process: The Company hired Akkie Prakan Public Company Limited to dispose of hazardous waste using legal methods.

In regards to energy saving, Company has processed: Project to install Inverter for the Motor of Aerosol Production line's Conveyer in Building 3, Project to install Inverter for the Motor of Blower Dust Collector (BL13), Project to install Inverter for the Motor of Chaindrive Aerosol A3 Production Line, Project to install Inverter for the Motor of Blower BL08 (Powder).

In 2022, the Company's expenses for environmental management at factories was about 2.68 Million Baht.

Industrial Product Group

The Industrial Product Group is a business in which the Company sells products directly to industrial factories, hospitals, restaurants, contractors, pest control companies, cleaning companies, and agrochemical stores across the country because this is a customer group with large orders. Product implementation requires knowledge and techniques. Therefore, there are departments and specialists who have been trained in sales and services for the specific product groups. This can be categorized by the following product types:

1. Termite and Pest Prevention Products This includes products under the brands Chaindrive Steadfast 8 SC, Chaindrive Steadfast 10 EC, Imiforce 5 SC, Imiforce 20 SC, Biforce 10 SC, Biforce 100 EC, Zypertac 25 EC, Zypertac 10 MC, FipForce 2.5 EC, FipForce 5 SC, PreMax 100 EC, PreMax 250 EC, Premax Gel, FipForce Powder, Alpha Gold, Termatrix Foam, Ultraforce Termite Foam, Synerforce SP, Stun, Stun Pro, Biforce 100 SC, Biforce 200 SC, Chaindrive Extra Strength, Vapona 50 EC, Fipforce Aqua, Imiforce 20 SC, Imiforce 200 SC, Spray Clear Out Crawling, Spray Clear Out Cockroach Bait, Termatrix Termite Bait, Termatrix Complete IG Set, Termatrix Magnet Monitor Tablet, and Termatrix AG Station Two.

2. Industrial Cleaning Products This includes products under the brand Teepol multi-purpose cleaner products, Teepol furniture polish products, Teepol stainless steel cleaner products, Teepol glass cleaner products, Teepol carpet cleaner products, Teepol liquid hand soap products, Teepol liquid hand soap colorless and odorless formula product, Teepol Antibacterial Liquid Hand Soap, Teepol Dishwasher Product, Teepol Floor Cleaner, Teepol Bathroom Cleaner, TeePol Floor Polisher, TeePol Dust Remover, Teepol Al-Gel, Teepol Car Wash Foam, Teepol Gel and Alcohol Sanitizer, Automatic Sanitizer Dispenser with Stand, and Quatsan Sanitizer for Industries

3. Termite and Pest Control Products for Public Health This includes products under the brands Sherwacide-D, Outtrigger, Outtrigger RTU, Submarine, Vapona 50 E. C, Sherwood Shield More, Schooner, Dregger 10 SC, and Sherwood Outdoor Shield.

4. Agrochemical Products This includes products for the prevention and elimination of insects: Vite Oil, Treen oil, Acetamiprid, Pyranica, Fenpyrad, Thiamethoxam. Fungicides Products: Pugio, Robonet, Tipblue, Bizer, Kasukamycin, Tekira Sheranil and Azoxfee. Herbicides Products: Solino, Sherbew, Petilachlor, Mewpendi, and Acetchlor. Wetting Agents: Sherestol, Sir, Sherestol Plus, Sher-Balance. Fertilizer and Nutrition Products: Sherwagizer 30-10-10, Sherwagizer 18-18-18, Sherwagizer 4-10-40, Sherwagizer 4-41-27, Shermic Root-Gold, Mate, Jigsaw, Sherwa-Mix, Hi-cap, Sherwa Mg-zing. Pest Control Products for Livestock: Sherdoll, Sherfen 10 and Sherponil.

Distribution Channels

currently distributed through 3 major channels to reaching out our products and services in Industrial business sectors

1. Direct Channel - consists of PCOs (Pest Control Organization), Institutional, Corporation, Factory, Cleaning Service Providers, Landlord, Facilities management contractors, Agro's shops, Farms and Direct users.
2. Dealer and Distributors - consists of large or medium distribution partners who has market knowledge, market coverage and Serving product across the Industrial market and territory.
3. Overseas Market Industrial Sectors - Local distributors in overseas Markets import products, market, sell, and distribute them to Industrial sectors of Pest Control, Industrial Cleanings, Public Health and Agrochemicals.

Marketing Strategy

The Company attaches great importance to the development of product quality, convenience and user safety and the environment. The Company researches, develops and improves the formula for great quality and keeps up with modern technology. As a result, the products of the Company have been trusted and well received from consumers. The Company has invested in the development of modern chemical laboratories to produce quality products that meet international standards. The Company has a quality control procedure to check the quality of raw materials, production processes and the finished products. In regards to customer service, after-sales training was organized for customers, employees of large customers to ensure that they have a thorough understanding of the products and are capable of working efficiently and safely.

The Company is committed to promoting and publicizing its products in order to increase brand awareness among customers. Therefore, the Company emphasizes direct public relations by exhibiting products at the Expo in order to raise customer awareness, meet new customers and maintain the relationship with existing customers. This is viewed as a direct public relations campaign with customers, as well as an opportunity to survey competitors, market conditions, and competition in order to improve the Company's strategies and increase its competitive potential.

In the agrochemical business, the Company's advantage is its high-quality products that have been well received by customers for a long period of time. There are a variety of products available including herbicides, insecticides, fungicides, wetting agents, and fertilizers. This enables the Company to expand its market, which includes agricultural areas and significant arable land in the country, including fruit trees, rice fields, vegetables, and field crops. This will mitigate crop damage caused by plant diseases, insects, and natural disasters. The market has been expanded to cover every region of Thailand as each region has different crops, rainfall, and irrigation, and thus each area has a different demand for products.

Competitive Conditions

At the moment, competition in the chemicals industry is quite fierce due to the growing number of operators, both large and small. The Company's primary competitor is chemical reagent distribution companies whether foreign competitors (multinational companies) or domestic companies. However, the Company has the advantage of the diversity of products and comprehensive services offered in comparison to competitors or other manufacturers in the industry. That is, the Company focuses on research and development of formulas to enhance the unique properties of reagents and to stay current with modern technology in order to continuously introduce the products that meet the needs of diverse range of customers while remaining competitive with competitors. Additional strengths and advantages over competitors include product variety, comprehensive customer service, before and after sales service, and extensive distribution channels. As a result, the Company is able to compete with its industry competitors and maintain its position as a well-known key player in the industry.

There are multinational companies in the agrochemical industry that either manufacture their own products or purchase some products from other companies. The majority of these products are imported finished from abroad and then repackaged by domestic companies or imported as a technical grade for further distribution to Thai companies. Other domestic competitors have manufacturing plants, sales departments and promotion teams. Moreover, there are companies that have manufacturing plants but lack marketing departments. Another competitor is a sole distributor with a sales and promotion department. However, the Company has an advantage over competitors due to a variety of chemicals and applications offerings. The Company has a highly experienced sales and marketing team that is capable of distributing products throughout the country.

Consumer Foods

The Company manufactures food and also markets and distributes it domestically and internationally. This includes Hokkaido Food and Beverage Company Limited (HFB), Hokkaido Morimoto Company Limited (HOK), Hokkaido International Franchise Company Limited (HIF), and Lotto Food (Thailand) Company Limited. The Corporate Group also provide original equipment manufacturing services for food and beverage products to external partners which can be categorized by the following product types:

- 1. Snack Product Group** This includes products under the “Marucho” brand which are roasted peanuts in 9 flavors. Chicken, Shrimp, Spicy Mexican, Mayonnaise Wasabi, Cheese, Squid, Coconut, Tom Yum Kung, Spicy Salmon Terpene and Salt roasted peanuts mixed with Himalayan salt are among the flavors. Additionally, there are premium cashews sold under the “Marucho Gold” brand available in two flavors: Himalayan Salt and Thai Hot and Spicy Flavor.
- 2. Beverage Product Group** This includes herbal beverages under “Super Fight” brand and Orange juice mixed with Fuji apple juices under the “HOKKAIDO” brand.
- 3. Milk Product Group** There are varieties of Milk product under “HOKKAIDO” brand. This includes ready to drink milk which offers rich, creamy, mellow flavor as traditional Hokkaido milk. It is available in 6 flavors: Original, Chocolate, Strawberry, Banana, White chocolate and Lactose Free. For Yogurt, there are 4 flavors: Natural, Strawberry, Yuzu and Mixberry. For Drinking Yogurt, there are 2 flavors which are Natural and Strawberry. For Milk Tablet, there are 2 flavors which are Original and Chocolate. Besides, there are Soymilk and Ice-Cream category available

Research and Development

The Company has continually invented, developed and released new products to create product variety in the market. Due to the product variety of the Company, product improvements have been made in terms of packaging and taste in order to meet the lifestyles and preferences of consumers as well as adjustments have been made to meet the purchasing powers of the target consumers domestically and internationally. The Company has advantages to expand new business and its market share by improving the original products or developing new products under the existing well-known brands. This includes Marujo roasted peanuts coconut milk flavor, Giant Nuts, Marucho roasted peanuts spicy salmon flavor with terpene scent, orange juice mixed with Fuji apple juice (Hokkaido brand), Super Fight herbal drink etc.

Before releasing any new products, the Company conducts studies and surveys consumer needs in order to develop the quality, taste, image, and style of products in order to meet the needs of consumers whether they are new product releases, improved formula products and/or modified raw material products. This can increase opportunities for business growth by introducing new products and improving existing products that respond to consumer demand and, in the long run, increases the Company’s competitiveness.

Distribution Channels

Distribution is distributed through 5 main channels.

1. Modern Trade: consist of convenience stores, supermarkets, and hypermarkets. The products are sold directly to each customer from the Company's warehouse to the customer's distribution center, where it is then distributed to various branches.

2. Traditional Trade and Local Modern Trade consist of large and medium and wholesale stores and general retail stores. The product is sold through distributors to wholesale and retail stores that are in every region of the country.

3. Online Stores: Company launched online stores via its website, Facebook, and various platforms such as SHOPEE and LAZADA.

4. Local Distributors in Overseas Market. The distributors will import, market, sell and distribute products to modern retail stores wholesale stores and traditional retail stores.

5. Hokkaido Shops. The Company currently manages every branch independently in order to control service standards. Hokkaido shops have undergone significant rebranding over the last year. New branches were launched at Central Plaza Bangna and Central Festival EastVille. The stores have a more modern look and offer a wider range of product categories which are not limited to milk products but fruit juices, coffee, and soy milk for wellness.

Marketing and Competition

The food business industry that the Company markets and distributes has a market value of more than one hundred billion Baht per year but the growth rate has declined. This was due to the economic slowdown from the COVID-19 pandemic. Competition has increased and is intense whether it is in advertising or public relations, in every type of media such as television, magazines, radio, online media, etc. This includes decorating point-of-sale displays in order to make the product stand out. Consumers received extensive promotions at the point of sale in hypermarkets, supermarkets, convenience stores, modern stores, and traditional retail stores.

Marketing Strategy

1. Product Quality

The Company aims to promote physical and mental wellness of consumers by selecting high quality raw materials and having meticulous production in clean and safe packaging. The products are designed to have a delicious taste that appeals to the target consumer group while also lowering the amount of sugar so that the product meets the "Healthy Choice Logo" standard established by the Ministry of Public Health.

2. Sales and Distribution

The Company entrusted responsibility for major distribution channels to a market expansion team to ensure that the products are distributed to all target groups in every channel. The Company's business partners are also in charge of distributing products to all channels throughout the country, including modern trade, convenience stores, supermarkets, hypermarkets, and traditional trade. This is evident because the Company's products are available in all channels across the country.

To ensure that the Company's products are distributed and reach customers quickly and without any product shortages, the Company controlled and monitored the products from the movement of ready-to-sell products at the production base up until the distributors and distribution to retail stores. Besides, the Company has a team that monitors sales results and product turnover in each area in order to forecast sales volumes and approximate the amount of inventory, as well as determine sales and marketing plans that are appropriate for customers in each area.

Because of the lockdown announcement during the COVID-19 pandemic, e-commerce and online customer groups grew. Consumer behavior shifted toward more online purchases. As a result, the Company adjusted its sales strategy by encouraging more sales through various online channels, whether participating in promotions with online channels or launching an official store in various marketplaces to sell products directly to consumers. This was accomplished through a variety of promotions tied to the festivals and campaigns of these marketplace online platforms.

3. Marketing Activities and Promotions

Marketing policy is an important business strategy for the Company. In order to be the Top-of-Mind brand among customers, From Nov 2022, the company started to re-branding Marucho brand in the past 30 years to uplift brand image to be more modern and trendy that was able to reach Younger generation better. The Company selected Nanon Korapat, a famous actor and celebrity to be the Marucho's presenter. The Company also focused on comprehensive marketing which emphasizes through 360 degree marketing such as TV media, online media, movie media, out of home media, school tour activities that can reach teen targets. Also, promotional activities at storefronts which includes roadshow activities, etc. This encourages consumers to recognize the brand, the benefits, and a good image.

Competitive Conditions

The snack food and beverage industry is extremely competitive due to the diversity of original operators, new entrepreneurs who may or may not have their own trademarks, substitute products, or innovative production, distribution channels, as well as advertisement and sales promotion or the ability to respond to fluctuating demand. As a result, competition within the industry is more intense. The increased demand of the snack food industry in Thailand is gearing towards healthy snacks that have high protein because today's consumers are beginning to look after their health and avoid consuming foods that have an adverse effect on their health.

The healthy drink market in Thailand continues to be popular because of the changing behavior of consumers during the COVID-19 pandemic. Over the past year, many companies in the industry launched a variety of healthy drink products. The Company also launched new herbal drink products under the "Super Fight" brand.

The effect of the COVID-19 pandemic dragged down the economy and consumer purchasing power. As a result, the ready-to-drink market for milk shrank by 4%. This placed additional constraints on the milk industry's ability to conduct business, both upstream and downstream, with a particular emphasis on the impact on imported raw materials or raw milk from other countries, as foreign manufacturers or suppliers were also affected by the COVID-19 pandemic. This resulted in insufficient raw materials. Inadequate containers as a result of transportation issues resulted in increased costs. Schools were closed during the COVID-19 outbreak, affecting the supply of school milk. Because demand for milk in this segment decreased, operators and dairy farmers' sales volumes decreased as well which made the ready-to-drink market for milk more competitive, owing to increased advertising aimed at building brand image and the expansion of new sales channels, whether offline or online. Over the last year, the dairy market has grown through traditional trade channels as a result of the government's economic stimulus measures through the welfare program, the half-half copayment project, and the We Win project, etc. The total sales volume of hypermarkets, supermarkets, and convenience stores decreased as a result of decreased travel, work-from-home options, and online learning, as well as lockdown measures to prevent the spread of COVID-19. The Company began to place a greater emphasis on online channels in order to expand opportunities and improve accessibility. Promotions were also used to stimulate consumer demand on a periodic basis.

Product Procurement

Procurement of raw materials for production and operations: The Company's primary concerns are the quality and the origin of raw materials. The quality control department was established to control and inspect the quality of raw materials to meet the required standards and compare prices of the same raw materials to ensure price transparency and the best cost-benefit ratio. Apart from this, the Company also looks for new raw material suppliers and innovations that may substitute the existing raw materials to prevent the risk of raw material shortages and reduce the cost of raw materials. In addition, the Company has guidelines to maintain good relationships with raw material suppliers and assess the suppliers every year. The Company also has a policy to procure raw materials from at least two or three suppliers to avoid over-reliance on a single supplier and to create bargaining power for the Company.

The majority of the raw materials used in the Company's production are agricultural products that have been processed to increase their value. Currently, the Company obtains the majority of its raw materials from more than 50 suppliers. Raw milk, oranges, palm oil, sugar, sauces, seasonings, and other condiments, starches, and sweeteners are examples of domestic raw materials. Bottles, envelopes, films, cans, corrugated boxes, and other types of domestic packaging were used. Imported raw materials included nuts, seasonings, leavening agents, and other ingredients.

Production Capacity and Production Volume

Marucho Factory is located at 195/5 Moo 10 Suwannasorn Road, Dong Khi Lek, Mueang, Prachinburi.

	2022	2021	2020
Peanuts Products:			
Full Capacity (kilograms/year)	2,700,000	1,000,000	1,000,000
Actual Production Volume (kilograms/year)	598,911	493,018	354,916
Capacity Utilization Rate	22%	49%	35%

Hokkaido Factory is located at Buathong Factory 2 Project, 48/85-87 Moo 2, Bang Krui-Sainoi Road, Bang Rak Yai, Bang Bua Thong, Nonthaburi.

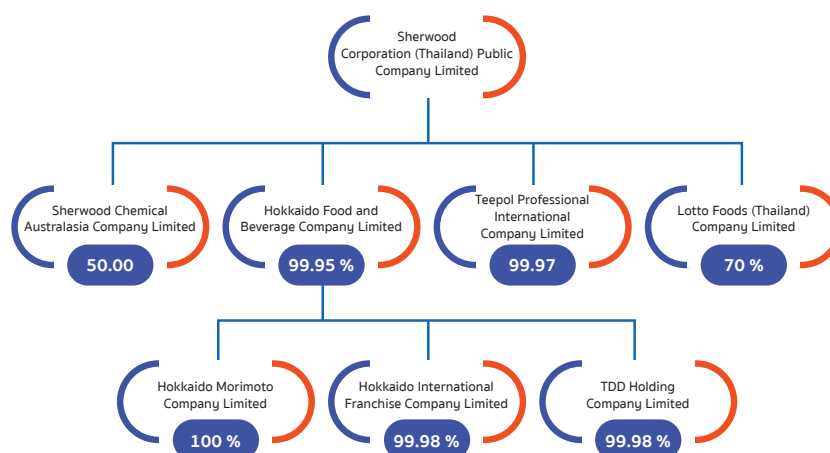
	2022	2021	2020
Milk Products:			
Full Capacity (liters/year)	939,600	939,600	943,200
Actual Production Volume (liters/year)	96,335	77,839	109,239
Capacity Utilization Rate	10%	8%	12%

Environmental Impact

Wastewater from the production process is treated to meet the standards before being discharged into the industrial estate's central wastewater treatment system. Waste management is carried out in accordance with the Minister's instructions, which are published in the Government Gazette, regarding the disposal of waste or unused materials.

1.3 Shareholding Structure of the Corporate Group

The Company's policy is to invest in chemical businesses that are complementary to its current operations and to expand its investments in the food and beverage business. The Company's policy is to assign a director with controlling power over the subsidiary in order to efficiently manage the subsidiary's management in accordance with the Company's policies. The shareholding structure of the corporate group as of December 31, 2021 is as follows:



The Company's subsidiaries are as follows:

Sherwood Chemical Australasia Company Limited operates a business in distributing household and industrial chemicals in Australia with a shareholding of 50% of the investment fund. Hokkaido Food and Beverage Company Limited engages in the business of manufacturing and distributing consumer products such as milk and snacks with a shareholding of 99.95% of the investment fund. Teepol Professional International Company Limited operates manufacturing and distributing cleaning solutions domestically and internationally with a shareholding of 99.97% of the investment fund. Lotto Food (Thailand) Company Limited, with a 70% of the investment, operates manufacturing and distributing plant-based protein products as a new alternative for future food consumption.

Subsidiary No.1	: Sherwood Chemical Australasia Company Limited
Type of Business	: Distributing household and industrial chemicals products.
Office	: 3rd Floor, 1060 Hay Road, West Perth Australia 6005
Company Website	: www.sherwoodchemicals.com.au
Telephone Number	: +61 892194683
Fax Number	: +61 892194672
Share Capital	: Registered and paid-up capital, 2,000 ordinary shares at a par value of \$10 AU per share, and a 50% investment ratio.
Subsidiary No. 2	: Hokkaido Food and Beverage Company Limited
Type of Business	: Manufacturing and distributing consumer products such as milk and confectioneries
Office	: 1065 Srinakarin Road, Suan Luang, Suan Luang, Bangkok 10250
Telephone Number	: 0-2320-2288
Fax Number	: 0-2320-2670
Share Capital	: 1,000,000 Baht Registered capital, 10,000 ordinary shares at a par value of 100 Baht per share. Percentage of Shareholding 99.95%

Subsidiary No.3	:	Teepol Professional International Company Limited
Type of Business	:	Manufacturing and distributing cleaning solutions domestically and internationally.
Office	:	1065 Srinakarin Road, Suan Luang, Suan Luang, Bangkok 10250
Telephone Number	:	0-2320-2288
Fax Number	:	0-2320-2670
Share Capital	:	1,000,000 Baht Registered capital, 10,000 ordinary shares at a par value of 100 Baht per share. Percentage of Shareholding 99.97%
Subsidiary No.4	:	Lotto Food (Thailand) Company Limited
Type of Business	:	Manufacturing and distributing plant-based protein products as a new alternative for future food consumption.
Office	:	1065 Srinakarin Road, Suan Luang, Suan Luang, Bangkok 10250
Telephone Number	:	0-2320-2288
Fax Number	:	0-2320-2670
Share Capital	:	10,000,000 Baht registered capital, 1,000,000 ordinary shares at a par value of 10 Baht per share. Percentage of shareholding 70%

Shareholding Structure

The top 10 major shareholders of the Company as of August 23, 2022

	Name	No. of shares	% of shareholding
1.	TOA Venture Holding Co., Ltd.	306,501,800	67.60
2.	Mr. Visnu Skulpichetrat	35,328,500	7.79
3.	Ms. Palita Kusakul	24,240,000	5.35
4.	Mr. Bunwan Worathamthongdee	10,605,626	2.34
5.	Mr. Nipon Komolsuvan	9,253,014	2.04
6.	Mr. Narin Trisukosol	8,000,000	1.76
7.	Mr. Paisan Pisutvacharakul	6,000,000	1.32
8.	Life Saver International Co., Ltd	3,000,000	0.66
9.	Thai NVDR Company Limited	2,756,985	0.61
10.	Mr. Jatuphat Tangkaravakoon	2,583,984	0.57
	รวม	408,268,985	90.04

1.4 Registered and Paid-Up Capital

The Company's registered capital is 232,500,000 Baht. The paid-up capital is 226,696,481 Baht. There are 453,392,962 ordinary shares with a par value of 0.50 Baht per share.

1.5 Dividend Policy

The Company's dividend policy is to pay no less than 40% of the net profit after taxes and legal reserves. The Company considers factors such as its operating results and financial position, liquidity, business expansion, and other factors relevant to the Company's management under the condition that such actions must generate maximum benefit for its shareholders.

2. Risk Management

2.1 Policies and Risk Management Plan

The Company established a risk management framework to be implemented effectively as follows:

The Company adheres to a code of business conduct. Executives and employees at all levels practice and adhere to the business philosophy and the code of conduct. The management structure of the Company is efficient. The duties and responsibilities are clearly defined and stated. The policies, regulations, steps, and procedures are documented in writing. The Company has management and treats stakeholders, employees, business partners, accounts payable, business competitors, and shareholders fairly. Training was organized for all levels of employment to recognize and comprehend risk management. The activities were also designed to identify, assess, and manage risk with a systematic and continuous approach, as well as to set an appropriate and acceptable level of risk.

A. Determining Objectives

The Company established the objectives, goals, strategies, plans/tasks/activities of each business unit. The objectives should identify what the organization or entity expects to achieve. Therefore, the objectives must demonstrate the achievements that the organization or unit seeks to accomplish. The Risk Management Committee will consider the organizational objectives so that they are in accordance with the established strategic plans in order to formulate a plan to manage risk so that it is at an acceptable level according to the situation or any regularly changing risk factors.

B. Identifying Events or Risk Factors

This ascertains whether there are any risks posed by internal or external factors that could jeopardize the organization's objectives and goals, as well as its performance at the organizational level and activity level. The following risk categories have been identified:

1. Strategic Risks
2. Operational Risks
3. Financial Risks
4. Compliance Risks

C. Risk Assessment, Rating Risk, and Risk Management

After the Risk Management Committee has identified the events/activities and types of risks that may occur in the organization, whether they are strategic risks, operational risks, financial risks, or compliance risks, the Committee will analyze the event or activity to see if any units are involved. That unit is known as the Risk Owner.

The Risk Owner will identify activities within their own unit that involve the risk, as well as assessing the likelihood and severity of the risk's impact in order to make appropriate risk management decisions.

2.2 Risk Factors

1. The Risk of New Operators and Increased Competition

Nowadays, the Fast Moving Consumer Goods industry is highly competitive. There are numerous operators from both multinational and domestic companies. There are more than ten trademarks in each product group. If the competition intensifies, prices may be affected, resulting in lower profits or revenue. However, there are only a few large operators that hold a significant market share because the success of each product's trademark derives from the correct marketing element. This means that the price level must be suitable for the quality. The budget must be regularly used to advertise and promote sales in various ways in order to create confidence in the products which in turn creates product loyalty. This also includes the ability to distribute products in various areas. Therefore, it takes some time for the new trademarks to have an opportunity to successfully increase the market share, especially in regards to the production of insecticide products because they require special techniques, knowledge, and expertise in importing raw materials, researching, and testing products to develop new products before being able to request a permit from Food and Drug Administration, Ministry of Public Health or any relevant government agencies. This ensures that such products can be used as specified in the quality, without harming consumers and does not cause any environmental impact when used in accordance with the instructions on the label.

2. Risk from Fluctuations in the Raw Material Price

Raw material costs are considered to be the main production expense which accounts for 85.57% of the cost of sales. The fluctuation in raw material prices directly affects the cost of products and the Company's operating results because the Company cannot immediately adjust the selling price in accordance with the fluctuating raw material prices. In regards to the active technical materials that must be imported from other countries, such as the Europe, India, and China, the Company has a policy of purchasing raw materials from multiple manufacturers in order to reduce the risk of raw material shortages. This also increases bargaining power in terms of price and quality. Other major raw materials, such as LPG and solvents, whose prices vary according to supply and demand in both regional and global markets, are beyond the Company's control. However, the Company used a strategy of releasing a variety of products for sale, causing the product costs to be spread out, as well as managing the cost of raw materials and the pricing structure to have a profitable relationship.

The increase in raw material prices has a smaller impact than raw material shortages. To avoid the problem of raw material shortages which occur frequently when raw material prices rise, the purchasing department must be alerted of any updates and must adjust the order quantity in order to have more raw materials in stock for any materials that are expected to be in short supply.

3. Exchange Rate Risk

The majority of the Company's raw materials are active technical materials that must be imported from other countries, the majority of which are priced in US dollars. In some cases, the Company will enter into a short-term foreign currency forward contract prior to the payment date, particularly during periods in which the exchange rate is expected to fluctuate. If exchange rate fluctuations affect the price of raw materials, they will have little effect on the Company's gross profit.

4. Risk from the Launch of New Products

Each year, the Company aims to launch at least two new items. This poses a possible risk of failing to create a market for new items. This results in a waste of resources throughout the product development process and the marketing budget. Additionally, there may be inventory issues if raw materials and packaging remain and cannot be discharged.

As a result, the Company attempts to mitigate risk by launching new products into both large and small markets by leveraging the advantages of well-known brands and establishing a deep and extensive distribution network in the shortest amount of time possible.

Distributors in each channel and region play a vital role in mitigating the risk associated with new product launches. This also accelerates the introduction of new products to the market. Moreover, the Company has made an effort to develop new products by making the best use of available raw materials and packaging in order to minimize the risk of slow-moving inventory or inventory that cannot be sold if the new product fails to perform as expected.

5. Interest Rate Risk

The Company may have interest rate risk on loans from financial institutions. Interest rate changes may have an impact on the Company's financial costs. As a result, the Company established a policy to manage this risk by establishing a financial structure that is appropriate for the capital's nature. That is, the Company will seek to utilize long-term funding sources for various investment expenses associated with project expansions. Furthermore, the Company will utilize short-term funding sources for working capital.

By the end of 2022, the Company received a 154 Million Baht loan from financial institutions. Also, the Company gradually repaid financial institutions. However, the debt-to-equity ratio increased from 0.71 at the end of 2021 to 0.77 at the end of 2022.

6. Risk from Depending on Certain Product Groups

The Company's main product group is insecticides under the "Chaindrite" brand. The proportion of sales is approximately 70% of total sales. The Company's reliance on the insecticide product group for the majority of its income may have a negative impact on the Company's performance if insecticide products lose popularity with consumers as a result of new technologies or changes to consumer behavior.

To mitigate this risk, the Company is attempting to broaden its business to include more comprehensive cleaning products under the "Teepol" brand, as well as develop insecticide products that use organic ingredients in order to support the health trend and reduce the use of chemicals. The Company also expanded its business into food and beverage products by manufacturing and selling peanuts products under the "Marujo" brand and milk products under the "HOKKAIDO" brand to reduce the reliance of income on a certain product group.

7. Cyber Threats and Data Security Risk

As occurrences of these threats occur today, the Company could be vulnerable to cyber attacks. This risk could have a negative impact on the Company's reputation and cause damage to the Company, as well as its employees and partners. As a result, the Company places great value on cyber threat management and data security. The Company also monitors operations in order to ensure that it complies with the law and relevant regulations. The Company accomplished this by providing knowledge, issuing regulations, and determining the authority to access information. This has been happening since 2021.

3. Driving Business for Sustainability

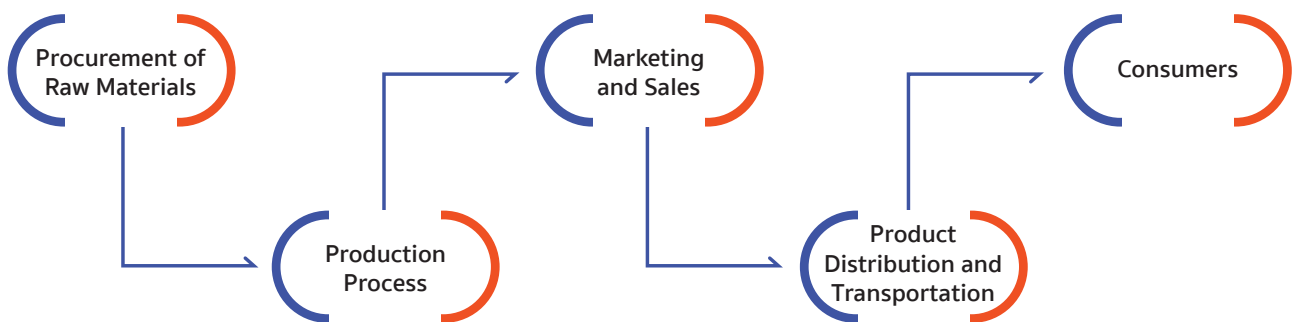
3.1 Sustainability Management Policies and Goals

The Company believes that conducting a business successfully with sustainable growth requires organization corporate governance development in tandem with social and environmental development by taking into account all stakeholders starting with shareholders, employees, customers, creditors, competitors, as well as the government, community, society, and environment. As a result, the Company instilled awareness among its employees regarding the treatment of stakeholders by establishing a mission and corporate culture.

3.2 Managing the Impact on Stakeholders in the Business Value Chain

3.2.1 Business Value Chain

The Company focuses on management throughout the business's value chain, from upstream to downstream, in order to create value for products and services and meet the expectations of all stakeholders. This process begins with the acquisition and procurement of raw materials from domestic and international suppliers. The Company selects raw materials and packaging with high quality and standards from reputable vendors in the market that have reasonable financial costs in order to enable the Company to compete in the market. The Company also inspects/verifies the quality of raw materials before they enter the production process. The production process takes the impact on the community, society and environment into account. A comprehensive marketing and sales including branding, brand image, and packaging design are used to make the product known and memorable in order to create confidence in products, services, distribution, and transportation. The Company's distribution strategy is to reach out to retailers in both modern and traditional trade channels. This is a critical mechanism that enables products to reach consumers more widely, as well as expanding into international markets. The Company manages transportation as efficiently and effectively as possible in order to reduce costs and deliver products on time for consumers.



3.2.2 Stakeholders Analysis in the Business Value Chain

The Company conducted a continuous analysis of issues that may arise from all stakeholders through various activities and communication channels. The Company also determined how to meet the expectations of all stakeholders.

Operations with Stakeholders

Stakeholders	Engagement Channels	Response
Shareholders and Investors	- Annual General Meeting of Shareholders - Quarterly Performance Report - Annual Registration Statement / Annual Report (Form 56-1 One Report) - Sustainability Report - Communication Channels such as the website, telephone, and email - Receive complaints/answer inquiries	- Determine good corporate governance policy - Equitable treatment of shareholders - Disclose information in a transparent, accurate, and timely manner - Proper dividend payments - Have a good monitoring and control system - Handle complaints - Build good relationships with shareholders and investors - Listen and consider opinions of shareholders and investors when determining the Company's strategy and operating guidelines
Employees	- CEO Town Hall - HR Communications / Bulletin Board - New Employee Orientation - Trainings to enhance proper knowledge and skills that meet the interests of participants - Annual Performance Evaluation - Employee Engagement Survey - Establishment of the Welfare Committee - Workplace Safety Training and Personal Protective Equipment Training - Listen to opinions and complaints of employees	- Employee Engagement - Promotion and development of employee potential - Respect human rights and treat people equally - Manage remuneration, welfare and benefits so that they are appropriate and fair - Management of safety, occupational health and the environment - Handle complaints
Customers	- Determine best practices and standards - Market Research - Communicate product information through product labels - Communicate through public relations, advertisements, the Company website and experts who give advice - Visit and educate customers - Organize exhibitions - Receive complaints/Annual Customer Satisfaction Survey	- Create confidence to build the Company's image - Confidence in the brand - Product quality and safety - Product labels that provide complete product information - Develop innovative products and services - Handle complaints/Customer Satisfaction Results

Stakeholders	Engagement Channels	Response
Creditors and business partners	- Selection and recruitment process - Supplier Evaluation - Discussion/Meetings - Participation in activities and events - Communication channels - Receive complaints	- Fair business practices - Strict compliance with contracts and the terms of the agreement - Comply with the Company's procurement policy - Comply with the Anti-Corruption Policy - Maintain lasting relationships with creditors and business partners - Exchange knowledge to develop the potential and efficiency of production and services to meet standards - Handle complaints
Competitors	- Meet and share experiences - Receive complaints	- Treat competitors fairly under the competition framework - Do not infringe on confidentiality or trade secrets of competitors with fraudulent methods - Do not destroy the reputation and relationships with competitors - Do not infringe on intellectual property or copyrighted works of others or competitors - Comply with the Anti-Corruption Policy - Handle Complaints
The Public Sector	- Report information as required by law	- Comply with government policies, applicable laws and regulations
Community and Society	- Discussion/Meetings/Visits - Organize activities with communities and society - Receive complaints	- Encourage employees at all levels to have a sense of responsibility to the community and society - Deliver the Company's products to the community and society - Handle complaints
The Environment	- Quality, safety, occupational health and environmental policies	- Comply with quality, safety, occupational health and environmental policies - The Company monitors and manages wastes disposals, both from the production process and general use as well as contaminants to the external environment - The Company is certified with ISO14001 environmental standards - Encourage employees at all levels to make the most efficient use of available resources

3.3 Sustainability Management in Environmental Dimensions

3.3.1 Environmental Policies and Practices

The Company conducts business with an awareness of the importance of the environment. As a result, the Company strictly adheres to environmental laws and regulations and continually improves its environmental management system in order to mitigate the environmental impact of its business operations.

3.3.2 Environmental Performance

Green Industry Project

The Company aspires to become a “Green Industry” in accordance with the Ministry of Industry’s project which promotes continuous system improvement that contributes to environmentally friendly value chain and supports sustainable development. The Company is currently operating on the third level of the green system, which is systematic environmental management. There is follow-up, evaluation, and review in order to maintain continuous development. The Company also received highly regarded environmental awards and certifications for environmental standards.

Water Resource Management

Water is a vital resource for life and business. As a result, the Company focuses on the efficient management of water resources by raising awareness among its employees and the importance of water consumption for maximum benefits.

The Company treats wastewater prior to its discharge into the Wellgrow Industrial Estate’s sewer system in order to improve the effluent’s quality before it is released into the environment. Every six months, the water pollution is measured to ensure that the indicated water quality measurement meets the established regulations.

The table regarding water pollution data over the past 3 years

Parameter	Standard	1/2020 Result		2/2020 Result		1/2021 Result		2/2021 Result		1/2022 Result		2/ 2022 Result	
pH	5.5-9.0	7.8	Pass	7.6	Pass	7.3	Pass	7.5	Pass	7.5	Pass	7.8	Pass
BOD	500	256.2	Pass	97.5	Pass	81.0	Pass	188.2	Pass	8.6	Pass	5.0	Pass
COD	750	503.0	Pass	162.0	Pass	131.0	Pass	304.0	Pass	21.0	Pass	43.0	Pass
Oil & Grease	10	4.6	Pass	3.0	Pass	5.2	Pass	< 3.0	Pass	< 3.0	Pass	< 3.0	Pass
Surfactant	30	0.150	Pass	0.920	Pass	0.120	Pass	0.100	Pass	< 0.05	Pass	< 0.05	Pass
Formaldehyde	1	<0.1	Pass	ND	Pass	<0.1	Pass	<0.1	Pass	Not Detected	Pass	Not Detected	Pass
Phenol	1	0.218	Pass	0.020	Pass	0.150	Pass	0.100	Pass	< 0.002	Pass	< 0.002	Pass
Chloride	2000	31.0	Pass	194.93	Pass	178.2	Pass	289.90	Pass	359.9	Pass	219.00	Pass
Suspended solids	200	46.5	Pass	59.0	Pass	11.0	Pass	58.0	Pass	6.4	Pass	10.0	Pass
Total dissolved solids	3000	778.4	Pass	709.0	Pass	815.0	Pass	915.0	Pass	735.0	Pass	708.0	Pass
Color	600	75.0	Pass	37.0	Pass	38.0	Pass	42.0	Pass	26.0	Pass	25.0	Pass
Physical appearance	-	Yellow Turbid Sediment	Pass	Yellow Turbid Sediment	Pass	Gray Sediment	Pass	Yellow Turbid Sediment	Pass	Gray Turbid Sediment	Pass	Gray Sediment	Pass

Waste Management

The Company appropriately established guidelines for waste management from the production process in accordance with the laws. The Company divided the waste bins into 4 color-coded bins. They are as follows:

1. Yellow bins for solid waste.
2. Green bins for recycled waste.
3. Blue bins for contaminated packaging containers.
4. Red bins for hazardous waste.

The Company delivers type 1 and type 2 bins to the Industrial Estate Authority of Thailand (IEAT) for disposal. The Company hired Akkie Prakan Public Company Limited to transport, dispose and treat waste for type 3 and 4 bins in accordance with the law to ensure safety in storage, transportation, and destruction. This is a guideline to prevent waste and unused materials, as well as hazardous waste having an adverse effect on the environment.

Power Management

Presently, the volatility of energy prices has begun to rise causing the energy costs, particularly in the industrial sector, to continue to rise. As a result, the Company continuously adapted and developed to reduce energy costs. In 2022, the Company operated 4 energy conservation projects as follows:

1. Project to install Inverter for the aerosol Production line's Conveyer in Building 3

Detail	2022	
	kWH/year	Bath/Year
Energy Saving	6,088.34	28,737.00
Investment		15,000.00
Payback Period		6.26 Month

2. Project to install Inverter for the Motor of Blower Dust Collector (BL13)

Detail	2022	
	kWH/year	Bath/Year
Energy Saving	15,632.63	73,786.06
Investment		2,000.00
Payback Period		0.33 Month

3. Project to install Inverter for the Motor of Chindrite Aerosol A3 Production Line

Detail	2022	
	kWH/year	Bath/Year
Energy Saving	32,099.02	151,507.38
Investment		1,500.00
Payback Period		0.12 Month

4. Project to install Inverter for the Motor of Blower BL08 (Powder)

Detail	2022	
	kWH/year	Bath/Year
Energy Saving	37,127.34	175,241.06
Investment		15,000.00
Payback Period		1.03 Month

The Company promoted energy efficiency and benefit maximization by establishing an employee conservation project to encourage employees at all levels to participate in effective and cost-effective energy conservation. The Company communicated this to all employees in order for them to understand and comply with the following policies:

- Turn off the lights inside the building and in the parking lot at the specified times and then turn them back on when needed.
- After each use, turn off the meeting room lights and unplug any electrical equipment.
- Turn off computers and computer screens after each use during the lunch break.
- Use computers instead of paper to transmit information.
- Turn off photocopying machines after each use and print non-essential information in black and white on recycled paper.
- A campaign to encourage the use of LED light bulbs.
- Set air conditioners to 25oC and clean them regularly.

Air Pollution Management

The Company recognized that factory-generated air pollution can have a negative impact on the environment. As a result, the Company established a process for measuring air pollution and chemical levels in employees' work areas every six months. This ensures that the indicated air quality measurement is in accordance with the relevant regulations.

The table shows the amount of air pollution and chemicals in employees' work areas over the past 3 years

Parameter	1/2020 Result		2/2020 Result		1/2021 Result		2/2021 Result		1/2022 Result		2/2022 Result	
Stack pollution: Total suspended particular, Xylene	3	Pass	3	Pass	5	Pass	6	Pass	6	Pass	6	Pass
Chemical in work place: Benzene, Methylene chloride, Xylene, Total dust	18	Pass	25	Pass	23	Pass	31	Pass	28	Pass	28	Pass

Soil and Groundwater Pollution Management

Business operations can result in the introduction of chemical contaminants into the soil and groundwater. This poses a threat to human health, sanitation, and the environment. The Company notified the Department of Industrial Works of chemical usage or storage in the factory area. Soil and groundwater pollution is measured annually to ensure that the indicated measurements are in accordance with the relevant regulations. In 2022, Company has installed Ground Water Monitoring Well at Factory 2

The table shows the amount of soil and groundwater pollution over the past 3 years

Parameter	2020 Result		2021 Result		2022 Result	
Soil: 1,3,5-Trimethylbenzene, Ethyl benzene, Benzene, Naphthalene, Xylene, O-Xylene, p-Xylene, Methylene chloride, Zinc, Acetone, Hexane, Methanol, Chloroform	-	-	1	pass	1	pass
Water: pH, 1,3,5-Trimethylbenzene, Ethyl benzene, Benzene, Naphthalene, Xylene, O-Xylene, p-Xylene, Methylene chloride, Zinc, Acetone, Hexane, Methanol, Chloroform	4	pass	4	pass	7	pass

Remarks - Soil pollution is measured every 3 years.
- Groundwater pollution is measured annually.

Handling of Hazardous Materials

The Company implemented a process safety management system (PSM), which is a safety management system designed to prevent incidents and injuries related to the production processes that are extremely hazardous and use flammable chemicals. This was accomplished by utilizing management controls and engineering fundamentals to identify, assess, and control hazards associated with production processes. This included the storage, design, use, production, maintenance, inspection, testing, and transportation or movement of hazardous chemicals within industrial estates.

The Company integrated a production process and engineering as well as operating procedures and practices to ensure safety at all times. Furthermore, the Company passed an audit for the certification of the process safety management system (PSM) in accordance with the Regulations of the Board of Directors of the Industrial Estate Authority of Thailand Re: Rules, Procedures, and Conditions for Business Operations in Industrial Estates (No. 4) B.E. 2559.

Greenhouse Gas Management

The Company focused on the prevention and mitigation of any impact from the business that affects climate change by using resources efficiently. In 2021, the Company operated an energy conservation project and started recording the organization's carbon footprint.

In terms of greenhouse gas emissions disclosure, the methodology used to calculate greenhouse gas emissions is based on the organization's Carbon Footprint Assessment Guidelines by Greenhouse Gas Management Organization (Public Organization). The details are as follows:

Greenhouse Gas Emissions Data

	2021/Unit	2022/Unit
Direct Greenhouse Gas Emissions - Diesel Fuel Consumption (Scope 1)	56.80 ton CO ₂ eq	53.89 ton CO ₂ eq
Indirect Greenhouse Gas Emissions through Electricity Consumption (Scope 2)	1,145.63 ton CO ₂ eq	1,025.67 ton CO ₂ eq
Indirect Greenhouse Gas Emissions (Scope 3)	-	101.13 ton CO ₂ eq
Greenhouse Gas Emissions Scope 1 + Scope 2	1,202.43 ton CO ₂ eq	1,180.70 ton CO ₂ eq
Greenhouse Gas Emission per Ton of Production Scope 1 + Scope 2	0.113 ton CO ₂ eq / ton of product	0.1139 ton CO ₂ eq / ton of product

3.4 Sustainability Management in Social Dimensions

3.4.1 Social Policies and Practices

The Company aims to conduct business with integrity and social responsibility by improving the quality of life of its employees and stakeholders by taking various, concrete actions.

Caring for Employees

Employees are the primary and critical resource for driving business operations. Therefore, the Company attached importance to taking care of its employees by managing the remuneration system, welfare and benefits in order to be appropriate and fair. This included the management of occupational safety and the working environment to continually develop employees' knowledge and abilities so that employees have the potential to drive the business to sustainable growth.

Human Rights Principles

The Company recognized that its employees are a vital resource and an integral part of its success. The Company placed emphasis on adhering to human rights principles and treating employees, subsidiaries, and stakeholders fairly without discriminating based on race, religion, national origin, gender, age, or educational background. Additionally, the Company provides equal rights to persons with disabilities. This includes ensuring that employees' human rights are protected equally and fairly under applicable labor laws and regulations.

In this regard, the Company established a Welfare Committee to collaborate with the Company in managing labor welfare in a manner that is consistent with the actual needs of the employees and allows the Company and employees to engage in discussions and exchange views on employment conditions, working conditions, and improving the quality of life of employees. The meeting takes place every three months. A providence fund and credit union were also provided for employee's stability and long-term benefits.

Providing Job Opportunities for People with Disabilities

The Company hired people with disabilities under Section 33, Employment of Persons with Disabilities, in enterprises and government agencies. In 2022, three people with disabilities were employed and given opportunities to use their potential to work and participate in society equally.

Recruitment and Selection of Employees

The Company continually focused on human resource management. As a result, a policy was established to recruit and select employees internally and externally who are knowledgeable, competent, suitable, and compatible with the line of work, as well as responding and supporting business growth. The Company reviews its manpower planning to establish guidelines annually and set recruiting strategies. Personnel are selected through the assessments of tact, intelligence, professional aptitude, and knowledge of fundamental operations. However, the Company also organized an orientation for all new employees so that they could learn about the Company and be prepared to perform their assigned tasks correctly.

Motivation and Satisfaction

The Company recognized the value of its employees. As a result, the Company attempted to instill motivation and satisfaction in employee performance in order to provide employees with motivation and a positive working attitude which will result in the organization's goals being met and achieving success. The operations are as follows:

- The Company surveyed external markets for remuneration and benefits in order to gather information for improving the Company's salary structure policy in order to compete in the external market.
- The Company conducted an Employee Engagement Survey in order to use the results to develop a management system and welfare system as well as the environment.
- The Company organized "Town Hall" activities for employees to drive the organization together in the same direction.
- The Company presented awards to long-serving employees for their efforts in promoting and fostering employee morale for those who work diligently and produce positive results for the Company.

Performance Evaluation

The Company adhered to the Key Performance Indicators (KPIs) to measure performance in 2 levels, corporate KPI and KPI & personal core competency. The Management considered all aspects of the Company's operations and established indicators for each line of work, as well as providing employees with the opportunity to set personal goals and indicators for their performance in accordance with the Company's goals and strategies. The evaluation results were taken into account when determining salary, annual bonuses and employee development.

Employee Development and Training

The Company's objective was to develop employees so that they obtained the necessary skills and abilities in their respective fields of work to support fiercer business competition and keep up with rapid changes. The Company established an Individual Development Plan based on the 70:20:10 principle. That is, 70% of learning comes from work experience, 20% comes from mentoring and coaching, and 10% comes from training courses. The Company provided in-house training through speakers within the organization and/or invited qualified speakers from outside the organization to share knowledge and experiences as well as public training to enhance knowledge, skills, and the ability to perform duties more efficiently.

Summary of Training Results for 2022

Training Courses	Number of Courses	Cost of Training
In-House Training	19	292,591
Public Training	19	168,584
Total	38	461,175

The average training hours for all employees in 2022 was 6.5 hours. The results of the employee satisfaction survey after training are as follows:

Section	Average Score (total 100 points)
Content is Consistent with the Curriculum	87.00
Content is Applicable to Work	89.50
Overview of the Training	85.50
Knowledge and Ability of Lecturers	91.00
Presentation Techniques and Explanations of Lecturers	88.50
Lecturer Techniques to Obtain People's Attention	89.00
Giving Opportunities to Ask Questions, Express Opinions and Create Participation	92.50
Ability to Answer Questions Clearly	92.00
Format and Method of Training	80.00
Acknowledgement of Schedules and Appointments in Advance	88.00
Duration of Training is Consistent with the Content	84.00
Documents and Training Materials	75.00
Location and Facilities for Training	75.00
Average Score	87.00

Safety and Occupational Health

The Company established a “Quality, Safety, Occupational Health, and Environment Policy” to ensure that the Company’s quality, safety, occupational health, and environmental management operate effectively and in accordance with the requirements of the ISO 9001: 2015 quality management system standard, the ISO 14001: 2015 environmental management system standard, and the good manufacturing practices for hazardous substances, or GMP. The Company was certified for process safety management (PSM) in accordance with the Industrial Estate Authority of Thailand’s regulations concerning the criteria, procedures, and conditions to operate business in industrial estates.

Policy

Quality, Safety, Occupational Health and Environment

1. Create customer satisfaction by consistently delivering products that meet quality standards.
2. Comply with relevant laws and regulations.
3. Focus on the safety and occupational health of employees and product users.
4. Strive to safeguard, prevent, and mitigate risks associated with the Company’s activities that could have an effect on the community, the environment, and ecosystems.
5. Make the best use of resources and utilities.

Health Promotion: The Company provides health check-ups prior to employment contracts and an annual health check-up once a year for those in the office and branch offices 1 and 2 to promote good health and well-being, as well as receiving advice and correct treatments from a doctor.

Social Activities

The Company placed importance on social activities along with business operations by organizing various activities for employees to participate in. This included:

- The Company arranged the campaign under the brand “Chaindrite” by contributed water-based wood preservative products for several schools during November 2021 to February 2022.
- The Company contributed pest prevention and control products under the brand “Chaindrite” and cleaning products under the brand “Teepol” for several hospitals during March to May 2022.



- The Company arranged Dengue Fever Reduction Campaign under the brand “Chaindrite” by contributed pest prevention and control products for Khlong Toei Area on June 2022.



- To encourage military officers’ morale, The Company donated 60,000 bottles of 8 herbal extracts beverage products under the brand “Super Fight” to Royal Thai Armed Forces Headquarters on January 2022.



4. Management Discussion and Analysis

4.1 Overview

Although many countries around the world have been able to resume its economic activities, the world economic uncertainty and geopolitical risk still have been the big challenge for business operation. The Thai economy in 2022 that tends to expand in a positive direction in a similar way to the global economy. But household consumption is still on a downward trend mainly from the consumers are affected by the rising cost of living both necessary products for daily usage and the continuously rising of transportation costs as well as debt burden increased following interest rate hikes in line with monetary policy. In addition, environmental fluctuations in both weather and water situations impact income both in and outside the agricultural sector, which affect business operations. This causes the consumer purchasing power decline or retard investment and eventually affecting employment. In conjunction with other players doing promotional activities with constant price reductions. These factors create uncertainties and affect the business environment which challenges the Company's business operations. The Company drives business through the challenges by focusing on building distribution strengths, resulting in the comprehensive business expansion of the cleaning product business under the brand "Teepol" as well as food and beverage business in order to alleviate the reliance on revenue from a particular product category. Additionally, more sales promotions were used in department stores and leading stores across the country by choosing the distribution channel that suited to each product categories as well as enhanced the efficiency for product visibility and product placement in all channels in order to maintain market share, included product advertising in multiple media channels in order to create brand awareness. From both external and internal factors resulting in the performance of Sherwood Corporation (Thailand) Public Company Limited which had a total sales revenue of 1,694.08 Million Baht in 2022, which decreased by 132.37 Million Baht or a 7.25% decrease compared to the same period in 2021. The net profit equaled 23.64 Million Baht, or 0.04 Baht per share. However, the Company is committed to creating the future strong growth in order to improve operational efficiency and to reap from the economic recovery for both the household chemical and the food and beverage products through expanded and developed all product categories to provide superior alternatives and manufacture products that meet the needs of consumers to the fullest extent possible.

4.2 Results of Operations

1. Sales Revenue

In 2022, the Company's total sales revenue was 1,694.08 Million Baht, decreased by 132.37 Million Baht or a 7.25% decrease compared to the same period of 2021. This resulted mainly from consumers are affected by the rising cost of living both necessary products for daily usage and also the continuously rising of transportations costs that affected to the demand for chemical products together with other players doing promotional activities with constant price reductions, resulting in lower revenue for the household chemical product category. The revenue from domestic sales decreased due to traditional trade channel faces fierce price competition. However, the Company has continuously increased promotional activities in all product groups by choosing the distribution channel that suited to each product categories as well as enhanced the efficiency for product visibility and product placement in all channels in order to maintain market share. Furthermore, the Company has more emphasized online platform channel. The increased export revenue resulted from the sales growth from the Australian export market which increasing promotional and releasing new products, including market expansion to industrial export channel of termite liquid treatment products. For food and beverage business, the revenue growth has continued its pace as a result of new product launching and distribution expansion covering more stores nationwide. The food business from peanut product under "Marucho" trademark has increased revenue resulting from distribution expansion covering more stores nationwide and launching of new packaging for Marucho with hanging type that can enhance more distribution in the provincial areas. For dairy products under "Hokkaido" trademark, the revenue has increased resulting from products availability for sale in Supermarkets to expand distribution channels and serve customer demands. Sales revenue from beverage products under "SuperFight" trademark has increased resulting from market expansion and the launching of new product SuperFight size 100 ml. which enhances more product distribution toward customers. The sales revenue categorized by business categories are as follows: The household business had sales revenue of 1,121.30

Million Baht or 66.10% of the total sales revenue which was an increase of 22.52% compared to 2021. The industrial business had sales revenue of 415.69 Million Baht or 24.51% of the total sales revenue which was an increase of 59.01% compared to 2021. The food and beverage business had a sales revenue of 157.11 Million Baht or 9.26% of the total sales revenue which was an increase of 33.40% compared to 2021. The sales revenue categorized by product group are as follows: The wood preservative products had a sales revenue of 95.21 Million Baht or 5.61% of the total sales revenue. The sales revenue from insecticide products amounted to 973.33 Million Baht or 57.38% of the total sales revenue. The sales revenue from cleaning products was 243.32 Million Baht or 14.34% of the total sales revenue. The sales revenue from other product groups equaled 225.13 Million Baht or 13.27% of the total sales revenue. The sales revenue from peanut products amounted to 82.93 Million Baht or accounted for 4.89% of the total sales revenue. The sales revenue from beverage products amounted to 39.79 Million Baht or 2.35% of the total sales revenue. The sales revenue from dairy products amounted to 34.07 Million Baht or 2.01% of the total sales revenue. The Company's proportion of sales revenue categorized by distribution channels are as follows: The modern trade channel accounted for 30.38% of the total sales revenue resulting from the promotional activities to boost sales growth and increasing the distribution for flying insecticide product as well as launching new products Chaindrite Power Trap, Teepol Pure with pack size 330 ml. and Teepol Dish Super Lemon to expand distribution channels and serve customer demand. Traditional trade channel accounted for 40.15% of the total sales revenue. The industrial market channels accounted for 17.82% of the total sales revenue resulting from increasing promotional activities and improve product formulation including the change in sales strategies and customer expansion in cleaning and insecticide products. The export market channel accounted for 8.89% of the total sales revenue resulting from increasing promotional activities and new product launching. The online channel accounted for 0.22% of the total sales revenue. The Company expanded its distribution channels through online platforms via social media and the Company's Facebook page and marketplaces to accommodate the behavior of consumers who purchase products through online channels.

2. Other Revenue

The Company had other revenue of 2.21 Million Baht or 0.13% of the total sales revenue which was from the packaging and scrap material sales and the profit from asset sales.

3. Costs, Selling and Administrative Expenses

In 2022, the Company's cost of sales ratio was 66.57% of the total sales revenue, an increase from the cost of sales ratio in 2021 which was 59.12% of the total sales revenue resulting from the price of raw material and packaging material have increased as a result of higher oil prices as well as higher freight cost. However, The Company has increased the selling price and adjusted sales promotion activities based on market price and competitors' sales promotion activities in same industry. The Company's main cost of sales was the cost of raw materials and packaging, which accounted for 85.57% of the total cost of sales. Other costs of sales included labor costs, depreciation, and premium gift for sales promotional activities etc. The highest raw material costs were packaging followed by active technical materials and solvent raw materials. In 2022, these 3 types of raw materials accounted for 45.88%, 24.45% and 17.09% of the total costs of raw materials, respectively. The increase in cost of sales resulted in the Company to have decrease gross profit margin from 40.88% in 2021 to 33.43% in 2022.

The Company's selling expenses in 2022 equal to 356.61 Million Baht, a decrease of 23.08 Million Baht or 6.08% decrease compared to the same period of 2021. This was resulting from the control of expenses and revised advertising plan to be more consistent with marketing and sales promotional activities, focusing on the activities that enhance more product distribution toward customers and increased advertising media across food and beverage industry to build brand awareness towards the customer and continuously boost strong sales growth. Also, the company has constantly increased marketing and sales promotional activities for food and beverage industry to build brand awareness and increasing the opportunity to trial the products which contribute to customer expansion and strong sales growth. The administrative expenses in 2022 were 155.40 Million Baht, a decrease of 3.83 Million Baht or 2.40% increase compared to the same period in 2021 resulting from the control of expenses during the periods of economic uncertainty.

4. Profit

The total net profit of the Company in 2022 was 23.64 Million Baht, a decrease of 127.93 Million Baht or 84.40% compared to 2021 which had a net profit of 151.57 Million Baht or a net profit margin of 1.40% and 8.30% of the sales revenue respectively.

5. Return on Equity

In 2022, the return on equity decreased from 21.74% to 2.49% due to the decrease in net profit attributable to shareholders of the Company.

Previously, the Company determined a clear dividend payment policy at the rate of no less than 40% of the net profit, along with consideration of the operating results and cash flows in each period. The operating results between 2020 - 2022 and the Company's dividend payment details are as follows:

Performance Year	Profit (Millions of Baht)	Dividend (Millions of Baht)	Payout Rate
2020	67.68	119.70	176.86%
2021	146.20	127.01	86.87%
2022	17.26	169.98	984.86%
Average	77.05	138.89	180.27%

The dividend payment from the operating results for 2020 was divided into 2 dividend payments. The first dividend payment from the first 6 months of the operating results was 39.00 Million Baht and the second dividend payment for the last 6 months of the operating results was 80.70 Million Baht. The dividend payment from the operating results for 2021 was divided into 2 dividend payments. The first dividend payment from the first 6 months of the operating results was 40.34 Million Baht and the second dividend payment for the last 6 months of the operating results was 86.67 Million Baht. The dividend payment from the operating results for 2022 was divided into 2 dividend payments. The first dividend payment from the first 6 months of the operating results was 56.63 Million Baht and the second dividend payment for the last 6 months of the operating results was 113.35 Million Baht.

4.3 Asset Management Ability

1. Assets

As of December 31, 2022, the Company had total assets of 1,273.54 Million Baht, an increase of 56.34 Million Baht or 4.63% compared to the same period of 2021 which included (1) the current assets in the amount of 865.39 Million Baht, which accounted for 67.95% of the total assets and (2) non-current assets in the amount of 408.15 Million Baht, which accounted for 32.05% of the total assets.

The current assets increased by 26.33 Million Baht or an increase of 3.14% due to an increase in cash and cash equivalents of 52.61 Million Baht or 20.35% from increasing in share capital and short-term loans from financial institutions. Trade accounts receivable and other receivables increased by 55.85 Million Baht or 18.06% compared to the same period of 2021 due to an increase in sales. Inventories amounted to 272.39 Million Baht, an increase of 28.89 Million Baht or an increase of 11.86% due to finished goods and the increase in prices of packaging materials. Non-current assets increased by 30.01 Million Baht or 7.94% compared to the same period of 2021 resulting from the property, plant and equipment as well as the right-of-use assets increased due to the company's business expansion in food and beverage industry.

2. Liabilities and Shareholders' Equity

As of December 31, 2022, the Company had liabilities of 554.12 Million Baht, an increase of 50.77 Million Baht or 10.09% compared to the same period of 2021. The Company's current liabilities was 493.71 Million Baht, an increase of 43.37 Million Baht compared to the same period of 2021 from short-term loans from financial institutions. The Company had non-current liabilities of 60.41 Million Baht, a decrease of 7.39 Million Baht when compared to the same period of 2021 due to loan payments from financial institutions - net of portion due within one year increased. As of December 31, 2022, the Company's shareholders' equity was 719.42 Million Baht, an increase of 5.57 Million Baht or 0.78% compared to the same period of 2021 as a result of the forwarded shareholders' equity 693.49 Million Baht

combined with total comprehensive income for the year of 15.97 Million Baht. This included the exercise of warrants to purchase ordinary shares under SWC-W1 warrants in an amount of 122.68 Million Baht and equity settled share-based payments of 3.38 Million Baht, deducting 2 dividend payments of 143.34 Million Baht. The Company's remaining equity was 692.18 Million Baht.

3. Liquidity and Cash Flow

The Company's net cash flow from operating activities amounted to 25.53 Million Baht, a decrease of 249.89 Million Baht or 90.73% compared to the same period of 2021. This consisted of operating profit before changes in assets and operating liabilities of 112.02 Million Baht. Operating assets decreased by 26.90 Million Baht and operating liabilities decreased by 56.83 Million Baht. Cash flow used in investing activities was 36.21 Million Baht and net cash used in financing activities was 65.59 Million Baht. This was due to an increase in short-term loans from financial institutions, loan payments from financial institutions, cash from proceeds of issuing share capital and dividend payment. The Company's cash and cash equivalents remaining at the beginning of the year were equal to 258.57 Million Baht. This resulted in the Company's cash balance as of December 31, 2022, of 311.18 Million Baht.

In 2022, the Company's liquidity ratio was 1.75x a decrease from 1.86x in 2021. This was since an increase in current liabilities due to overdraft and short-term loans from financial institutions. The quick liquidity ratio decreased from 1.26x to 1.14x. This was due to due to overdraft and short-term loans from financial institutions as well.

4. Funding Sources

The Company has a policy to manage the financial structure to be suitable for the nature of the capital. For example, the Company will use long-term funding sources for investment expenses in project expansions, and the Company will use short-term funding sources for working capital.

The Company's assets derived from liabilities and shareholders' equity was 43.51% and 56.49%, respectively. Total liabilities increased due to the increase in short-term loans from financial institutions. As a result, the debt-to-equity ratio increased from 0.71 times to 0.77 times.

Shareholders' equity increased from 713.85 Million Baht to 719.42 Million Baht, an increase of 5.57 Million Baht or 0.78% compared to the same period of 2021 as a result of the forwarded shareholders' equity 693.49 Million Baht combined with total comprehensive income for the year of 15.97 Million Baht and warrants were exercised to purchase ordinary shares under SWC-W1 warrants of 122.68 Million Baht. The equity settled share-based payments amounted to 3.38 Million Baht, deducting 2 dividend payments of 143.34 Million Baht resulted in an increase in the Company's shareholders' equity.

4.4 Major Factors and Influences on Future Operations or Financial Position

Although many countries around the world have been able to resume its economic activities, the world economic uncertainty and geopolitical risk still have been the big challenge for business operation. The Thai economy in 2022 that tends to expand in a positive direction in a similar way to the global economy. This was supported by a recovery from the tourism sector and continued recovery in domestic demand, especially more tourists from Asia. Consistent with economic indicators that tend to recover better. However, the economy will return to expand gradually because Thailand is highly dependent on tourism and exports. Moreover, there are many surrounding factors that will stop the growth expansion, whether the risk from the fluctuating global economic direction from the tight monetary policy to control inflation, which caused the business sector to postpone investment plans. In addition, household consumption tends to decrease due to high cost of living and debt burden increasing following interest rate hikes. Also, the risk of the Russo-Ukrainian war that leads to trade sanctions and a protracted energy crisis that affects public and private costs. Moreover, various factors of production, environmental fluctuations in both weather and water situations impact income both in and outside the agricultural sector. This causes the consumer purchasing power decline and eventually affecting employment. The economic and social changes affected business and industry. It also brought uncertainty and affected the business environment. As a result, the Company paid attention to both external and internal factors that could affect the operating results and the financial position in the future. The Company has researched and studied consumer perspectives and formulated a comprehensive short-term and long-term strategic plan that covers and responds to consumer expectations in their current and future lifestyles. The details of the main factors and influences that may affect operations or financial position in the future are as follows:

1. Product Development

Product development and a variety of products has always been one of the primary keys that drive the Company's success. Most entrepreneurs need to develop and introduce new products to the market constantly, even if it is an original product in order to boost sales after the products have become popular in the market. The company seeks to increase the number of products to offer to consumers, whether increasing the packaging size of existing products and developing new products by making the most of the benefits from the inventory of raw materials and the packaging in order to reduce the risk of dead stocks or slowing moving inventory if new products do not succeed as expected. However, continuous product development and innovation development will help to meet existing demand and increase distribution to cover more retail stores to further increase sales opportunities for the company.

2. Business Expansion for Risk Diversification

Insecticide products under the "Chaindrite" brand is the main product group of the Company. The reliance on the primary revenue that comes from the insecticide product group may cause a negative impact on the Company's performance if insecticide products are no longer popular with consumers due to changing technology or consumer behavior. Therefore, the Company expanded a more comprehensive business to cleaning products under the "Teepol" brand. The Company also expanded the food and beverage product business by manufacturing and distributing roasted and salted peanut products under the "Marucho" brand, as well as milk products under the "HOKKAIDO" brand, and herbal beverage products under the "Super Fight" brand to mitigate risk and help expand the business in other industries as well. In 2022, the company expand the food business by manufacturing and distributing plant base food under the "Lotto Plant-Based" brand, which is plant food for health lovers and alternative for the food consumption of the future as well as helps to reduce global warming that caused by carbon dioxide emissions from food that comes from livestock.

3. Distribution Channel Development

The Company appointed distributors to cover the country's 77 provinces. As a result, the Company's overall distribution channels were more efficient, particularly in regions supported by dealers who are familiar with and knowledgeable about each area. As a result, this was a significant driving force in driving the Company's sales revenue. In order to increase sales, the Company also expanded its distribution to the agrochemical market and export market by using its knowledge and expertise in chemical insecticides and pesticides, as well as the existing products as a foundation for market penetration. The Company increased the recruitment of personnel with expertise in that product markets and expanded sales channels through online platforms such as social media, the Company's Facebook page, and marketplaces such as Shopee and Lazada in order to accommodate consumers who purchase products online. Aside from Thailand, the Company expanded international distribution channels and sold products overseas. In 2009, the Company invested in the establishment of an Australian subsidiary in order to promote and expand an exporting channel to Australia and New Zealand. This included the establishment of a new department to export products to ASEAN countries, as well as the recruitment of personnel with ASEAN market expertise. The Company markets to international markets by establishing relationships with local distributors in order to increase product availability. The Company established policies and strategies and distributors adapted them to the cultural conditions of each location. This increases future export sales in accordance with the business expansion strategy. Currently, there is a policy to divide locations and increase the number of dealers in order to drive an in-depth distribution more efficiently. The company appointed distributors for food and beverage business to expand and covering more stores nationwide and the products are brought to be sold in supermarkets and convenience stores to increase distribution channels toward customers.

4. Competitive Environment

Initially, the Company operated in the chemical industry for consumer products before expanding business into food and beverage products. Each industry group faces fierce competition, whether it is the insecticide spray market or the cleaning products market. This also includes the food and beverage market. As a result, the Company organized promotional campaigns for household chemical products and food and beverage products that were distributed in department stores and leading stores across the country. The Company considered the purchasing power of consumers and target consumers, as well as the price of substitute products or competitor's products, primarily for competition and increased sales levels which have a reasonable impact on the Company's operations. As a result, the Company intended to reduce its risk by entering new markets and releasing new products into the market by leveraging the advantages of well-known brands for each product. Each product's brand success is a result of appropriate marketing elements. That is, the price corresponds to the quality. A budget is allocated for advertising media and promotions in order to instill confidence in the products, inspire loyalty in their use, and quickly establish a distribution network that covers stores.

5. Impact of COVID-19

The COVID-19 pandemic had an impact on the Company, resulting in the distribution of products both domestically and internationally expanding gradually. Although the business in the current situation tends to expand positively. However, in response to the COVID-19 situation, the Company established a management policy and updated its operating guidelines to keep current with the situation as well as developed a Business Continuity Plan to lay out preventative guidelines and reduce the impact of business disruptions by analyzing risks throughout the manufacturing process and controlling occupational health in factories to be appropriate in order to enforce strict measures to effectively prevent the transmission of COVID-19 to employees. This ensured that the Company's operations were able to continue during the pandemic. Moreover, the Company expanded its distribution channels to ensure that products reach consumers more quickly.

4.5 Key Financial Ratios

Financial Ratios	Unit	31 Dec 2022	31 Dec 2021	31 Dec 2020
Current Ratio	X	1.75	1.86	1.81
Quick Ratio	X	1.14	1.26	1.24
Total Asset Turnover Ratio	X	1.36	1.55	1.07
Inventory Turnover Ratio	X	4.37	4.62	3.36
Average Collection Period	days	60.60	59.59	104.85
Average Payment Period	days	103.56	97.95	137.47
Gross Profit Margin	%	33.43	40.88	40.32
Operating Profit Margin	%	3.33	11.70	8.45
Net Profit Margin	%	1.02	8.00	5.22
Return on Assets	%	4.53	18.19	9.01
Return on Equity	%	2.49	21.74	10.08
Debt to Equity Ratio	X	0.77	0.71	0.70
Time Interest Earned Ratio	X	29.07	112.16	16.33

5. General Information and Other Related Information

5.1 General Information

Company Name	>	Sherwood Corporation (Thailand) Public Company Limited
Type of Business	>	Manufacturing and distributing of Consumer Non-Food, Industrial and Consumer Food
Head office	>	1065 Srinakarin Road, Suan Luang, Suan Luang, Bangkok 10250
Branch Office No.1	>	Wellgrow Industrial Estate Km.36 Bangna-Trad 90/1 Moo 9, Bang Wua, Bang Pakong, Chachoengsao 24180 (Manufacturer of wood preservative products, insect prevention and control products and other products)
Branch Office No.2	>	Wellgrow Industrial Estate Km.36 Bangna-Trad 109 Moo 9, Bang Wua, Bang Pakong, Chachoengsao 24180 (Manufacturer of cleaning products)
Company Registration No.	>	0107547000346
Company Website	>	www.sherwood.co.th
Telephone Number	>	0-2320-2288
Fax Number	>	0-2320-2670
Share Capital	>	232,500,000 Baht Registered capitals, 226,696,481 Baht Paid-up capital, 453,392,962 ordinary shares with a par value of 0.50 Baht per share.

5.2 Legal Disputes

As of December 31, 2022, the Company and its subsidiaries have no pending legal dispute. This may have an impact on the assets of the Company which is higher than 5% of the shareholders' equity. And there are no conflicts that affect to the business operation of the Company.

Part 2

Corporate Governance

6. Corporate Governance Policy

The Company realizes the importance of the Good Corporate Governance and establishes the good governance policy, adhered in practice for stakeholders. The Good Corporate Governance was complied with the Good Corporate Governance, which was established by the Securities and Exchange Commission (SEC) through means that are suitable to the company's business. The Company trains all staffs to be consciously aware of business ethic in treating customer, trading partners, competitors, society, colleagues with virtue, transparent, as role model, social responsibility, honesty, equality, right; and right of staffs, Directors, shareholders, trading partners until it turn into the Company organization's cultural strength. In addition, the Good Corporate Governance Policy and Code of conduct were publicized on Company's website (www.sherwood.co.th) to stakeholders can access it.

6.1 Overview of Corporate Governance Policy and Practices

1. Rights and Equitable Treatment of Shareholders

The Company's Board of Directors is aware of ownership right in controlling the company through appointment of the Board of Directors to act on behalf of shareholders and maintains the right to decide on the major change of the Company's Board of Directors. Therefore, it seeks to support the shareholders to exercise their rights as bestowed upon by the stipulated basic shareholders' right which are the right to buy, sell, or transfer stocks, sharing profit, receipt of adequate information regarding the business, and the shareholders should learn about the rule and procedure in attending the shareholders' meeting and permitting adequate information for consideration before the meeting. This also includes the opportunity to query the directors during the meeting. The Company's Board of Directors is aware and put the emphasis on the importance of shareholders' right. It seeks not to infringe upon or evict the shareholders' right.

2. Role of Stakeholders

The Company has placed the importance to the rights of all stakeholders in providing clear and fair guidelines for all groups of stakeholders in the code of conduct. The Company's executives and employees have acknowledged and strictly respected the criteria which covers key practices based on scope of responsibility of all involved persons and on fairness. The Company carefully considered the stakeholders' legal rights to ensure all stakeholders were treated equally and fairly. The Company's treatment on its stakeholders were as follows:

- Shareholders
- Employees
- Partners / Suppliers
- Competitors
- The public sector or Government
- Communities and Society
- Environment

3. Disclosure and Transparency

The Company recognizes the importance of information disclosure because it greatly affects decision-making of investors and stakeholders. The Company's Information was disclosed via the SET Portal of the Stock Exchange of Thailand and Company's website shall be complete, accurate, and timely manner both financial or non-financial whether positive or negative.

The Company has assigned the "Investor Relations Department" to communicate and provide information and news on the Company's activities to shareholders, analysts, and general public. Investors could contact the department at Tel. 0-2320-2288 or via e-mail address: ir@sherwood.co.th

Moreover, The Company has whistleblowing and whistleblower protection measures in the Code of conduct. The company provided a channel for the employees and stakeholders to report whistleblowing or complaint:

- Sending through their complaint in the suggestion box at the office and factory
- Sending through their complaint via E-mail: internalaudit@sherwood.co.th or companysecretary@sherwood.co.th
- Sending through their complaint via post to Internal Audit or Company Secretary Sherwood Corporation (Thailand) Public Company Limited
1065 Srinakarin Rd., Suanluang Suanluang Bangkok 10250

If the company secretary receives the whistleblowing, He/she will directly report to the Board of Directors.

The Board of Directors is also responsible for the financial statements of the Company and financial information appearing in the annual report. The financial statements here in the annual report are prepared according to generally accepted accounting principles in Thailand, using the accounting policy that is suitable as practice regularly and with careful discretion together with the best projections in the preparations, including disclosure of the important data adequately in the added notice section supplementing the financial statements.

4. Prevention of conflicts of interest and utilization of Internal Information

The Company determined preventive measures to tackle the use of inside information to benefit Directors and executives by announcing to all parties concerned to be aware of role and duty to report the status of security holding of each individual and spouse, children who holds security whose ages are not considered sui juris and acknowledge the change in security prepared report for each time there is buy, sell, transfer, or receive of security to the Security Exchange Commission according to the Article 59 of Security Exchange Commission Act (B.E. 2535) within 3 days after the date of purchase, sell, transfer, or receive the transfer of security. The Company always alert in the meeting of Board of Directors. Moreover, the Directors and management also acknowledge the duty and responsibility as stipulated and penalty as stated in Security Exchange Commission Act (B.E.2535), and the Company prohibited the management who know the inside information of the Company to not violating article 241 of the already-mentioned law, including the related regulation.

To prevent conflict of interest, the Board of Directors carefully supervised when there is item that may result in conflict of interest, the Company seeks to stipulate the policy and procedure of related item approval in written form, including the policy and method of supervision so that the management and related persons will not use inside information to their own benefits.

The Company has the policy of the conflicts of interest, confidentiality, inside information and protection of property. This also includes exposure of financial document or other related documents for outsider, and also prohibits the trading activity within 1 month prior to public release of financial information. If done so, the act can be considered “misconduct” to the Company’s rule of conducts.

5. Anti-corruption

The Company conducts business with adherence to ethics, anti-corruption and responsibility for all concerned parties. Therefore, the Company has policy for anti-corruption and published to directors, management and employees for practice guidelines. The Company recognizes the importance of the anti-corruption policy.

6. Code of Conduct

The Company has prepared the Code of Conduct for employees to achieve operations.

7. Internal control and risk management system

The Board of Directors appreciates the importance of the control system in the operation, the finance and the governance. The authority to give approvals is assigned to staff of different levels, with an internal audit unit in place to monitor the functioning of this system. The Company has been serviced by P&L Internal Audit Co., Ltd., who is an internal audit unit of the Company, to audit and control operating system of the Company. This internal audit unit is independent in its tasks and with absolute check and balance capability. The internal audit unit is required by the Board of Directors to report directly to the Audit Committee and the Chief Executive Officer. The Audit Committee is in charge of ensuring the suitability and the efficiency of the internal control system. Measures are in place to mitigate risks and these are reviewed regularly, based on warning signs and significant anomalies.

In summary, the Audit Committee and the Board of Directors agreed that the internal control system of the company is suitable and sufficient.

8. Responsibilities of the Board

The Company's article of association has stated that the Company shall have one board of directors, composing of at least 5 persons. The directors, among themselves, shall appoint the chairman of the directors and may appoint the deputy chairman of the directors, the Chief Executive Officer, and other positions deemed appropriate. Moreover, more than half of the directors must be a residence of Thailand.

The Nomination and Remuneration Committee selects directors from qualified, visionary and ethical individuals of different professions. Duties and responsibilities of all committees are clearly defined by the Board of Directors. The Chief Executive Officer, in the capacity of the head of the management, is appointed by the Board of Directors to oversee the conduct of business and the operation of the company in order to achieve the goals set and in accordance with the policies established by the Board of Directors.

The appointment of the Company's Board of Directors

The Company has Nomination and Remuneration committee in the appointment of the Board of Directors. However, the shareholder's meeting will appoint the Board of Directors under the following criteria and methods:

1. Each shareholder shall have a number of votes equaling the number of shares he holds. One share equals one vote.
2. Each shareholder shall vote for one candidate at a time.
3. After the vote, the candidates shall be ranked in descending order from the highest number of votes received to the lowest and shall be appointed as directors in that order until all of the director positions are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceed, the chairman or the meeting shall make the final decision.

The dismissal of directors

1. At every annual ordinary meeting, one third of the directors shall retire from office. If the number of directors cannot be divided into exactly three parts, they shall retire by the number nearest to one third, The directors who retire from the position may choose to take the position again.
2. Aside from retirement upon due time, the directors may be retired from office upon (1) death (2) resign (3) lack of qualification or possess any characteristic prohibited by the law governing public Company limited (4) the resolution of the shareholders' meeting to resign (5) court order to resign.
3. Any director with an intention to resign should file a resignation letter to the Company. The resign is effective since the date of filing the resignation letter. The resigned director should inform the Registrar for acknowledgement.
4. In case of vacancy in the Board of Directors for reason other than the retirement by rotation, the Board of Director may elect a person who has the qualifications and possesses no prohibited characteristics prescribed by the law governing public company as the substitute director at the next board meeting, by a vote of not less than three quarters of the number of directors remaining, unless the remaining term of office of the said director is less than two months. The substitute director shall hold office only for the remaining term of office of the director he replaces.

5. The shareholders' meeting may pass a resolution removing any director from office prior to retirement by rotation, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and have shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.

Directorial term

Directors serve the term specified under the Company regulation. They may be re-elected upon the completion of a term.

The Board of Directors' Meetings

The Board of Directors places great significance on its meetings, and meeting attendance is regarded as a principal duty for each director, so that the company's important matters can be decided upon. The Company usually pre-determines the dates and times of its quarterly meetings throughout the year. The Company's Secretary sends out invitations to the meeting along with the agendas, the minutes of the previous meeting and relevant documents to the directors 7 days prior to the meeting for an appropriate consideration. Every year the Board of Directors reviews and approves the Mission, Vision, Core Values, the annual business plan and budget to guideline management for the next year.

At the end of each meeting, the Company's Secretary is responsible for preparing the meeting minutes, and having them endorsed by the Chairman of Board of Directors. The minutes are presented to assembly for certification as the first agenda of the following meeting. Directors can give opinions and request amendments as necessary.

Certified meeting minutes are systematically kept at the office of the company in electronic form, together with documents supporting each agenda for ease of reference.

Sub-committee

The Board of Directors has appointed sub-committees to responsibilities for screening and reviewing other particular matters. The detail is as follow:

- The Audit Committee
- The Nomination and Remuneration Committee
- The Risk Committee
- The Executive Committee

Company's Secretary

The Company appointed the qualified person to take the duty of the Company's Secretary in order to ensure efficient compliance with the good corporate governance principle.

The duties of this position are as follows:

1. To arrange and collecting document are as follows:
 - (A) Directors Register
 - (B) Notice of the Meeting of Directors, Resolution of the Board of Directors' Meeting and Annual Report
 - (C) Notice of the General Meeting of Shareholder and Minutes of the General Meeting Shareholders
2. To keep the report of conflict of interest and re-inform when it changes
3. To perform other duties as required by the Capital Market Supervisory Board
4. To perform other duties as assigned by the Board of Director

Combination or separation of positions

The Company has made this a policy that the Chairman of the Board of Directors shall not be the same individual who positions as the Chief Executive Officer, to ensure the check and balance and, so, made reviewing of work more transparent. The Chairman takes the lead in defining company policy under the strategies jointly considered and established by the Board and the management and ensures that the Board meetings are successfully conducted. In each meeting, all directors are urged to actively participate, as well as raising essential questions. Directors also occasionally meet to advice and support the business management with the Chief Executive Officer. At the same time, the Board is to stay away from routine day-to-day operations or business activities responsible by management, where the Chief Executive Officer is the head of the management team. The Board of Directors has authorized the Chief Executive Officer or the authorized person to sign in binding document as has been directly authorized. Chief Executive Officer then effectively authorizes and empowers the high executives the tasks which are clearly marked in term of line of duty and responsibility. Therefore, the authority and role of the Board and that of the management are clearly defined and separated. Moreover, the Chief Executive Officer does not take position as a director of the other companies in order to operate the management efficiency.

Development programs for Company's directors and executives

The Company places great importance on helpful seminars and training programs that will help directors and executives to perform better in their positions. Selected company personnel attended the Audit Committee Program (ACP), the Director Accreditation Program (DAP), the Director Certification Program (DCP), the Role of the Compensation Committee (RCC) and the Role of the Chairman Program (RCP) by the Thai Institute of Directors (IOD), as well as other mini courses which contribute to their performance of directorial duties. We will continue to enroll our directors in future IOD courses.

Evaluation of the Board of Directors

The Board of Directors made the performance evaluation for reviewing performance, as well as issues and obstacles facing in the past year. It also helps increase the operational effectiveness of the Board. Moreover, the evaluation of the Chief Executive Officer is considered by The Nomination and Remuneration Committee and the evaluation is related to annual performance and plan of the Company. The performance appraisal outcome, dictating the pay rise for the Chief Executive Officer, is presented to the Board for further approval.

Remuneration of Company's directors and executives

- **Remuneration of Company's directors**

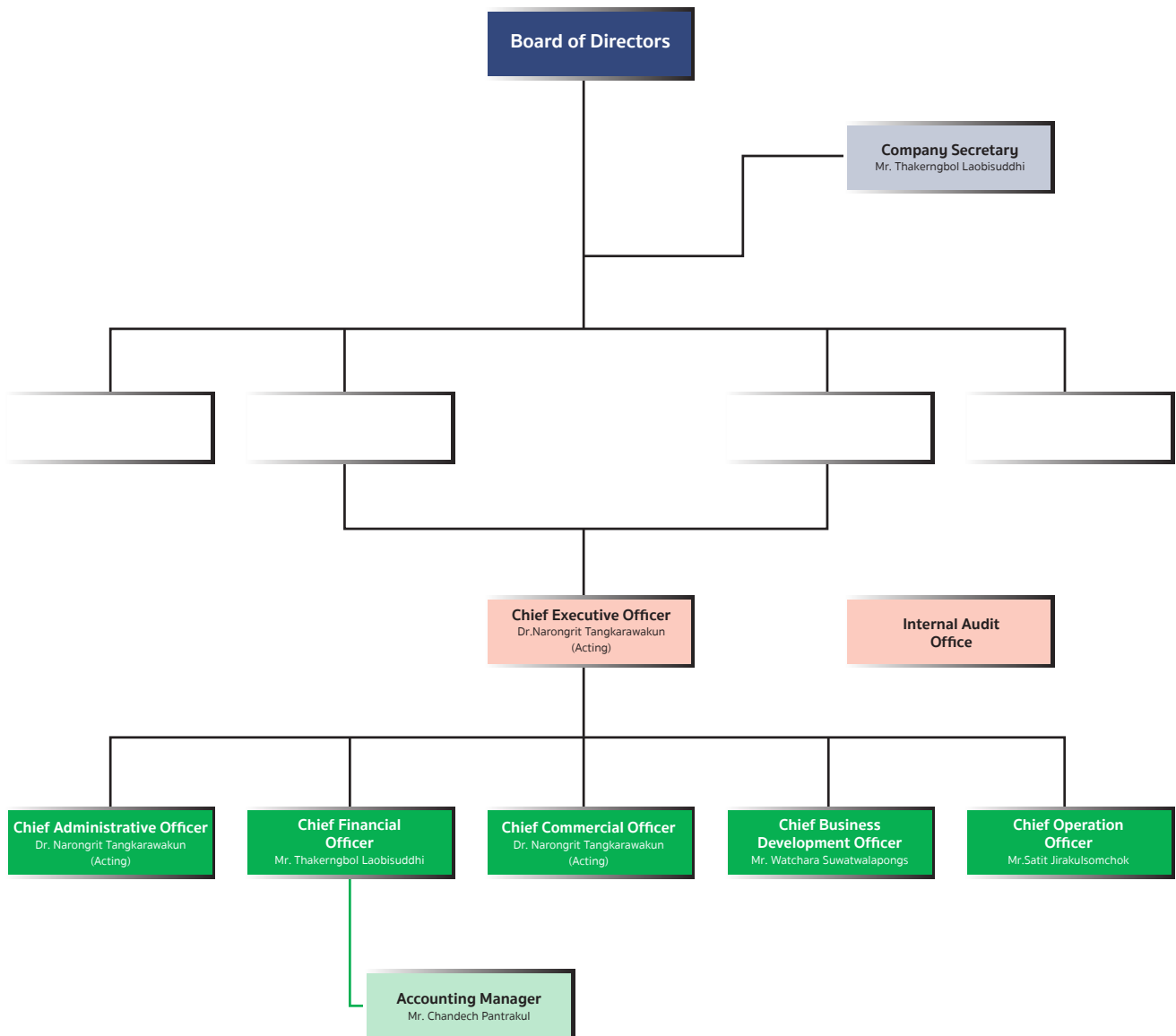
We have a nomination and remuneration subcommittee. The amount of remuneration is determined by the committee in accordance with the procedure established which bases upon the performance of the Company and compares with other companies in the same industries and proposed to shareholder meetings for their approval. Remuneration is paid in the form of meeting allowance per attendance of each director and monthly remuneration. Directors who are of a subcommittee are also compensated for their duty as a member of subcommittee in the form of meeting allowance per attendance.

- **Remuneration of Company's executives**

Company executives are remunerated according to company policy and based on the company performance and their individual performance.

7. Corporate Governance Structure, and Significant Information about Board of Directors, Sub-Committees, Management Team, Employees, and Others

7.1 Corporate Governance Structure



7.2 The Board of Directors



Mr. Chanin Yensudchai
Chairman of the Board of Director
and Independent Director



Pol.Gen.Dr. Chitchai Wannasathit
Director and Independent Director



Mr. Chinawat Assavapokee
Director and Independent Director



Mr. Prachak Tangkaravakoon
Director



Mr. Vonnarat Tangkaravakoon
Director



Dr. Narongrit Tangkarawakun
Director and Acting Chief Executive
Officer



Mr. Thakerngbol Laobisuddhi
Director



Mr. Narin Trisukosol
Director

7.2.1 The Board Composition

The Board of Directors consists of business professionals with experience skill and proven expertise from various fields. They understand what their responsibilities are as company directors and what the nature of the company's business. The Board of Directors had assigned company's vision, mission, Corporate Governance policy, code of conduct, employee manual. They are free to voice opinions and approve matters for the best interest of the company.

Presently, the Board of Directors comprises of 8 directors: 5 non-executive directors who are 3 independent directors

The Company has 3 independent directors which are complied with the criteria of the Securities and Exchange Commission that determine independent director must be a minimum one-third of the Board of Directors.

7.2.2 The Board Information and the Authorized Director

The names of the Board of Directors (As of December 31, 2022) are as follow:

Name	Position
1. Mr. Chanin Yensudchai	Chairman (Independent Director) Member of the Audit Committee
2. Pol.Gen.Dr. Chitchai Wannasathit	Independent Director Chairman of the Audit Committee
3. Mr. Chinawat Assavapokee	Independent Director Member of the Audit Committee Chairman of the Nomination and Remuneration Committee
4. Mr. Prachak Tangkaravakoon	Director
5. Mr. Vanarat Tangkaravakoon	Director Member of the Nomination and Remuneration Committee
6. Dr. Narongrit Tangkarawakun	Director Member of the Nomination and Remuneration Committee Acting Chief Executive Officer
7. Mr. Thakerngbol Laobisuddhi	Director Chief Financial Officer
8. Mr. Narin Trisukosol	Director Assistant to Chief Commercial Officer

Remark * Mr.Thakerngbol Laobisuddhi is the Secretary to the Board of Directors.

The Authorised Signatory

The authorised signatory comprises of Mr. Prachak Tangkaravakoon and Mr. Vonnarat Tangkaravakoon jointly sign with the company's seal.

7.2.3 Roles, Duties, and Responsibilities of the Board of Directors

Authority and Responsibilities of the Board of Directors

- To perform duties within the scope of the law, objectives, and company regulations, together with Board and shareholders' resolutions with duty of loyalty, duty of care, accountability, and ethics with due regard for the equitable interests of all shareholders.
- To define the Company's vision, strategies, business plans, and budgets annually and monitor the Company's performance in various aspects constantly to ensure goal achievement and timely handling of obstacles.
- To define and review the corporate governance policy and anti-corruption policy on yearly basis.
- To ensure that the Company has a suitable and efficient internal control system compliance with the acceptable standard and disclose internal control report in the annual report.
- To define a risk management policy and a suitable risk management framework and monitor the efficiency of risk management periodically as well as disclose the risk management system in the annual report.
- To appoint committees, with authority to appoint their chairmen of the Sub-Committee if needed, to support its performance as necessary and as seen appropriate, with regular monitoring of such committees.
- To oversee innovations and technologies to key resource allocation to supplement sustainable value to the stakeholders. Oversee and promote the use of innovation and technology for resources allocation in order to create sustainable value to the business and create benefits for all stakeholders.
- To oversee and monitor IT management & development and IT security system. Oversee and monitor the management and development of Information Technology and its security measure in accordance with the current IT risk.
- To ensure the preparation and disclosure of financial statements with an accurate and timely and in compliance with the relevant regulations and practices.
- Establish criteria and procedures for nomination of directors and Chief Executive Officer that are transparent and determining remuneration and performance evaluation annually as well as monitoring the succession plan for directors and Chief Executive Officer.
- To arrange business operation in accordance with the good corporate governance principle and encourage communication for acknowledgement to all staffs.
- To define an authority and responsibilities of the Chairman of the Board of Directors and Chief Executive Officer clearly
- The Board of Directors may appoint Chief Executive Officer or any person to conduct the Company's business under supervision of the Board or may delegate authority to that person as it deems appropriate and within an appropriate timeframe. The Board may revoke or alter that authority. However, the delegation of authority from the Board to the appointed person(s) will exclude the power to approve any related transactions or any transactions that may have conflict of interests.
- To oversee a structure and composition of the Board of directors.
- To monitor and ensure efficient policies and guideline of management.
- To consider and review the charter of the Board of Directors and Sub-committee annually.
- To appoint the company secretary on behalf of the Company or the Board of directors to be responsible for various aspects such as director registration, notice of the Board of directors' meeting and the shareholder's meeting, etc.
- To report on one's own portfolio of company's securities, as well as those of their spouses and minor children not yet of legal age, and to report the change of own portfolio of company's securities to the Securities and Exchange Commission within 3 business days after the change.
- To maintain the Company's inside information obtained from their job performance and refrain from exploiting such information for personal or other parties' gains. Undertake no securities transactions at least 1 month prior to announcement of financial statements and at least 3 days after such announcement.

7.3 Sub-Committees

The Board of Directors has appointed sub-committee to help assure shareholders of transparency and good corporate governance. Sub-committees report directly to the Board of Directors.

7.3.1 The Audit Committee

The Board of Directors has approved the appointment of the Audit Committee who must be independent director and meet the qualifications under the requirements of the Stock Exchange of Thailand. The Audit Committee comprises three independent directors, all of whom are well accepted and have a full understanding of, and experience in, accounting or finance.

The names of the Audit Committee (As of December 31, 2022) are as follow:

Name	Position
1. Pol.Gen.Dr. Chitchai Wannasathit	Chairman of the Audit Committee
2. Mr. Chanin Yensudchai	Member of the Audit Committee
3. Mr. Chinawat Assavapokee	Member of the Audit Committee

Remark * Mr.Thakerngbol Laobisuddhi is the Secretary to the Audit Committee.

Authority and Responsibilities of the Audit Committee

- To ensure that the Company correctly and completely reports its financial status by coordinating with the auditor and the management responsible to prepare the financial reports both quarterly and annually. The Audit Committee may request the auditor to review or audit any transactions which are materially significant.
- To ensure that the Company has an effective and efficient internal control, internal audit system, and risk management.
- To ensure that the Company abided by the Securities Exchange Act and rules and regulations of The Stock Exchange of Thailand or other laws governing its operation.
- To consider, select, dismiss and propose the appointment of the auditor of the Company and to consider the auditor's compensation by taking into account the credential, supporting staffs, capacity and experience of the auditing office.
- To consider, select, dismiss and propose of the internal auditor
- To fully disclose information on related transactions and those with potential conflicts of interest.
- To prepare Audit Committee report by disclosing in annual report and certified by Chairman of Audit Committee.
- To review the internal control related to the anti-corruption measures.
- To supervise all directors, executives, and employees to strictly comply with the company's anti-corruption policy.
- To consider that the whistle blowing of anti-corruption.
- To perform any duty assigned by the Board of Directors with the consent of the Audit Committee.

7.3.2 The Nomination and Remuneration Committee

The Board of Directors has approved the appointment of the Nomination and Remuneration Committee which comprises of 3 directors: 2 non-executive directors. The Chairman of the Nomination and Remuneration Committee is an independent director.

The names of the Nomination and Remuneration Committee (As of December 31, 2022) are as follow:

Name	Position
1. Mr. Chinawat Assavapokee	Chairman of the Nomination and Remuneration Committee
2. Mr. Vanarat Tangkaravakoon	Member of the Nomination and Remuneration Committee
3. Dr. Narongrit Tangkarawakun	Member of the Nomination and Remuneration Committee

Remark * Mr.Thakerngbol Laobisuddhi is the Secretary to the Nomination and Remuneration Committee.

Authority and Responsibilities of the Nomination and Remuneration Committee

- To specify qualifications of any person to be nominated for Directorship, Chief Executive Officer, and Sub-Committee to align with Company's business strategies and lay down the director nomination process to replace the retiring director by considering diverse candidates with skills, experience, and expertise that are beneficial to the Company.
- To Identify qualified candidates to replace directors retiring at the end of their terms, or whatever the case may be, with the diversity of the structure of the Board taken into account, and submit a list of nominees to the Board of Directors and/or Shareholders' Meeting for resolution.
- To review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors and the Sub-committees.
- To review and give advice an alteration to the Charter of the Board of Directors and the committees, the recommendations in keeping it up-to-date.
- To recommend a plan for succession of the Company's Chief Executive Officer and the top executives to the Board of Directors for consideration.
- To recommend the director's remuneration policy based on duties and responsibilities in line with the Company's operating results and performance in order to motivate and foster them. Director's remuneration will be approved by the Board of Directors before proposing this to the shareholders' meeting for approval.
- To assess the performance of Chief Executive Officer on an annual basis in order to determine his/her remuneration before proposing this to the Board of Directors for approval.
- To review, study, and track regularly the changes and trends in remuneration of the Board of Directors in comparison with the related industry or similar business in order to create incentives for the Company's continuing development.
- To report regularly on progress and performance results to the Board of Directors after every meeting of the Remuneration Committee.
- To assess the performance of the Remuneration Committee and report the assessment results to the Board of Directors for acknowledgement
- To perform other duties as assigned by the Board of Directors.

7.3.3 The Company's Risk Committee

The Board of Directors has approved the appointment of the Company's Risk Committee which comprises 4 executive directors. The Chairman of the Risk Committee is a Chief Executive Officer.

The names of the Risk Committee (As of December 31, 2022) are as follow:

Name	Position
1. Dr. Narongrit Tangkarawakun	Chairman of the Risk Committee
2. Mr. Thakerngbol Laobisuddhi	Member of the Risk Committee
3. Mr. Watchara Suwatwalapongs	Member of the Risk Committee
4. Mr. Satit Jirakulsomchok	Member of the Risk Committee

Authority and Responsibilities of the Risk Committee

- To consider risk management policy and guideline.
- To define risk management strategies and framework.
- To oversee and monitor risk assessment and prepare risk management plan.
- To define risk criteria and risk tolerance.
- To establish appropriate measures to cope with risks in various circumstances.
- To provide the risk management working group with necessary factors, such as personnel, budget and other resources as per the scope of their responsibilities.
- To review and comment on report of risk management plan in the previous year.
- To oversee the risk assessment process.
- To approve risk management plan and follow the progression.
- Report risk management results to the Audit Committee on quarterly basis.
- Report risk management results to the Board of Directors at least once a year.
- To perform other duties as assigned by the Board of Directors.
- Monitor risk management, corporate governance, and practices in accordance with the regulations of listed companies in the Stock Exchange of Thailand.

7.3.4 The Company's Executive Committee

The Company's Executive Committee comprises 4 persons. Executive Committee convenes meetings fortnightly.

The names of the Company's Executive Committee (As of December 31, 2022) are as follow:

Name	Position
1. Dr. Narongrit Tangkarawakun	Chairman of the Executive Committee
2. Mr. Thakerngbol Laobisuddhi	Member of the Executive Committee
3. Mr. Watchara Suwatwalapongs	Member of the Executive Committee
4. Mr. Satit Jirakulsomchok	Member of the Executive Committee

Authority and Responsibilities of the Executive Committee

- To define policies, targets, strategies, operational plans, annual budget and managing authority to propose to the Board of Directors for approval.
- To oversee business operations according to the policies of the Company, targets, strategies, and annual budget as approved by the Board of Directors in an efficient manner and corresponding to the condition of the business as well as provide consultant, recommendation, management to members of senior management.
- To consider capital expenditure or financial transaction with financial institutions for opening a loan account, pledge, mortgage, loan guarantees and other transactions, including any trading/registered land to propose to the Board of Directors for approval.
- To define organizational structure and efficient management and administration, covering recruitment, training, hiring and termination of employees, who are executives or top executives, to propose to the Nomination and Remuneration Committee for approval.
- To consider all types of works proposed to the Board of Directors, except for work under responsibilities and/or authority of other Committees who shall consider and submit to the Board of Directors directly.
- To perform other duties as assigned by the Board of Directors.

7.4 Executive Management

7.4.1 Names and Positions of Executives Management

The names of the Executives Management (As of December 31, 2022) are as follow:

Name	Position
1. Dr. Narongrit Tangkarawakun	Acting Chief Executive Officer Acting Chief Administrative Officer Acting Chief Commercial Officer
2. Mr. Thakerngbol Laobisuddhi	Chief Financial Officer
3. Mr. Watchara Suwatwalapongs	Chief Business Development Officer
4. Mr. Satit Jirakulsomchok	Chief Operation Officer
5. Mr. Chandeck Pantrakul	Accounting Manager

Authority and Responsibilities of the Chief Executive Officer

- Has the authority to control the Company's management to be in accordance with policies set by the Board of Directors and to report on performance to the Board of Directors.
- Consider the annual budget allocations prepared by the Management and propose to the Board of Directors for approval, as well as monitoring the annual budget expenditures of each department.
- Consider the Company's business operation assessment in order to mitigate risks from various factors, both internal and external.
- Has the authority to order, issue regulations, make announcements, and record to ensure that operations are conducted in accordance with the policies or benefits of the Company.
- Has the authority to consider the approval of the purchase and expenditures for normal business transactions of the Company. This includes approving the purchases of raw materials and related services, as well as operating expenses, sales and administrative expenses, and investment expenditures to be consistent with the Board of Directors' approved budget and remain within the authorized budget limit.
- Consider the purchase of assets and propose to the Board of Directors for approval.
- Consider binding agreements regarding the rights and assets of the Company with individuals, companies, stores or financial institutions and propose to the Board of Directors for approval.
- Consider the Company's profits and losses and propose interim dividends or annual dividends to the Board of Directors for approval.
- Takes any action to support the business operations of the Company in accordance with the authorized authority from the Board of Directors under the policy of the Board of Directors

In this regard, the Chief Executive Officer may sub delegate authority to Company executives to approve any financial transactions deemed appropriate by the Chief Executive Officer. This does not include the authority to approve transactions involving the Chief Executive Officer or any individuals who may have a conflict of interest, stakeholders or any conflict of interests with the Company (as defined in the Company's Articles of Association and as prescribed by the Office of the Securities and Exchange Commission) unless the approval are normal business transactions that are clearly aligned with the connected transactions policy.

7.4.2 Remuneration of Executive Management

The Company has determined remuneration for the executives management at an appropriate level. The remuneration of executive management will be in accordance with principles and policies as determined by the Company's Board of Directors in which the consideration will be made based on duties, responsibilities, performance of each executive, and operational performance of the Company. In 2022, total remuneration of Executive Management is Baht 20,881,008 which includes salary, bonus, and provident fund contribution.

Remark Executive Management in accordance with the notification of the SEC

Other Remuneration

- No -

7.5 Personnel

The Company does not have any major labor disputes over the past 3 years. The Company has employees as of December 31, 2022 as follow;

Employees	As of December 31, 2022
1. Executive Management	4 Persons
2. Distributor	38 Persons
3. Industrial Hygiene & Agrochemical	19 Persons
4. Marketing	14 Persons
5. Human Resources and General Affairtr	11 Persons
6. Information Technology	4 Persons
7. Purchasing	9 Persons
8. Accounting	13 Persons
9. Financial	11 Persons
10. Research & Development	34 Persons
11. Logistic	43 Persons
12. Engineering	11 Persons
13. Production	142 Persons
14. Quality Assurance	33 Persons
15. Business Development	4 Persons
16. Safety & Environment	3 Persons
Total number of employees	393 Persons
Salary, bonus and provident fund for the year 2022	220.90 Million Baht

Employee compensation: The Company has employee compensation policy that takes into account the suitability and also in line with the same industry average including to suitable for the expansion of the business. The Company established a provident fund. Employees may contribute to the monthly fund at the rate of 3% to 15% of the employee's basic salary and the Company contribute to the monthly fund at 5% of the employee's basic salary.

7.6 Other important information

	Contact	Detail
Company Secretary and Investor Relation	Mr. Thakerngbol Laobisuddhi	• Company Secretary Tel. 0-2320-2288 E-mail: companysecretary@sherwood.co.th • Investor Relation Tel. 0-2320-2288 E-mail: ir@sherwood.co.th
Internal Audit	Ms. Monnapat Phumirattanajarin	P&L Internal Audit Company Limited
Auditor	Mr. Supachai Phanyawattano (Certified Public Accountant No.3930) and/or Ms. Krongkaew Limkittikul (Certified Public Accountant No.5874) and/or Mr. Natthawut Santipet (Certified Public Accountant No.5730)	EY Office Limited be the auditor for the year 2022 and fix the fee at the amount 1,360,000 Baht equivalent to the fee in 2021. In addition, the EY Office Limited has been nominated as the external auditor of the Company's subsidiaries in 2022.

8. Corporate Governance Report

8.1 Performance of the Board of Directors

In 2022, the Company was scored 95 points in the evaluation of the quality of Annual General Meeting of Shareholder (AGM checklist) by the Thai Investors Association (TIA) and rated “Very Good (4 STAR)” in the Corporate Governance Report (CGR) by the Thai Institute of Directors Association (IOD). The Company’s Corporate Governance in 2022 detailed below:

1. Rights and Equitable Treatment of Shareholders

Due to the outbreak of Coronavirus 2019 (COVID-19) in Thailand as a result, the Annual General Meeting of Shareholder of the company is unable to hold the meeting via fiscal method. The Board of Directors resolved to hold the meeting via an electronic method (E-AGM) on April 28, 2022 at 10.00 am. according to “Emergency decree on Electronic meeting, B.E. 2563 (2020)” and relevant regulation of Thai listed company regulators.

Moreover, the Company’s AGM invitation contains the details of meeting agenda, along with directors’ opinions, the details of agenda to consider the important reasons, positive and negative impact in each agenda, authorization documents in formats as defined by law and procedures of the meeting for the meeting via an electronic method (E-AGM). The Company sent the AGM invitation at least 21 days and 30 days on Company’s website prior to the meeting respectively. The invitation was also announced through daily newspaper for a minimum of 3 consecutive day, and 3 days before the meeting day, to allow time for shareholders of the incoming meeting. The Company proposed to shareholders can request for additional meeting agenda, as well as nomination of candidate for the post of director nominee in advance during on 28 December 2022 to 3 February 2023. The Company established the transparent procedures and criteria and publicized them on the company’s website and notified the shareholders through the Stock Exchange of Thailand. However, there was no shareholder who requested for additional meeting agenda and the nomination of candidate for the director nominee.

For the registration of annual general meeting, an independent director has been appointed as a proxy for the shareholders in the event that a shareholder wishes to appoint an independent director to attend the meeting instead.

Shareholders can choose to appoint any other person as a proxy to attend the meeting instead. the Company will send username and password via email to shareholders or proxies in advance in order to use for logging in the AGM program at least 2 hours prior beginning of meeting and continue to do so until the finish meeting. Shareholders are able to vote on the agenda item being considered provided that a resolution is not yet made. Late-register shareholders shall constitute part of the quorum starting from the agenda item for which they are in attendance and can exercise their voting rights unless the meeting states otherwise.

Prior to the meeting, the Company’s secretary will start to explain the method of voting and counting via electronic method. For the result of voting in each agenda, the Company immediately announced the result of vote in each agenda of each shareholder’s resolution regardless of whether the vote result shows on outcome of agree or disagree. Moreover, The Board of Directors moderate the shareholders’ meeting according the agenda announced earlier in the meeting’s invitation document, and will not add any agenda to the meeting without informing shareholders in advanced, so that the shareholders have enough time to study the information of the operation performance to be considered in each agenda adequately and suitably. In the meeting, the Board of Directors will allow chance for shareholders to opinion and answer to the inquiry, by having the Chairman, Sub-committee chairman, Chief Executive Officer, senior executives in accounting and finance to jointly answer. However, in replying to the inquiry, the Board of Directors will adhere to the equal opportunity to the Company’s information.

After the meeting, The Company’s Board of Directors assigned the Company’s secretary to prepare and write the meeting report with accuracy and complete, and the disseminate the meeting report to all shareholders through investor relation website and the Company also submitted the report to the Stock Exchange of Thailand within 14 days after the date of meeting.

2. Role of Stakeholders

The Company has placed the importance to the rights of all stakeholders as follow:

- Shareholders

The Company has conducted the business and respects the rights of shareholders and equitable treatment with transparency, credibility and determination in enhancing sustainable and secured financial position to increase its share value.

- Employees

The Company has recognized the importance of employees who are a pivotal factor for success, The Company practices towards employees to ensure fair treatment base on Human rights principle. The Company always supports personnel improvement both in-house and external training and takes care of health and safety in workplace. Employee remuneration committee was set up to protect employees' rights. In addition, it provided appropriate and fair returns and welfare to all employees such as medical treatment expenses, service buses, birthday parties, associations & assemblies for relaxation and entertainment to pay back for employees' full intention in their performances. However, the Company manages the provident fund and savings and credit cooperative for employee in order to enrich their living and provide security.

Moreover, employees are annually evaluated with Key Performance Indicators (KPI) to motivate them who dedicate their performance efficiently to lead a maximum benefits of the Company and achievement of business targets. The Key Performance Indicators (KPI) of the Company consist financial and Non-financial performance indicators. In the year 2022, the proportion of Provident Fund Employee members compare to total employees as follow:

	Total number of members	Ratio of members/ Total employees (%)
Provident Fund / Saving Cooperative	278	70.74

• Employee Development Policy

The Company has a policy to continually improve the potential and efficiency of employees in order to compete and deal with new, evolving innovations. As a result, the Company organizes training internally and with external organizations, dividing them into various courses that are appropriate for the job position, professional standards, and the department's goals and objectives, in order to increase knowledge, skills, and work efficiency, whether technical, professional, or general management, in order to maximize operational potential and promote advancement in their fields. The training courses are divided as follows:

(1) Operational Level

The Company organized technical and professional training courses, both internally and externally, that were relevant to each employee's position. Moreover, employees received training on the quality control system and safety system which is applicable to the manufacturing process in order to help them understand the work process and perform duties effectively in accordance with the ISO 9001 and ISO 14001 standards.

(2) Management Level

The Company has a policy to continually improve the potential and efficiency of employees in order to compete and deal with new, evolving innovations. As a result, the Company organizes training internally and with external organizations, dividing them into various courses that are appropriate for the job positions, professional standards or in accordance with the goals and objectives of the department. Moreover, the Company sends employees to go on study visits abroad in order to gain knowledge and cutting-edge technology that will help develop products and organizations in order to stay current with industry changes and increase competitiveness in the future. Additionally, new employees will receive an ethics and code of business conduct manual on their first day of employment to ensure that they understand the Company's rules, regulations, and practice guidelines and are capable of performing their duties properly and appropriately.

- Clients

The Company has aimed to develop quality of its products and services which worth the price, quality, safety, and also had been tested and proven safe by the experts in both technology and environmental preservation.

- Partners / Suppliers

The Company has provided fairly treatment with accountability and transparency to its lenders in accordance with the stipulations of contracts and financial obligations. It strictly avoided unfair conducts, and also abstained from hidden information or facts that might cause damages to the lenders.

The Company has complied with trading terms and offered accurate information in order to foster good relations and mutual understanding. There were also exchanges of knowledge and the joint development of goods and services with environmental care in order to increase the value of those goods and services. The Company would not demand, accept or consent to the receipt of the other properties or benefits accruing outside trade agreements.

- Competitors

The Company has strictly followed competition rules. The Company will not spy on or fraudulently seek competitors' secrets and not damage its relationship with the competitors and their reputation.

- The public sector or Government

The Company adheres to file tax accurately and strictly complies the public sector or Government with all relevant laws, criteria, rules and regulations.

- Communities and Society

The Company has a policy to do business in a way that benefits the economy and the society, aiming to create a balance between business growth, community development, social development, and good environmental practice. The Company aims to safeguard local customs and to be a good corporate citizen by complying with applicable laws and regulations.

- Environment

The Company realizes to social and environment responsibilities. The Company has policy of quality, safety occupational health and environment for all employees and has policy to use resources effectively and efficiently. The Company controls and manages waste from the production process and general consumption as well as contamination released into the atmosphere through the use of efficient technology and close monitoring. The Company has already registered to ISO 14001 certification, which is the standard for environmental management systems for reducing of impact to environment.

3. Disclosure and Transparency

The Company recognizes the importance of information disclosure because it greatly affects decision-making of investors and stakeholders. The Company's Information was disclosed via the Stock Exchange of Thailand and Company's website. In 2022, The Company has not whistleblowing issues.

4. Prevention of conflicts of interest and utilization of Internal Information

Directors and Executives duty to report the status of security holding and acknowledge the change in security prepared report to the Security Exchange Commission according to the Article 59 of Security Exchange Commission Act (B.E. 2535) within 3 days after the date of purchase, sell, transfer, or receive the transfer of security.

The Board of Directors has learned of the items with conflicts of interest and the connected transactions and has considered appropriately each time. The Audit Committees will present to the Board of Directors regarding the transactions that may have conflict of interest. It includes complying with the criteria of the Stock Exchange of Thailand (SET) on the price and item as if it were on an arm's length basis. The detail, value, contract partner, reason/necessity of such connected items that are essential shall be disclosed in the annual report and the annual information form.

The Directors have interest in the decision, the Chairman of the Board will request for Directors to inform in the Meetings of the Board of Directors. The director shall be absent in the meeting, except the Chairman of the meeting allows the director to be present at the meeting to provide information and have no right to vote on that agenda item.

In 2022, the Company did not find any actions that violate the conflict of interest and utilization of Internal Information policy.

5. Code of conduct

Code of Conduct is published on company's website in order to easy accessibility and adhere to practice in the same direction. In 2022, the Company did not find any actions that violate the Code of Conduct policy.

6. Responsibilities of the Board

The Board of Directors is responsible for establishing policies, operating guidelines, and support plans for any changing circumstances to be consistent with the Company's primary goals. This includes commenting on the strategy, vision mission and establishing critical policies that employees must adhere to in order to guarantee the Company's sustainability and maximum benefit. This is the Board of Directors' responsibility as the representative of the shareholders.

Balance of authority

Presently, the Board of Directors comprises of 8 directors:

- 5 non-executive directors who are 3 independent directors
- 3 Executive Director

The Company has 3 independent directors which are complied with the criteria of the Securities and Exchange Commission that determine independent director must be a minimum one-third of the Board of Directors.

Appointment and Nomination of Directors

The Nomination and Remuneration Committee shall consider the appropriateness and the best interest for the Company's operation, together with the qualification, skills, experience, expertise, and operation of all the persons nominated to be appointed as director. Also, the nominees are able to independently raise their opinions and in compliance with the relevant rules and regulations. Moreover, The Company offers its minor shareholders the opportunity to propose a proper person with profile for considering on appointment the Directors agenda in the annual general meeting as a director.

The Meetings of the Board of Directors and Sub-Committee

The Directors will consider the company's performance to monitor carrying out actions that are in line with the designated policies in the Board of Directors' meeting. The Chairman of the Board of Directors acts as the chairman of the assembly. Directors are allowed to give their opinions freely and welcomed to propose additional agendas and give their opinions openly.

The Meeting Attendance of Each Director in 2022

Name	Number of Meeting Attendance 2022	Number of Meeting Attendance 2021
The Board of Directors	6	6
The Audit Committee	7	8
The Nomination and Remuneration Committee	2	1
The Risk Committee	3	5
The Executive Committee	26	42

Development programs for Company's directors and executives

Participation of Company's Director, organized by Thai Institute of Director (IOD)

Name	Program								
	DAP	DCP	RCP	RCC	ACP	FSD	O-War Room	SBM	SFE
1. Mr. Chanin Yensudchai	32/2005	57/2005	11/2005	2/2007	-	-	-	-	2/2009
2. Pol.Gen.Dr. Chitchai Wannasathit*	75/2551	-	-	-	-	-	-	-	-
3. Mr. Chinawat Assavapokee	-	-	-	-	-	-	-	-	-
4. Mr. Prachak Tangkaravakoon	21/2004	-	-	-	-	-	-	-	-
5. Mr. Vonnarat Tangkaravakoon	SEC/2013	-	-	-	-	-	-	-	-
6. Dr. Narongrit Tangkarawakun	-	294/2020	-	-	-	32/2018	7/2020	8/2020	-
7. Mr. Narin Trisukosol	-	254/2018	-	-	-	-	-	-	-
8. Dr. Somchai Laohverapanich**	-	-	-	-	-	-	-	-	-
9. Dr. Vichit Yamboonruang**	15/2004	51/2004	14/2004	-	2/2004	-	-	-	-
10. Mr. Thanakorn Wattanawijarn**	-	-	-	-	-	-	-	-	-

Remark1 : * Director appointed in 2022

** Director resigned in 2022

Note² :

DAP	=	Director Accreditation Program	DCP	=	Director Certification Program
RCP	=	Role of the Chairman Program	RCC	=	Role of the Compensation Committee
ACP	=	Audit Committee Program			
O-War Room	=	Board War Room Series	FSD	=	Financial Statements for Directors
SFE	=	Successful Formulation & Execution of Strategy	SBM	=	Strategic Board Master Class

Remuneration of Company's directors

The Company has determined remuneration for the directors at an appropriate level, it remains the rate at the level comparable to companies in the same group of industry. The remuneration payment of the directors must be approved by the Company's shareholders. The annual shareholders general meeting on January 28, 2022 has approved a total amount of 7,106,100 Baht in remuneration for director per year. Remuneration for each director is detailed in the 56-1 One Report.

Table of the Remuneration for the Board of Directors and the Subcommittees in 2022

Name	Yearly remuneration (Bath)	Meeting Allowance (Bath)			Bonus 2022 (Bath)
		The Nomination and Remuneration Committee	The Audit Committee	The Board of Directors	
1. Mr. Chanin Yensudchai	345,000		70,000	150,000	842,000
2. Gen. Dr. Chitchai Wannasathit*	192,500		50,000	80,000	0
3. Mr. Chinawat Assavapokee	300,000		50,000	60,000	673,600
4. Mr. Prachak Tangkaravakoon	180,000			120,000	673,600
5. Mr. Vonnarat Tangkaravakoon	180,000			120,000	673,600
6. Dr. Narongrit Tangkarawakun	105,000			60,000	673,600
7. Mr. Narin Trisukosol					
8. Dr. Somchai Laohverapanich**	45,000			20,000	673,600
9. Dr. Vichit Yamboonruang**	82,500		12,500		673,600
10. Mr. Thanakorn Wattanawijarn**					
Total	1,430,000	0	182,500	610,000	4,883,600

Remark: * Director appointed in 2022

** Director resigned in 2022

9. Internal Control and Related Transactions

9.1 Internal Control

The Board of Directors recognize the importance of an internal control by emphasizing on the efficient and adequate internal control system for business operation to maximize management efficiency as well as assets monitoring, reduction in possible errors, the Company's damage prevention, financial management, risk management, operation supervision, which reasonably ensure that the Company can operate as expected and maximized the added value in long run. The Board of Directors appoints the Audit Committee to review the assessment results to ensure that the internal control system supports the Company's effective and efficient operations, provides accurate and reliable reporting, and is in compliance with relevant laws and regulations.

In 2022, the Board of directors endorsed the Audit Committee's report on the assessment result by the Office of the Securities and Exchange Commission of Thailand (SEC) is employed to assess the Company's internal control system, under framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which details are as follow:

1. Organization and Environment

The Company determines business goals which are accurate, clear, possible and measurable. Moreover, a clear chain of command and delegation of authority were defined to supports the goals. There are regulations and penalties to prohibit executives and employees from possible conflict of interest. The Company enforces its business Code of Conduct to its employees and requires full compliance by them, and continues to underline the importance of integrity and accountability to stakeholders.

2. Risk Management

The Company always conduct the risk assessment, both internal and external business risks. Top management in each division and department will analyze risk factors and clearly define the acceptable level of risk tolerance and communicate to all employees for practices their work in order to ensure the Company's objective achievement.

3. Management Control

The Company uses Key Performance Indicator (KPI) as instrument for planning and controlling. Separation of duties and responsibilities were applied in creating the basis for checks and balances. It also published the Manual of Authorities that included the establishment of different level of approval authorities and monetary limits, which were documented and clearly defined. Documents were prepared for delegation of responsibilities as well as responsible persons in case of mistakes and the Company's assets being protected from loss or improper utilization by several measurements. Company's benefit or opportunities were properly protected against exploitation. Prescribed measures were implemented to ensure that the Company complied with relevant laws and regulations. Control measures were also in place to monitor all transactions with related parties such as directors to prevent interests transfer. The controlling procedure shall be done by passing those transactions through approval process of independent directors or authorized persons, who are freely from conflict of interests. Disclosure of related party transactions shall be completed as in accordance with the regulations of Office of the Securities and Exchange Commission, Thailand (SEC) as well as the accounting standard as designated by the Association of Accountants and Auditors of Thailand.

4. Information and Communication

The Company provides enough information systems to ensure that decisions of Directors and Management are made based on adequate, accurate and reliable information. Directors' opinions are recorded in the minutes of meeting. Accounting documents are filed systematically in accordance with the accounting system for the purposes of business policy.

5. Monitoring

The Company uses a follow up system comparing each quarter's goal, which is examined by the internal audit, by reporting the performance directly to the Audit Committee. When significant errors are encountered, the Internal Audit must immediately inform the Committee concerned, as well as the updated error correction report.

The Audit Committee appointed the P&L Internal Audit Company Limited as an internal audit which was considered qualification and independence to the responsibility of the internal audit of the Company. The internal audit of the Company has a direct quarterly reporting line to the Audit Committee. The qualifications and experience of the Company's Internal Audit appear under "Attachment 3 Information about Head of Internal Audit". However, the appointment, evaluation, dismissal, transfer or employment termination of the Internal Audit Supervisor must be approved by the Audit Committee.

9.2 Related Transactions

Persons who have potential conflict of interest and Type of connection	Type of inter-transaction	Value of transaction (Million Baht)		Reasons	Pricing policy
		2022	2021		
Related Company: 1. TOA Group TOA Paint (Thailand) PCL. (TOA) - Major shareholder is the same Company. - Has common directors	<u>Sales</u> <u>Revenue</u> <u>Accounts Receivable</u>	224 33.53	276 73.92	Normal transacting practice, with the purchase of Insecticide and Wood Preservative product categories by TOA to further distribute among retail stores	Selling Price: - Selling prices for other products are equal for every distributor. - The purchase price of Chaindrite Stedfast and Chaindrite Wood Preservative groups given to TOA is lower than those of other distributors, due to the original price structure set by the former owner, The Shell Company of Thailand Limited. TOA was the first and foremost to introduce this type of products to the market and has achieved the highest sales volume. Rebate: - Regarding rebates, TOA receives higher rate of Target Rebate in the Chaindrite Stedfast and Chaindrite Spray categories than other distributors, due to its highest purchase volume, and hence, higher Sales Target.
2. TOA International Beverages Group Co., Ltd. (TIB) - SWC owns 18.97% shareholding - Has common directors	<u>Short-term loan</u>	1.5	1.5	Short-term loan in the form of Promissory Note as working capital for businesses	The loan carries interest at rate of 3 percent per annum and due at call.

Persons who have potential conflict of interest and Type of connection	Type of inter-transaction	Value of transaction (Million Baht)		Reasons	Pricing policy
		2022	2021		
Subsidiary : 1. Sherwood Chemicals Australasia Pty. Ltd. (SWCA) - SWC owns 50% shareholding - Has common directors	<u>Sales</u> <u>Revenue</u> <u>Accounts</u> <u>Receivable</u>	136	57	Normal transaction practice by which Sherwood Chemicals Australasia purchase Insecticide product to further distribute to customer in Australia	- Selling prices are similar to the level where the Company used to export to foreign customers. - 120 days as credit term or sooner when foreign customers make payment.
	<u>Short-term loans</u> <u>Interest</u> <u>income</u>	312	221		
2. Hokkaido Food and Beverage Co., Ltd. (HFB) - SWC owns 99.95% shareholding - Has common directors		6.27	4.22	Short-term loan in the form of Promissory Note as working capital for businesses	The loan carries interest at rates of 2-3 percent per annum and due at call.

Part 3

Financial Statement

Sherwood Corporation (Thailand) Public Company Limited and its subsidiaries

Report and consolidated financial statements

31 December 2022

Independent Auditor's Report

To the Shareholders of Sherwood Corporation (Thailand) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Sherwood Corporation (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Sherwood Corporation (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sherwood Corporation (Thailand) Public Company Limited and its subsidiaries and of Sherwood Corporation (Thailand) Public Company Limited as at 31 December 2022, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for the matter are described below.

Revenue recognition

Revenue from sales is significant to the financial statements. Moreover, the Company has sales transactions with a large number of customers under a variety of conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. As a result, revenue from sales is a significant account which directly affects the Company's operating results.

I assessed and tested the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I have examined supporting documents, on a sampling basis, for actual sales transactions occurring during the year and expanding the scope of audit near the end of the reporting period. I also sent confirmation requests for the amounts of sales to major customers and examined credit notes issued by the Group after the period-end. In addition, I performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. I describe this matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Natthawut Santipet

Certified Public Accountant (Thailand) No. 5730

EY Office Limited

Bangkok: 23 February 2023

Statements of financial position

As at 31 December 2022

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets					
Current assets					
Cash and cash equivalents	7	311,177,703	258,566,850	248,355,517	217,907,363
Trade and other receivables	6, 8	253,328,926	309,178,907	230,840,479	280,608,424
Short-term loans to related parties	6	1,500,000	1,500,000	312,000,000	221,000,000
Inventories	9	272,388,668	243,497,709	214,531,138	194,342,117
Other current assets		26,995,783	26,322,374	13,033,371	14,664,958
Total current assets		865,391,080	839,065,840	1,018,760,505	928,522,862
Non-current assets					
Investments in subsidiaries	10	-	-	5,776,593	2,276,600
Other non-current financial assets		189,700	189,700	-	-
Property, plant and equipment	11	342,454,289	327,330,965	314,260,568	302,926,552
Right-of-use assets	16	36,556,590	20,581,301	17,305,182	18,838,934
Intangible assets	12	11,071,351	13,090,757	8,117,513	10,132,922
Deferred tax assets	22	14,266,724	14,151,765	12,140,547	12,274,402
Other non-current assets		3,614,173	2,797,221	691,703	873,802
Total non-current assets		408,152,827	378,141,709	358,292,106	347,323,212
Total assets		1,273,543,907	1,217,207,549	1,377,052,611	1,275,846,074

The accompanying notes are an integral part of the financial statements.

Statements of financial position (continued)

As at 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	150,000,000	50,000,000	150,000,000	50,000,000
Trade and other payables	14	300,749,764	339,211,476	258,023,530	320,898,635
Current portion of long-term loans from financial institutions	15	833,048	741,438	-	-
Current portion of lease liabilities	16	13,745,786	6,019,062	5,716,571	4,592,203
Income tax payable		13,824,488	36,763,312	11,747,151	33,886,375
Other current liabilities		14,554,275	17,597,420	10,756,709	14,247,650
Total current liabilities		493,707,361	450,332,708	436,243,961	423,624,863
Non-current liabilities					
Long-term loans from financial institutions, net of current portion	15	-	833,048	-	-
Lease liabilities, net of current portion	16	22,561,653	14,466,625	11,259,593	14,466,625
Provision for long-term employee benefits	17	36,609,621	35,980,282	34,083,282	33,360,859
Deferred tax liabilities	22	1,243,691	1,429,095	-	-
Other non-current liabilities		-	313,346	-	-
Total non-current liabilities		60,414,965	53,022,396	45,342,875	47,827,484
Total liabilities		554,122,326	503,355,104	481,586,836	471,452,347

The accompanying notes are an integral part of the financial statements.

Statements of financial position (continued)

As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Shareholders' equity					
Share capital					
Registered					
465,000,000 ordinary shares of Baht 0.50 each		232,500,000	232,500,000	232,500,000	232,500,000
Issued and fully paid-up					
453,392,962 ordinary shares of Baht 0.50 each					
(2021: 327,044,418 ordinary shares of Baht 0.50 each)	18	226,696,481	163,522,209	226,696,481	163,522,209
Share premium	18	160,507,348	100,997,184	160,507,348	100,997,184
Capital reserve for share-based payment transactions	24	15,205,257	11,826,311	15,205,257	11,826,311
Retained earnings					
Appropriated - statutory reserve	20	23,250,000	23,250,000	23,250,000	23,250,000
Unappropriated		267,964,659	394,049,188	470,913,030	505,904,364
Other components of shareholders' equity		(1,440,947)	(158,359)	(1,106,341)	(1,106,341)
Equity attributable to owners of the Company		692,182,798	693,486,533	895,465,775	804,393,727
Non-controlling interests of the subsidiaries	10	27,238,783	20,365,912	-	-
Total shareholders' equity		719,421,581	713,852,445	895,465,775	804,393,727
Total liabilities and shareholders' equity		1,273,543,907	1,217,207,549	1,377,052,611	1,275,846,074

The accompanying notes are an integral part of the financial statements.

Directors

Statements of comprehensive income

For the year ended 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit or loss:					
Revenues					
Sales	25	1,694,083,122	1,826,456,711	1,488,219,783	1,652,881,930
Other income		2,215,743	5,949,726	1,431,629	4,017,824
Total revenues		1,696,298,865	1,832,406,437	1,489,651,412	1,656,899,754
Expenses					
Cost of sales		1,127,824,059	1,079,790,497	976,777,845	955,844,749
Selling and distribution expenses		356,611,924	379,694,044	246,918,713	287,298,606
Administrative expenses		155,401,644	159,230,644	134,609,152	134,921,582
Total expenses		1,639,837,627	1,618,715,185	1,358,305,710	1,378,064,937
Operating profit		56,461,238	213,691,252	131,345,702	278,834,817
Finance income		496,291	301,522	6,600,685	4,518,445
Finance cost		(1,942,415)	(1,905,261)	(1,701,306)	(1,723,417)
Profit before income tax expenses		55,015,114	212,087,513	136,245,081	281,629,845
Income tax expenses	22	(31,372,348)	(60,516,181)	(27,895,863)	(57,390,176)
Profit for the year		23,642,766	151,571,332	108,349,218	224,239,669
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements in foreign currency - net of income tax		(2,296,467)	(1,111,214)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain - net of income tax		-	3,612,719	-	3,493,892
Other comprehensive income for the year		(2,296,467)	2,501,505	-	3,493,892
Total comprehensive income for the year		21,346,299	154,072,837	108,349,218	227,733,561

The accompanying notes are an integral part of the financial statements.

Statements of comprehensive income (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit attributable to:					
Equity holders of the Company		17,256,023	146,200,760	108,349,218	224,239,669
Non-controlling interests of the subsidiaries		6,386,743	5,370,572		
		23,642,766	151,571,332		
Total comprehensive income attributable to:					
Equity holders of the Company		15,973,435	147,903,553	108,349,218	227,733,561
Non-controlling interests of the subsidiaries		5,372,864	6,169,284		
		21,346,299	154,072,837		
Earnings per share	23				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.04	0.45	0.26	0.69
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.03	0.34	0.21	0.51

The accompanying notes are an integral part of the financial statements.

Statements of changes in shareholders' equity

For the year ended 31 December 2022

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
Other components of shareholders' equity										
Other comprehensive income										
Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Actuarial gains (loss)	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated						
Balance as at 1 January 2021										
Profit for the year	159,365,450	96,965,450	4,702,122	368,871,653	2,739,081	(4,600,233)	(1,861,152)	651,293,523	14,196,628	665,490,151
Other comprehensive income for the year	-	-	-	146,200,760	-	-	-	146,200,760	5,370,572	151,571,332
Total comprehensive income for the year	-	-	-	-	(1,909,926)	3,612,719	1,702,793	1,702,793	798,712	2,501,505
Increase share capital (Note 18)	4,156,759	4,031,734	-	146,200,760	(1,909,926)	3,612,719	1,702,793	147,903,553	6,169,284	154,072,837
Share-based payment transactions (Note 24)	-	-	-	-	-	-	-	8,188,493	-	8,188,493
Dividend paid (Note 26)	-	-	-	(121,023,225)	-	-	-	(121,023,225)	-	(121,023,225)
Balance as at 31 December 2021	163,522,209	100,997,184	11,826,311	394,049,188	829,155	(987,514)	(158,359)	693,486,533	20,365,912	713,852,445
Balance as at 1 January 2022	163,522,209	100,997,184	11,826,311	394,049,188	829,155	(987,514)	(158,359)	693,486,533	20,365,912	713,852,445
Profit for the year	-	-	-	17,256,023	-	-	-	17,256,023	6,386,743	23,642,766
Other comprehensive income for the year	-	-	-	-	(1,282,588)	-	(1,282,588)	(1,282,588)	(1,013,879)	(2,296,467)
Total comprehensive income for the year	-	-	-	17,256,023	(1,282,588)	-	(1,282,588)	15,973,435	5,372,864	21,346,299
Increase share capital (Note 18)	63,174,272	59,510,164	-	-	-	-	-	122,684,436	-	122,684,436
Share-based payment transactions (Note 24)	-	-	-	-	-	-	-	3,378,946	-	3,378,946
Dividend paid (Note 26)	-	-	-	(143,340,552)	-	-	-	(143,340,552)	-	(143,340,552)
Increase in non-controlling interests of the subsidiaries from additional investments in subsidiary	-	-	-	-	-	-	-	-	1,500,007	1,500,007
Balance as at 31 December 2022	226,696,481	160,507,348	15,205,257	267,964,659	(453,433)	(987,514)	(1,440,947)	692,182,798	27,238,783	719,421,581

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2022

(Unit: Baht)

Separate financial statements						
	Other components of				Total shareholders' equity	
	shareholders' equity			Other comprehensive income		
	Actuarial gains (loss)					
	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		
				Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2021	159,365,450	96,965,450	4,702,122	23,250,000	402,687,920	682,370,709
Profit for the year	-	-	-	-	224,239,669	224,239,669
Other comprehensive income for the year	-	-	-	-	-	3,493,892
Total comprehensive income for the year	-	-	-	-	224,239,669	227,733,561
Increase share capital (Note 18)	4,156,759	4,031,734	-	-	-	8,188,493
Share-based payment transactions (Note 24)	-	-	7,124,189	-	-	7,124,189
Dividend paid (Note 26)	-	-	-	-	(121,023,225)	(121,023,225)
Balance as at 31 December 2021	163,522,209	100,997,184	11,826,311	23,250,000	505,904,364	804,393,727
Balance as at 1 January 2022	163,522,209	100,997,184	11,826,311	23,250,000	505,904,364	804,393,727
Profit for the year	-	-	-	-	108,349,218	108,349,218
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	108,349,218	108,349,218
Increase share capital (Note 18)	63,174,272	59,510,164	-	-	-	122,684,436
Share-based payment transactions (Note 24)	-	-	3,378,946	-	-	3,378,946
Dividend paid (Note 26)	-	-	-	-	(143,340,552)	(143,340,552)
Balance as at 31 December 2022	226,696,481	160,507,348	15,205,257	23,250,000	470,913,030	895,465,775

The accompanying notes are an integral part of the financial statements.

Cash flow statements

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before income tax	55,015,114	212,087,513	136,245,081	281,629,845
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation	44,261,178	38,111,126	34,126,587	32,327,723
Amortisation	2,019,407	1,576,945	2,015,410	1,531,348
Allowance for expected credit losses (reversal)	3,121,315	(16,519,809)	504,633	(16,872,749)
Write-off bad debts	-	218,678	-	31,919
Allowance for diminution in value of inventories (reversal)	(4,518,627)	11,288,345	(3,558,110)	8,098,434
Loss on change in fair value of derivatives	2,479,879	-	2,210,696	-
Loss on sales of equipment	377,892	53,778	19,571	5,350
Loss on write off of equipment	498,995	6,322,517	10,733	-
Unrealised (gain) loss on exchange rate	17,820	(85,577)	349,370	(150,381)
Gain on debt forgiveness	(313,346)	(1,022,576)	-	-
Share-based payment transactions	3,378,946	7,124,189	3,378,946	7,124,189
Provision for long-term employee benefits	4,238,429	4,850,666	3,840,315	4,494,434
Finance income	(496,291)	(301,522)	(6,600,685)	(4,518,445)
Finance cost	1,942,415	1,905,261	1,701,306	1,723,417
Profit from operating activities before changes in operating assets and liabilities	112,023,126	265,609,534	174,243,853	315,425,084
Operating assets (increase) decrease				
Trade and other receivables	52,754,746	(5,842,072)	55,180,658	22,117,834
Inventories	(24,372,333)	(30,818,868)	(16,630,911)	(8,947,452)
Other current assets	(664,558)	(16,632,650)	1,631,587	(7,062,945)
Other non-current assets	(816,952)	956,218	182,099	148,664
Operating liabilities increase (decrease)				
Trade and other payables	(47,701,714)	100,786,986	(67,719,212)	94,721,882
Other current liabilities	(5,523,024)	7,429,888	(5,701,637)	6,707,821
Payment of long-term employee benefits	(3,609,090)	(694,438)	(3,117,892)	(519,475)
Other non-current liabilities	-	(106,376)	-	-
Cash from operating activities	82,090,201	320,688,222	138,068,545	422,591,413
Cash paid for interest expenses	(1,942,415)	(1,996,829)	(1,701,306)	(1,808,217)
Cash paid for corporate income tax	(54,620,385)	(43,273,230)	(49,901,233)	(39,063,662)
Net cash flows from operating activities	25,527,401	275,418,163	86,466,006	381,719,534

The accompanying notes are an integral part of the financial statements.

Cash flow statements (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from investing activities				
Increase in short-term loans to subsidiary	-	-	(91,000,000)	(120,000,000)
Increase in investments in subsidiary	-	-	(3,499,993)	-
Proceeds from sales of equipment	888,901	461,593	852,229	64,456
Cash paid for acquisition of plant and equipment	(37,550,050)	(25,607,633)	(32,235,507)	(18,924,432)
Cash paid for acquisition of intangible assets	-	(7,171,500)	-	(7,131,500)
Cash received from interest income	451,283	315,104	332,863	294,404
Net cash flows used in investing activities	(36,209,866)	(32,002,436)	(125,550,408)	(145,697,072)
Cash flows from financing activities				
Increase (decrease) in short-term loans				
from financial institutions	100,000,000	(80,000,000)	100,000,000	(80,000,000)
Decrease in long-term loans from financial institutions	(741,438)	(1,618,453)	-	-
Payment of lease liabilities	(14,589,022)	(10,491,034)	(9,887,682)	(8,140,560)
Proceeds from increase in share capital	122,684,436	8,188,493	122,684,436	8,188,493
Dividend paid	(143,264,198)	(121,017,189)	(143,264,198)	(121,017,189)
Cash received from non-controlling interests for investments in subsidiary	1,500,007	-	-	-
Net cash flows from (used in) financing activities	65,589,785	(204,938,183)	69,532,556	(200,969,256)
Decrease in translation adjustment	(2,296,467)	(1,111,214)	-	-
Net increase in cash and cash equivalents	52,610,853	37,366,330	30,448,154	35,053,206
Cash and cash equivalents at beginning of year	258,566,850	221,200,520	217,907,363	182,854,157
Cash and cash equivalents at end of year	311,177,703	258,566,850	248,355,517	217,907,363
Supplement cash flows information				
Non-cash items consist of:				
Increase in right-of-use assets due to entering into lease agreements	30,410,773	7,232,291	7,805,018	6,857,587

The accompanying notes are an integral part of the financial statements.

Notes to consolidated financial statements

For the year ended 31 December 2022

1. General information

1.1 General information of the Company

Sherwood Corporation (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is TOA Venture Holding Company Limited, which is incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of insecticide, cleaning and wood preservative products. The registered address is as follows:

Head Office: 1065, Srinakarin Road, Suanluang, Bangkok

Factories: 90/1 and 109 Moo 9, Bangwour, Bangprakong, Chacheongsao

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Sherwood Corporation (Thailand) Public Company Limited and its subsidiaries (“the Group”). The details of subsidiaries are as follows:

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2022	2021
<u>Subsidiaries directly owned by the Company</u>			Percent	Percent
Sherwood Chemicals Australasia Pty Ltd.	Distribution of insecticide products	Australia	50.00	50.00
Hokkaido Food and Beverage Co., Ltd.	Manufacture and distribution of food products such as milk and syrup	Thailand	99.95	99.95
Teepol Professional International Co., Ltd.	Distribution of fertilizer and chemical products	Thailand	99.97	99.97
Lottofood (Thailand) Co., Ltd.	Manufacture and distribution of plant-based foods	Thailand	70.00	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2022	2021
			Percent	Percent
<u>Subsidiaries indirectly owned by the Company</u>				
Held by Hokkaido Food and Beverage Co., Ltd.				
Hokkaido Morimoto Co., Ltd.	Manufacture and distribution of food products such as milk and snacks	Thailand	100.00	100.00
Hokkaido International Franchise Co., Ltd.	Distribution of food products such as milk and snacks	Thailand	99.98	99.98
TTD Holding Co., Ltd.	Distribution of food products such as milk and snacks	Thailand	99.98	99.98

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) The subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

a) Financial reporting standards that became effective in the current year

During the current year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts and allowances.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

Finished goods and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials and packing materials are valued at the lower of cost (under the first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

4.4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

4.5 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	13 - 30	years
Machinery and equipment	-	5 - 15	years
Furniture, fixtures and office equipment	-	5	years
Motor vehicles		5	years

Depreciation is included in profit or loss.

No depreciation is provided on land, land improvements and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.6 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	10 years

4.7 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors and officers with authority in the planning and direction of the operations of the Group.

4.8 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term as follows:

Buildings and building improvement	2 - 3 years
Motor vehicles	4 - 5 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.10 Foreign currency

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in profit or loss.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the contributions of the Group are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plan are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in profit or loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

4.13 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16 Derivatives

The Group uses derivatives which are forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Consolidation of subsidiary that the Company holds half of shares

The management of the Company determined that the Company has control over Sherwood Chemicals Australasia Pty Ltd., even though the Company holds 50% of shares and voting rights. This is because the Company has the ability to direct the significant activities. As a result, Sherwood Chemicals Australasia Pty Ltd. is deemed to be a subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon among the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2022	2021	2022	2021	
<u>Transactions with subsidiary companies</u> (eliminated from the consolidated financial statements)					
Sales of goods	-	-	136	57	Cost plus margin as mutually agreed
Interest income	-	-	6	4	2 - 3 percent per annum
<u>Transactions with related company</u>					
Sales of goods	327	296	224	276	Market price

The balances of the accounts as at 31 December 2022 and 2021 between the Company, its subsidiaries and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<u>Trade receivables - related parties (Note 8)</u>				
Subsidiaries	-	-	17,209	6,401
Related company (Common director)	35,900	79,701	33,534	73,920
Total	35,900	79,701	50,743	80,321
Less: Allowance for expected credit losses	(1,897)	(104)	(273)	(12)
Total trade receivables - related parties	34,003	79,597	50,470	80,309
<u>Other receivables - related parties (Note 8)</u>				
Subsidiaries	-	-	15,461	8,594
Related company (Common shareholder)	131	86	-	-
Related person (Director)	-	1,750	-	1,750
Total other receivables - related parties	131	1,836	15,461	10,344

Short-term loans to related parties

As at 31 December 2022 and 2021, the balance of short-term loans to related parties and the movement were as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Balance as at 31 December 2021	Increase during the year	Decrease during the year	Balance as at 31 December 2022
<u>Related company</u>				
TOA International Beverage Group Company Limited	1,500	-	-	1,500

The balance represents unsecured short-term loans in the form of promissory notes which are due at call. The loans carry interest at a rate of 3 percent per annum.

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Balance as at 31 December 2021	Increase during the year	Decrease during the year	Balance as at 31 December 2022
<u>Subsidiary</u>				
Hokkaido Food and Beverage Company Limited	221,000	91,000	-	312,000

The balance represents unsecured short-term loans in the form of promissory notes which are due at call. The loans carry interest at rates of 2 - 3 percent per annum.

Directors and management's benefits

For the years ended 31 December 2022 and 2021, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Million Baht)

	Consolidated/Separate/financial statements	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	26	30
Post-employment benefits	-	1
Share-based payment (Note 24)	1	1
Total	27	32

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidate financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash	603	736	250	350
Bank deposits	310,575	257,831	248,106	217,557
Total	311,178	258,567	248,356	217,907

As at 31 December 2022, bank deposits in saving accounts carried interest at rates between 0.05 and 0.35 percent per annum (2021: between 0.04 and 0.35 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidate financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	33,680	76,165	49,996	80,219
Past due				
Up to 3 months	275	3,430	444	-
3 - 6 months	497	-	168	-
6 - 12 months	1,448	106	135	102
Total	35,900	79,701	50,743	80,321
Less: Allowance for expected credit losses	(1,897)	(104)	(273)	(12)
Net	34,003	79,597	50,470	80,309
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	129,036	131,416	102,460	113,199
Past due				
Up to 3 months	85,595	101,147	62,713	81,857
3 - 6 months	9,426	234	1,969	58
6 - 12 months	844	259	335	92
Over 12 months	3,443	2,434	3,243	317
Total	228,344	235,490	170,720	195,523
Less: Allowance for expected credit losses	(9,349)	(8,020)	(5,811)	(5,568)
Net	218,995	227,470	164,909	189,955
Total trade receivables - net	252,998	307,067	215,379	270,264

(Unit: Thousand Baht)

	Consolidate financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Other receivables</u>				
Interest receivables - related parties	131	86	14,201	7,934
Advances - related parties	-	-	1,260	660
Advances - related person	-	1,750	-	1,750
Advances - unrelated parties	200	276	-	-
Total other receivables	331	2,112	15,461	10,344
Total trade and other receivables - net	253,329	309,179	230,840	280,608

The normal credit term is 30 to 120 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables.

(Unit: Thousand Baht)

	Consolidate financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year	8,124	24,645	5,580	22,452
Increase (decrease) during the year	3,122	(16,521)	504	(16,872)
Balance at end of year	11,246	8,124	6,084	5,580

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Raw materials	102,055	101,824	(9,326)	(9,060)	92,729	92,764
Finished goods	116,760	102,692	(7,385)	(6,419)	109,375	96,273
Work in process	8,166	8,792	(2,003)	(2,892)	6,163	5,900
Packing materials	58,521	54,410	(2,786)	(7,647)	55,735	46,763
Goods in transit	8,387	1,798	-	-	8,387	1,798
Total	293,889	269,516	(21,500)	(26,018)	272,389	243,498

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2022	2021	2022	2021	2022	2021
Raw materials	87,630	90,991	(8,668)	(8,668)	78,962	82,323
Finished goods	91,921	75,286	(6,515)	(5,451)	85,406	69,835
Work in process	8,095	7,007	(1,951)	(1,734)	6,144	5,273
Packing materials	44,243	41,850	(1,520)	(6,359)	42,723	35,491
Goods in transit	1,296	1,420	-	-	1,296	1,420
Total	233,185	216,554	(18,654)	(22,212)	214,531	194,342

During the current year, the Group reduced cost of inventories by Baht 14.2 million (2021: Baht 16.2 million) (The Company only: Baht 6.2 million, 2021: Baht 12.6 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 18.7 million (2021: Baht 4.9 million) (The Company only: Baht 9.8 million, 2021: Baht 4.5 million), and reduced the amount of inventories recognised as expenses during the year.

10. Investments in subsidiaries

10.1 Details of investments in subsidiaries as presented in separate financial statements

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2022	2021	2022	2021	2022	2021
Sherwood Chemicals Australasia Pty Ltd.	AUD 20,000	AUD 20,000	(%)	(%)	277	277
Hokkaido Food and Beverage Co., Ltd.	Baht 1 million	Baht 1 million	99.95	99.95	1,000	1,000
Teepol Professional International Co., Ltd.	Baht 1 million	Baht 1 million	99.97	99.97	1,000	1,000
Lottofood (Thailand) Co., Ltd.	Baht 5 million	-	70.00	-	3,500	-
Total					5,777	2,277

On 7 January 2022, the Company registered the establishment of Lottofood (Thailand) Co., Ltd., which is principally engaged in the manufacture and distribution of plant-based foods. This company has a registered share capital of Baht 10 million (1,000,000 ordinary shares of Baht 10 each), which were 50% called up. The Company invested Baht 3.5 million in this company, representing a 70% shareholding.

10.2 Details of investments in Sherwood Chemicals Australasia Pty Ltd. that have material non-controlling interests

(Unit: Million Baht)

Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year	
<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
(%)	(%)				
50.00	50.00	27	20	7	5

10.3 Summarised financial information that based on amounts before inter-company elimination about Sherwood Chemicals Australasia Pty Ltd. that have material non-controlling interests

Summarised information about financial position as at 31 December 2022 and 2021:

(Unit: Million Baht)

	<u>2022</u>	<u>2021</u>
Current assets	73	48
Current liabilities	20	8

Summarised information about comprehensive income for the years ended 31 December 2022 and 2021:

(Unit: Million Baht)

	<u>2022</u>	<u>2021</u>
Revenue	89	90
Profit for the year	14	11
Other comprehensive income for the year	(2)	1
Total comprehensive income for the year	12	12

Summarised information about cash flow for the years ended 31 December 2022 and 2021:

(Unit: Million Baht)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities	18	3
Net increase in cash and cash equivalents	18	3

11. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvements	Buildings	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
Cost:							
As at 1 January 2021	113,941	247,012	306,813	52,066	15,764	952	736,548
Additions	-	218	10,571	1,756	37	12,313	24,895
Disposals/write-off	-	(99)	(4,819)	(8,789)	(76)	-	(13,783)
Transfers in (out)	-	1,891	8,412	1,694	-	(11,997)	-
As at 31 December 2021	113,941	249,022	320,977	46,727	15,725	1,268	747,660
Additions	-	3,186	8,153	3,709	-	31,667	46,715
Disposals/write-off	-	(26)	(15,520)	(3,157)	(819)	-	(19,522)
Transfers in (out)	-	11,437	3,609	4,983	-	(20,029)	-
As at 31 December 2022	113,941	263,619	317,219	52,262	14,906	12,906	774,853
Accumulated depreciation:							
As at 1 January 2021	-	137,341	212,702	41,726	7,797	-	399,566
Depreciation for the year	-	8,450	13,862	3,065	2,233	-	27,610
Depreciation on disposals/write-off	-	(99)	(151)	(6,619)	(76)	-	(6,945)
As at 31 December 2021	-	145,692	226,413	38,172	9,954	-	420,231
Depreciation for the year	-	8,845	13,804	5,320	1,857	-	29,826
Depreciation on disposals/write-off	-	(15)	(13,921)	(3,001)	(819)	-	(17,756)
As at 31 December 2022	-	154,522	226,296	40,491	10,992	-	432,301
Allowance for impairment loss:							
As at 31 December 2021	-	-	98	-	-	-	98
As at 31 December 2022	-	-	98	-	-	-	98
Net book value:							
As at 31 December 2021	113,941	103,330	94,466	8,555	5,771	1,268	327,331
As at 31 December 2022	113,941	109,097	90,825	11,771	3,914	12,906	342,454
Depreciation for the year							
2021 (Baht 23 million included in manufacturing cost, and the balance in selling and administrative expenses)							27,610
2022 (Baht 24 million included in manufacturing cost, and the balance in selling and administrative expenses)							29,826

(Unit: Thousand Baht)

	Separate financial statements						
	Land and land improvements	Buildings	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
Cost:							
As at 1 January 2021	113,941	243,358	257,548	36,923	9,306	952	662,028
Additions	-	218	4,115	3,333	-	10,545	18,211
Disposals	-	-	(77)	(4,251)	-	-	(4,328)
Transfers in (out)	-	1,891	8,183	156	-	(10,230)	-
As at 31 December 2021	113,491	245,467	269,769	36,161	9,306	1,267	675,911
Additions	-	3,136	7,457	1,255	-	25,156	37,004
Disposals/write-off	-	(26)	(14,345)	(3,110)	(819)	-	(18,300)
Transfers in (out)	-	11,437	3,609	4,983	-	(20,029)	-
As at 31 December 2022	113,941	260,014	266,490	39,289	8,487	6,394	694,615
Accumulated depreciation:							
As at 1 January 2021	-	134,604	183,449	30,880	4,331	-	353,264
Depreciation for the year	-	8,264	11,487	2,808	1,421	-	23,980
Depreciation on disposals	-	-	(61)	(4,198)	-	-	(4,259)
As at 31 December 2021	-	142,868	194,875	29,490	5,752	-	372,985
Depreciation for the year	-	8,655	12,039	2,673	1,421	-	24,788
Depreciation on disposals/write-off	-	(15)	(13,620)	(2,965)	(819)	-	(17,419)
As at 31 December 2022	-	151,508	193,294	29,198	6,354	-	380,354
Net book value:							
As at 31 December 2021	113,941	102,599	74,894	6,671	3,554	1,267	302,926
As at 31 December 2022	113,941	108,506	73,196	10,091	2,133	6,394	314,261
Depreciation for the year							
2021 (Baht 21 million included in manufacturing cost, and the balance in selling and administrative expenses)							23,980
2022 (Baht 22 million included in manufacturing cost, and the balance in selling and administrative expenses)							24,788

As at 31 December 2022, certain items of plant and equipment had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 189 million (2021: Baht 197 million) (The Company only: Baht 165 million, 2021: Baht 173 million).

12. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements
	Computer software	Trademark	Total	Computer software
Cost:				
As at 1 January 2021	14,359	3,860	18,219	13,036
Additions	7,172	-	7,172	7,132
As at 31 December 2021	21,531	3,860	25,391	20,168
As at 31 December 2022	21,531	3,860	25,391	20,168
Accumulated amortisation:				
As at 1 January 2021	9,765	167	9,932	8,504
Amortisation expenses for the year	1,577	-	1,577	1,531
As at 31 December 2021	11,342	167	11,509	10,035
Amortisation expenses for the year	2,020	-	2,020	2,015
As at 31 December 2022	13,362	167	13,529	12,050
Allowance for impairment loss:				
As at 31 December 2021	-	791	791	-
As at 31 December 2022	-	791	791	-
Net book value:				
As at 31 December 2021	10,189	2,902	13,091	10,133
As at 31 December 2022	8,169	2,902	11,071	8,118

13. Short-term loans from financial institutions

These represent unsecured short-term loans in the form of promissory notes from local banks which are due for repayment between 2 - 3 months. The loans carry interest at rates of 1.55 - 1.95 percent per annum (2021: 1.65 percent per annum).

14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade payables	250,159	272,290	226,717	261,068
Other payables	27,577	24,569	21,310	19,187
Accounts payable for purchases of fixed assets	9,565	400	5,169	400
Accrued expenses	13,449	41,952	4,828	40,244
Total trade and other payables	300,750	339,211	258,024	320,899

15. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate	Repayment schedule	Consolidated financial statements	
	(%)		2022	2021
1	Based on MLR	Repayable in monthly installments, and the final installment is due in January 2022.	-	41
2	4.0	Repayable in monthly installments, and the final installment is due in September 2023.	833	1,533
Total			833	1,574
Less: Current portion			(833)	(741)
Long-term loans from financial institutions, net of current portion			-	833

Long-term loans from financial institutions are guaranteed by the subsidiary's director.

Movement of the long-term loans from financial institutions account during the years ended 31 December 2022 and 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2022	2021
Balance at beginning of year	1,574	3,193
Less: Repayment	(741)	(1,619)
Balance at end of year	833	1,574

16. Leases

The Group as a lessee

The Group has lease contracts for various items of property and equipment used in its operations. Leases generally have lease terms between 2 - 5 years.

a) **Right-of-use assets**

Movement of right-of-use assets for the years ended 31 December 2022 and 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Buildings and building improvement	Motor vehicles	Total
As at 1 January 2021	10,942	12,908	23,850
Additions during the year	375	6,857	7,232
Depreciation for the year	(5,578)	(4,923)	(10,501)
As at 31 December 2021	5,739	14,842	20,581
Additions during the year	22,892	7,519	30,411
Depreciation for the year	(8,767)	(5,668)	(14,435)
As at 31 December 2022	19,864	16,693	36,557

(Unit: Thousand Baht)

	Separate financial statements		
	Buildings and building improvement	Motor vehicles	Total
As at 1 January 2021	7,422	12,908	20,330
Additions during the year	-	6,857	6,857
Depreciation for the year	(3,425)	(4,923)	(8,348)
As at 31 December 2021	3,997	14,842	18,839
Additions during the year	286	7,519	7,805
Depreciation for the year	(3,671)	(5,668)	(9,339)
As at 31 December 2022	612	16,693	17,305

b) **Lease liabilities**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Lease payments	37,527	21,072	17,587	19,634
Less: Deferred interest expenses	(1,219)	(586)	(610)	(575)
Total lease liabilities	36,308	20,486	16,977	19,059
Less: Portion due within one year	(13,746)	(6,019)	(5,717)	(4,592)
Lease liabilities - net of current portion	22,562	14,467	11,260	14,467

A maturity analysis of lease payments is disclosed in Note 30.2 to the financial statements under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Depreciation of right-of-use assets	14,435	10,501	9,339	8,348
Interest expenses on lease liabilities	575	469	383	413
Expenses relating to short-term leases	2,502	4,260	1,825	2,146
Expenses relating to leases of low-value assets	1,608	1,075	1,343	658

17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Provision for long-term employee benefits at beginning of year	35,980	36,340	33,361	33,753
Included in profit or loss:				
Current service cost	3,563	4,727	3,196	4,410
Interest cost	676	681	644	641
Actuarial gain arising from other long-term employee benefits	-	(557)	-	(557)
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	1,257	-	1,060
Financial assumptions changes	-	(3,946)	-	(3,632)
Experience adjustments	-	(1,828)	-	(1,795)
Benefits paid during the year	(3,609)	(694)	(3,118)	(519)
Provision for long-term employee benefits at end of year	36,610	35,980	34,083	33,361

The Group expects to pay Baht 1.0 million of long-term employee benefits during the next year (2021: Baht 0.8 million) (The Company only: Baht 0.6 million, 2021: Baht 0.7 million).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 23 years (2021: 24 years) (The Company only: 23 years, 2021: 24 years).

Significant actuarial assumptions are summarised below.

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Discount rate	1.26 - 2.54	1.10 - 2.60	1.26 - 2.34	1.10 - 2.32
Salary increase rate	2.50 - 5.00	2.50 - 5.00	5.00	5.00
Turnover rate	2.50 - 51.50	2.50 - 51.50	7.50 - 14.50	7.50 - 14.50

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below.

(Unit: Million Baht)

	As at 31 December 2022			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(2)	2	(2)	3
Salary increase rate	2	(2)	2	(2)

(Unit: Million Baht)

	As at 31 December 2021			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(2)	2	(2)	2
Salary increase rate	2	(2)	2	(2)

18. Share capital

- 18.1 On 8 April 2022, 122,668,489 warrants (SWC-W1) were exercised. The Company has issued 126,348,544 ordinary shares to support the exercise of these warrants. As a result, the Company's issued and fully-paid share capital increased from Baht 163,522,209 (327,044,418 ordinary shares of Baht 0.50 each) to Baht 226,696,481 (453,392,962 ordinary shares of Baht 0.50 each), and its share premium increased by Baht 59,510,164. The Company registered the increase in its share capital with the Ministry of Commerce on 22 April 2022.
- 18.2 On 8 April 2021, 4,002,300 warrants (SWC-W1) were exercised. The Company has issued 4,002,300 ordinary shares to support the exercise of these warrants. As a result, the Company's issued and fully-paid share capital increased from Baht 159,365,450 (318,730,900 ordinary shares of Baht 0.50 each) to Baht 161,366,600 (322,733,200 ordinary shares of Baht 0.50 each), and its share premium increased by Baht 2,001,150. The Company registered the increase in its share capital with the Ministry of Commerce on 19 April 2021.

On 8 October 2021, 4,185,650 warrants (SWC-W1) were exercised. The Company has issued 4,311,218 ordinary shares to support the exercise of these warrants. As a result, the Company's issued and fully-paid share capital increased from Baht 161,366,600 (322,733,200 ordinary shares of Baht 0.50 each) to Baht 163,522,209 (327,044,418 ordinary shares of Baht 0.50 each), and its share premium increased by Baht 2,030,584. The Company registered the increase in its share capital with the Ministry of Commerce on 19 October 2021.

19. Warrants

- 19.1 As at 31 December 2021, a total of 123,068,148 warrants (SWC-W1) remained unexercised. The exercise ratio is 1 unit of warrant per 1.03 ordinary share and the exercise price is Baht 0.971 per share. The warrants have the maturity of 3 years from the issuance date and are exercisable in every 6 months from the issuance date, commencing on 8 October 2019.

On 8 April 2022, 122,668,489 warrants (SWC-W1) were exercised and the Company issued share capital to support this exercise, as mentioned in Note 18 to the financial statements. The last exercise date of warrant (SWC-W1) was on 8 April 2022, and 399,659 warrants (SWC-W1) expired without being exercised.

- 19.2 As at 31 December 2022 and 2021, a total of 15,000,000 warrants (ESOP-W1) remained unexercised. The exercise ratio is 1 unit of warrant per 1.03 ordinary share and the exercise price is Baht 6.797 per share. The warrants have the maturity of 5 years from the issuance date (21 June 2019) and are exercisable in every 6 months from the issuance date, commencing after 3-year period from the issuance date (20 June 2022).

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

21. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Salaries, wages and other employee benefits	280,461	299,711	239,138	269,646
Depreciation and amortisation	46,281	39,688	36,142	33,859
Advertising and promotion expenses	253,773	290,842	182,211	229,170
Raw materials and consumables used	807,053	788,005	726,079	723,740
Purchases of finished goods	139,524	62,253	126,892	58,987
Changes in inventories of finished goods and work in progress	(13,442)	(19,108)	(17,723)	(3,716)

22. Income tax

Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Current income tax:				
Current income tax charge	33,190	60,577	27,762	56,474
Adjustment in respect of income tax of previous year	(1,518)	1,078	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(300)	(1,139)	134	916
Income tax expenses reported in profit or loss	31,372	60,516	27,896	57,390

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Deferred tax relating to actuarial gain	-	903	-	874

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Accounting profit before tax	55,015	212,088	136,245	281,63
Applicable tax rate	20% - 25%	15% - 25%	20%	20%
Accounting profit before tax multiplied by income tax rate	11,988	42,581	27,249	56,326
Adjustment in respect of income tax of previous year	(1,518)	1,078	-	-
Effects of:				
Additional expense deductions allowed	(1,043)	(595)	(945)	(550)
Non-deductible expenses	2,304	2,172	1,592	1,614
Unused tax loss	19,641	15,280	-	-
Total	20,902	16,857	647	1,064
Income tax expenses reported in profit or loss	31,372	60,516	27,896	57,390

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Deferred tax assets				
Allowance for expected credit losses	2,249	1,626	1,217	1,116
Allowance for diminution in value of inventories	4,300	5,204	3,731	4,442
Derivative liabilities - foreign currency forward contracts	496	-	442	-
Value of machinery and equipment	469	561	-	-
Allowance for impairment loss on equipment	20	19	-	-
Accrued expenses	-	113	-	-
Lease liabilities	16	44	-	44
Provision for long-term employee benefits	7,322	7,196	6,817	6,672
Total	14,872	14,763	12,207	12,274
Deferred tax liabilities				
Value of machinery and equipment	1,219	1,413	-	-
Value of intangible assets	564	564	-	-
Right-of-use assets	66	63	66	-
Total	1,849	2,040	66	-
Deferred tax assets - net	13,023	12,723	12,141	12,274

Deferred tax assets (liabilities) presented in the statement of financial position:

Deferred tax assets	14,267	14,152	12,141	12,274
Deferred tax liabilities	(1,244)	(1,429)	-	-
	13,023	12,723	12,141	12,274

As at 31 December 2022, the subsidiaries have unused tax losses totaling Baht 220 million (2021: Baht 126 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profit may not be sufficient to allow recognised of the unused tax losses. The unused tax losses will expire by year 2027.

23. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following tables set forth the computation of basic and diluted earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	17,256	146,201	414,969	322,674	0.04	0.45
Effect of dilutive potential ordinary shares						
Warrants (SWC-W1)	-	-	109,750	112,215		
Warrants (ESOP-W1)	-	-	937	776		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	17,256	146,201	525,656	435,665	0.03	0.34

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	108,349	224,240	414,969	322,674	0.26	0.69
Effect of dilutive potential ordinary shares						
Warrants (SWC-W1)	-	-	109,750	112,215		
Warrants (ESOP-W1)	-	-	937	776		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	108,349	224,240	525,656	435,665	0.21	0.51

24. Share-based payment

The Company recognised the share-based payment transactions at the date on which the options are granted, based on the fair value of the share options. They are recorded as expenses over the expected life of the share options, and a capital reserve for share-based payment transactions is presented in the shareholders' equity. The estimated fair value of the share options was calculated by applying the Black-Scholes-Merton formula.

25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the president of executive directors.

For management purposes, the Group is recognised into business units based on its products as follows:

- 1) The production and distribution of wood preservative segment
- 2) The production and distribution of insecticide segment
- 3) The production and distribution of cleaning segment

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	<u>2022</u>	<u>2021</u>
Revenue from external customers		
Thailand	1,552	1,683
Overseas	142	143
Total	1,694	1,826

For the year 2022, the Group has revenue from two major customers amounting to Baht 732 million (2021: Baht 788 million).

The following table presents revenue and profit information regarding the operating segments of the Group for the years ended 31 December 2022 and 2021:

(Unit: Million Baht)

	Wood preservative		Insecticide		Cleaning		Others		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues	95	114	973	1,197	244	256	382	259	1,694	1,826
Segment profit	16	34	408	557	77	105	65	51	566	747
Unallocated income and expenses:										
Other income									3	6
Selling and distribution expenses									(357)	(380)
Administrative expenses									(155)	(159)
Finance cost									(2)	(2)
Income tax expenses									(31)	(60)
Profit for the year									24	152

26. Dividends

Dividends	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends for 2020	Annual General Meeting of the shareholders on 27 April 2021	80.7	0.250
Interim dividends for 2021	Board of Directors' Meeting on 11 August 2021	40.3	0.125
Total dividends for 2021		121.0	0.375
Final dividends for 2021	Annual General Meeting of the shareholders on 28 April 2022	86.7	0.265
Interim dividends for 2022	Board of Directors' Meeting on 9 August 2022	56.6	0.125
Total dividends for 2022		143.3	0.390

27. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rates of 3 - 5 percent of basic salary. The fund, which is managed by an authorised fund manager, will be paid to employees upon termination in accordance with the fund rules. The Group's contributions for the year 2022 amounting to approximately Baht 6 million (2021: Baht 6 million) were recognised as expenses (The Company only: Baht 6 million, 2021: Baht 6 million).

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 December 2022, the Group had capital commitments of approximately Baht 26.8 million (2021: Baht 2.4 million) (The Company only: Baht 10.4 million, 2021: Baht 2.4 million), relating to the construction of factory buildings and acquisition of machinery and equipment.

28.2 Short-term lease commitments and service commitments

The Company has entered into short-term lease agreements in respect of office building space and motor vehicles and various service agreements.

As at 31 December 2022 and 2021, future minimum lease and service payments required under these contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Payable:				
In up to 1 year	8	5	6	3
Over 1 and up to 5 years	4	-	4	-
Total	12	5	10	3

28.3 Guarantees

As at 31 December 2022, the Company had outstanding bank guarantees of approximately Baht 1.5 million (2021: Baht 1.0 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company.

29. Fair value hierarchy

As at 31 December 2022 and 2021, the Group had the liabilities that were measured at fair value, using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements							
	31 December 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value								
Derivative liabilities - foreign currency forward contracts	-	2,480	-	2,480	-	-	-	-

(Unit: Thousand Baht)

	Separate financial statements							
	31 December 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value								
Derivative liabilities - foreign currency forward contracts	-	2,211	-	2,211	-	-	-	-

30. Financial instruments

30.1 Derivatives

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Derivative liabilities				
Derivative liabilities not designated as hedging instruments				
Foreign currency forward contracts	2,480	-	2,211	-

30.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade receivables, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade receivables, loans and cash at banks, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables and loans

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables and loans are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

Cash at banks

The Group manages the credit risk from balances with banks by making investments only with approved counterparties. The credit risk on debt instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising interest rate risk and foreign currency risk. The details are as follows:

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its interest-bearing cash at banks and short-term and long-term borrowings. However, because of most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the Group does not use derivatives to manage its interest rate risk.

As at 31 December 2022 and 2021, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements							
2022							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial assets							(% per annum)
Cash and cash equivalents	-	-	-	277	34	311	See Note 7
Trade and other receivables	-	-	-	-	253	253	-
Short-term loans to related party	2	-	-	-	-	2	3.00
	2	-	-	277	287	566	
Financial liabilities							
Short-term loans from financial institutions	150	-	-	-	-	150	See Note 13
Trade and other payables	-	-	-	-	301	301	-
Long-term loans from financial institutions	1	-	-	-	-	1	See Note 15
Lease liabilities	14	22	-	-	-	36	1.45 - 3.32
	165	22	-	-	301	488	

Consolidated financial statements							
2021							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial assets							(% per annum)
Cash and cash equivalents	-	-	-	218	41	259	See Note 7
Trade and other receivables	-	-	-	-	309	309	-
Short-term loans to related party	2	-	-	-	-	2	3.00
	2	-	-	218	350	570	
Financial liabilities							
Short-term loans from financial institutions	50	-	-	-	-	50	See Note 13
Trade and other payables	-	-	-	-	339	339	-
Long-term loans from financial institutions	1	1	-	-	-	2	See Note 15
Lease liabilities	6	14	-	-	-	20	1.45 - 2.55
	57	15	-	-	339	411	

Separate financial statements							
2022							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial assets							(%per annum)
Cash and cash equivalents	-	-	-	218	30	248	See Note 7
Trade and other receivables	-	-	-	-	231	231	-
Short-term loans to related party	312	-	-	-	-	312	2.00 - 3.00
	312	-	-	218	261	791	
Financial liabilities							
Short-term loans from financial institutions	150	-	-	-	-	150	See Note 13
Trade and other payables	-	-	-	-	258	258	-
Lease liabilities	6	11	-	-	-	17	1.45 - 2.55
	156	11	-	-	258	425	

Separate financial statements							
2021							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial assets							(% per annum)
Cash and cash equivalents	-	-	-	183	35	218	See Note 7
Trade and other receivables	-	-	-	-	281	281	-
Short-term loans to related party	221	-	-	-	-	221	2.00 - 3.00
	221	-	-	183	316	720	
Financial liabilities							
Short-term loans from financial institutions	50	-	-	-	-	50	See Note 13
Trade and other payables	-	-	-	-	321	321	-
Lease liabilities	5	14	-	-	-	19	1.45 - 2.55
	55	14	-	-	321	390	

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2022 and 2021, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2022	2021	2022	2021	2022	2021
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.5	0.6	-	-	34.3913	33.4199
Australian dollar	2.1	1.3	-	-	22.9645	24.2627

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2022	2021	2022	2021	2022	2021
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.5	0.6	-	-	34.3913	33.4199
Australian dollar	0.7	0.2	-	-	22.9645	24.2627

The Company's outstanding foreign exchange contracts as at 31 December 2022 and 2021 are summarised below.

Consolidated financial statements					
2022					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
US dollar	1.0	-	35.55 - 37.80	-	21 February 2023 - 17 May 2023

Separate financial statements					
2022					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
US dollar	0.9	-	35.55 - 37.80	-	21 February 2023 - 17 May 2023

Consolidated/Separate financial statements

2021

Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
Australian dollar	0.2	-	23.94 - 24.04	-	1 June 2022 - 27 June 2022
US dollar	-	0.3	-	32.78 - 33.55	25 May 2022 - 27 June 2022

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of loans from financial institutions and lease contracts. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summaries the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted cash flows.

(Unit: Million Baht)

Consolidated financial statements

2022

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	150	-	-	150
Trade and other payables	-	301	-	-	301
Long-term loans from financial institutions	-	1	-	-	1
Lease liabilities	-	14	23	-	37
Total non-derivatives	-	466	23	-	489

(Unit: Million Baht)

Consolidated financial statements

2021

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	50	-	-	50
Trade and other payables	-	339	-	-	339
Long-term loans from financial institutions	-	1	1	-	2
Lease liabilities	-	6	15	-	21
Total non-derivatives	-	396	16	-	412

(Unit: Million Baht)

Separate financial statements

2022

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	150	-	-	150
Trade and other payables	-	258	-	-	258
Lease liabilities	-	6	12	-	18
Total non-derivatives	-	414	12	-	426

(Unit: Million Baht)

Separate financial statements

2021

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	50	-	-	50
Trade and other payables	-	321	-	-	321
Lease liabilities	-	5	15	-	20
Total non-derivatives	-	376	15	-	391

30.3 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans, accounts payable and short-term borrowings, their carrying amounts in the statement of financial position approximate their fair value.
- b) For fixed rate long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- c) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- d) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies and yield curves of the respective currencies. The Group considers counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

31. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2022, the Group's debt-to-equity ratio was 0.77:1 (2021: 0.71:1) and the Company's debt-to-equity ratio was 0.54:1 (2021: 0.59:1).

32. Event after the reporting period

On 23 February 2023, the Company's Board of Directors' meeting passed a resolution to propose the Annual General Meeting of shareholders approve a dividend payment of Baht 0.375 per share. Since an interim dividend of Baht 0.125 per share was already distributed to the shareholders in September 2022, the remaining final dividend is Baht 0.25 per share.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2023.

Part 4

Certification of Information and Data Accuracy

Certification of Information and Data Accuracy for Submitting 56-1 One Report

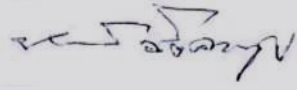
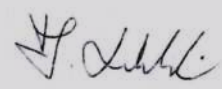
Having carefully verified the information and data shown in this annual report, The Company certifies that they are completely accurate, factual, and not misleading or lacking in essential detail. In addition:

1. The financial statements and data summarized in annual report show essentially accurate information and data about its financial standing, performance, and cash flow of the Company.
2. It has put in place a good information and data disclosure system to ensure that it discloses essential details about itself completely and accurately, while ensuring due compliance.
3. It has put in place a good internal control system and ensured due compliance with such system. The Company has provided internal control system assessment details as of February 23th, 2023, to the external auditor and the Audit Committee, including defects and key changes in the internal control system together with wrongdoing potentially affecting the preparation of the financial reports for itself.

As evidence that all documents are identical to those certified by the Company, The Company has assigned Mr. Thakerngbol Laobisuddhi to put her initials on every page of the documents. Therefore, if her initials are missing on any given page, The Company will disown such data.

Authorized Director

Sherwood Corporation (Thailand) Public Company Limited

Name	Position	Signature
1. Mr. Prachak Tangkaravakoon	Director	
2. Mr. Vonnarat Tangkaravakoon	Director	
Authorized person		
1. Mr. Thakerngbol Laobisuddhi	Company Secretary	

Information about Directors, Management Team, Controlling Persons CFO, Person Supervising Accounting and Company Secretary as of December 31, 2022.

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
1. Mr. Chanin Yensudchai Chairman of the Board of Director, Audit Committee and Independent Director	63	0 (0.00%)	2021 - Present	Chairman of the Board	Thai Encom Co., Ltd.	Energy and Technology	• Education - MBA, Worcester Polytechnic Institute, Worcester, Massachusetts USA. - B.S. Engineering, King Mongkut's University of Technology Thonburi. • Seminar - DAP 32/2005, Thai-IOD - DCP 57/2005, Thai-IOD - RCP 11/2005, Thai-IOD - RCC 2/2007, Thai-IOD - SFE 5/2009, Thai-IOD - Course in Corporate Financial Strategies for Maximizing Economic Value Added (EVA), Sasin Graduate Institute
			2020 - Present	Director	Thai Cable International Co., Ltd.	Manufacture of Electric Wire and Cables	
			2020 - Present	Director	N M N Holding 2 Co., Ltd.	Holding Company	
			2019 - Present	Chairman of the Board	Stake Corporation PCL.	Holding Company	
			2019 - Present	Director	Stark Investment Co., Ltd.	Holding Company	
			2016 - Present	Director	PDTL Trading Co., Ltd.	Telephone and Telecommunications Equipment Wholesale	
			2016 - Present	Director	Thai Copperrod Co., Ltd	Manufacture of Copper products	
			2015 - Present	Chairman of the Board	Phelps Dodge International (Thailand) Co., Ltd.	Manufacture of Electric Wire and Cables	
			Present	Director	MML Transport Co., Ltd	Transportation Service	
			2014 - Present	Director	Connection Lathe Services Co., Ltd	Manufacture of other basic iron and steel	
			2013 - Present	Chairman of the Board and Independent Director	Sherwood Corporation (Thailand) PCL.	Manufacturer and Distributor of Consumer Non-Food, Industrial, and Consumer Food	
			2012 - 2013	Chairman of the Board	Eastern Water Resources Development and Management	Energy and Utilities	
			2010 - 2012	Chief Executive Officer	PCL.Bangkok Hospital Group	Health Care Service	
			2009 - 2010	Director	Yamapund PCL.	Automotive	
			2003 - 2010	Director	Prasit Patana PCL.	Health Care Service	

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
2. Pol.Gen. Dr. Chitchai Wannasathit Chairman of the Audit Committee and Independent Director	76	0 (0.00%)	2022 - Present	Chairman of the Audit Committee and Independent Director	Sherwood Corporation (Thailand) PCL.	Manufacturer and Distributor of Consumer Non-Food, Industrial, and Consumer Food	• Education - Doctorate Degree of Justice Administration, United State of America (Government's Scholarship) - Master of Police Administration, United State of America (Government's Scholarship) - Bachelor's Degree, Royal R.P.A. (Pol.) / Police Cadet Class 23 • Seminar - Diploma National Defense College, National Defense College Program, Class 1 - DAP 75/2008, Thai-IOD - Diploma Capital Market Academy, CMA, Class 10/2010 - Thai-Chinese Leadership Science Program, Huachiew Chalermprakiet University, MSc. 2, 2019
			2008 - Present	Director	Merchant Partners Securities PCL.	Financial and Insurance Activity	
			2008 - Present	Director	Merchant Partners Assets Management Co., Ltd.	Securities, investment and fund management activities	
			2012 - 2017	Chairman of the Board	Unique Mining Services PCL.	Import good quality coal or purchase from domestic importers	
			2008 - 2010	Vice Chairman of the Board	Siam City Bank PCL.	Bank	
			2004 - 2005	Deputy Commissioner	Royal Thai Police	Government Agency	
			2003 - 2004	Secretary General	Office of the Narcotics Control Board	Government Agency	
			2000 - 2003	Assistant Commissioner General	Royal Thai Police	Government Agency	
			1997 - 2000	Commissioner	Immigration Bureau	Government Agency	
			1996 - 1997	Commissioner	Royal Police Cadet Academy	Government Agency	
			1992 - 1996	Deputy Commissioner	Royal Police Cadet Academy	Government Agency	
			1991 - 1992	Assistant Commissioner General (acting as Assistant Commissioner General)	Royal Police Cadet Academy	Government Agency	
			1989 - 1991	Commander (Acting as Chief of Education Division)	Royal Police Cadet Academy	Government Agency	
			1988 - 1989	Commander	Police Education Bureau of Royal Thai Police	Government Agency	
			1984 - 1988	Deputy Commander	Research and Planning Division	Government Agency	

Information about Directors, Management Team, Controlling Persons CFO, Person Supervising Accounting and Company Secretary as of December 31, 2022.

Name / Position	Age (years)	% of share- holding	Working Experience			Education / Seminar
			Period	Position	Company	Business Type
			1983 - 1983	Superintendent of Policy and Planning, General Staff Division	Central Investigation Bureau	Government Agency
			1980 - 1983	Law Professor, Faculty of Law, Sub-Division 2	Royal Police Cadet Academy	Government Agency
			1977 - 1980	Policy and Planning Analysis Officer 4	Office of the Narcotics Control Board	Government Agency
			1976 - 1977	Practical Professor, Faculty of Police Academic, Sub-Division 2	Royal Police Cadet Academy	Government Agency
			1971 - 1976	Attached to Office of Police Secretary	Office of Police Secretary	Government Agency
			1970 - 1971	Attached to Metropolitan Police Bureau	Metropolitan Police Bureau	Government Agency

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
3. Mr. Chinawat Assavapokee Chairman of the Nomination and Remuneration Committee, Audit Committee and Independent Director	48	0 (0.00%)	2018 - Present	Director	Thailand Iron Works PCL.	Manufacture of Steel	• Education - Master of Law (in Taxation), University of Washington, USA. - Bachelor of Law, Thammasat University. • Seminar - Executive Development Program, SET - Thammasat Leadership Program, Thammasat (TLP 5) - Global Business Leaders - Leadership Program, Capital Market Academy (CMA29)
			2018 - Present	Partner	Kudun and Partners Co., Ltd.	Law Firm	
			2015 - Present	Director	Stark Corporation PCL.	Holding Company	
			2014 - Present	Chairman of the Nomination and Remuneration Committee, Audit Committee and Independent	Sherwood Corporation (Thailand) PCL.	Manufacturer and Distributor of Consumer Non-Food, Industrial, and Consumer Food	
			2018 - 2019	Director	Seven Utilities and Power PCL.	LPG NGV Trading Business, Telecommunication	
			2013 - 2018	Partner	Hunton Andrews Kurth (Thailand) Co., Ltd.	Law Firm	
			2006 - 2013	Partner	Baker & McKenzie Co., Ltd.	Law Firm	
			2012	Director and Chairman of Risk Management Committee	Eastern Water Resources Development & Management PCL.	Distribute Untreated and Treated Water	
			2012	Director and Chairman of Executive Board	Universal Utilities PCL.	Produce and Distribute Clean Water; Design and Construction	
			2012	Director and Chairman of Executive Board	Bangpakong Water Supply Co., Ltd.	Produce and Sell Treated and Ground Water	
					Chachoengsao Water Supply Co., Ltd.		
					Nakomsawan Water Supply Co., Ltd.		

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
4. Mr. Prachak Tangkaravakoon Authorized Director	78	800 shares (0.00 %)	2021 - Present	Director	Lotto Food (Thailand) Co., Ltd.	Manufacture and Distributor plant- based	• Education - Honorary Doctorate Degree of Science (Chemistry), Rajamangala University of Technology Krungthep - MINI MBA, Thammasat University - Bachelor's degree, Bangkok Thonburi University • Seminar - DAP 21/2004, Thai-IOD
			2019 - Present	Chairman of the Board and Director	TOA International Beverages Group Co., Ltd.	Manufactures and markets consumer products	
			2019 - Present	Chairman of the Board and Director	Hokkaido Morimoto Co., Ltd.	Manufactures and markets product for all food and beverages	
			2019 - Present	Chairman of the Board and Director	Hokkaido International Franchise Co., Ltd.	Manufactures and markets product for all food and beverages	
			2019 - Present	Chairman of the Board and Director	TTD Holding Co., Ltd.	Manufactures and markets product for all food and beverages	
			2019 - Present	Chairman of the Board and Director	Teepol Professional International Co., Ltd	Manufactures and markets product for all cleaning products	
			2018 - Present	Chairman of the Board and Director	Hokkaido Food and Beverages Co., Ltd.	Manufactures and markets product for all food such as milk and syrup	
			1996 - Present	Director	Sherwood Corporation (Thailand) PCL.	Manufacturer and Distributor of Consumer Non-Food, Industrial, and Consumer Food	
			1977 - Present	Chairman of the Board and Executive Director	TOA Paint (Thailand) PCL.	Manufacture of paints	
			Present	Director	Primus Autohaus Co., Ltd.	Authorized Mercedes-Benz Dealer Sale	
			Present	Director	Pings Surawong International Co., Ltd.	Food service in restaurants	
			Present	Director	TOA Group Holding Co., Ltd.	Invest in other companies	

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
			Present	Director	TOA-Chugoku Paints Co., Ltd.	Manufacturers heavy duty coatings, industrial coatings and wood coatings	
			Present	Director	Wealth Property Co., Ltd.	Real estate	
			Present	Director	PT Real Estate Co., Ltd.	Real estate	
			Present	Director	TOA Holding Co., Ltd.	Real estate	
			Present	Director	Poolpholsap Co., Ltd.	Real estate	
			Present	Director	TOA Chemical Industries Co., Ltd	manufacturing of paints, varnishes, lacquers, enamels, and other allied products	
			Present	Director	PT TOA Paint Indonesia	Manufacture of paints	
			Present	Director	PT TOA Coating Indonesia	Manufacture of paints	
			Present	Director	PT TOA Paint (Vietnam) Co., Ltd.	Manufacture of paints	
			1989 - 2016	Executive Chairman	TOA-Shinto (Thailand) Co., Ltd.	Manufacture of paints	
			1988 - 2016	Executive Chairman	TOA Performance Coating Corporation Co., Ltd	Produce water sandpaper	

Information about Directors, Management Team, Controlling Persons CFO, Person Supervising Accounting and Company Secretary as of December 31, 2022.

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
5. Mr. Vonnarat Tangkaravakoon Authorized Director	51	481,600 shares (0.16 %)	2020 - Present	Director	Thai Cable International Co., Ltd.	Manufacture of Electric Wire and Cables	• Education - Bachelor's degree in Managerial Accounting, Chulalongkorn University. • Seminar - DAP SEC/2013, Thai-IOD.
			2020 - Present	Director	N M N Holding 2 Co., Ltd.	Holding Company	
			2020 - Present	Director	T.S.O. Trade Center Co., Ltd.	Import & Export Machines	
			2020 - Present	Director	TOA Chemical Industries Co., Ltd.	Manufacturing of paints, varnishes, lacquers, enamels, and other allied products	
			2020 - Present	Director	TOA Venture Holding Co., Ltd.	Holding Company	
			2020 - Present	Director	TOA Holding Co., Ltd.	Real Estate	
			2020 - Present	Director	British Paints Co., Ltd.	Color Products	
			2020 - Present	Director	Thai Saeng Charoen (Shark Fish) Co., Ltd.	Selling Chemical products	
			2020 - Present	Director	Nawang Agriculture Co., Ltd.	Wholesale of other agricultural raw materials	
			2020 - Present	Director	Erawan Sugar Co., Ltd.	Sugar Manufacturers	
			2020 - Present	Director	Natural Park Property Co., Ltd.	Buying and selling of on own account of non-residential buildings	
			2020 - Present	Director	Bangthongsaman Agriculture Co., Ltd.	Buying and selling of on own account of non-residential buildings	
			2020 - Present	Director	Bangpakong Agriculture Co., Ltd.	Buying and selling of on own account of non-residential buildings	
			2020 - Present	Director	Bangyai Dinthong Co., Ltd.	Buying and selling of on own account of non-residential buildings	
			2020 - Present	Director	Best Auto Sales Co., Ltd.	Automotive	
			2020 - Present	Director	PT Real Estate Co., Ltd	Real Estate	
			2020 - Present	Director	Poolpholsap Co., Ltd.	Real Estate	
			2020 - Present	Director	Poonsinsap Business Co., Ltd.	Real Estate	
			2020 - Present	Director	Poonsinsap Real Estate Co., Ltd.	Real Estate	
			2020 - Present	Director	Millionaire Co., Ltd.	Real Estate	

Attachment 1

Information about Directors, Management Team, Controlling Persons CFO, Person Supervising Accounting and Company Secretary as of December 31, 2022.

Name / Position	Age (years)	% of share- holding	Working Experience			Education / Seminar
			Period	Position	Company	Business Type
			2020 - Present	Director	Mangkhang Trading Co., Ltd.	Real Estate
			2020 - Present	Director	Wealth Property Co., Ltd.	Real Estate
			2020 - Present	Director	Mangkhang Real Estate Co., Ltd	Real Estate
			2020 - Present	Director	Royal Resort Golf & Country Club Co., Ltd	Golf Course
			2020 - Present	Director	Royal International Resort and Country Club Co., Ltd.	Buying and selling of on own account of non-residential buildings
			2020 - Present	Director	Rayong Polymer Corporation Co., Ltd.	Buying and selling of on own account of non-residential buildings
			2020 - Present	Director	Rai Erawan Co., Ltd.	Land rental
			2020 - Present	Director	Lat Sawai Agriculture Co., Ltd.	Real Estate
			2020 - Present	Director	Wor.Patrawut (1987) Co., Ltd.	Real Estate
			2020 - Present	Director	Sinsap Real Estate Co., Ltd.	Real Estate
			2020 - Present	Director	Surasak Agriculture Co., Ltd.	Agricultural products
			2020 - Present	Director	R H R Co., Ltd.	Hotel
			2020 - Present	Director	Ekamai Charoensuk Holding Co., Ltd.	Real Estate
			2020 - Present	Director	ADS Logistics Co., Ltd.	Logistics Service
			2020 - Present	Director	N.E. Logistics Co., Ltd.	Logistics Service
			2020 - Present	Director	Erawan Power Co., Ltd.	Electricity generation from Hydropower Biomass
			2020 - Present	Director	Erawan Holding Co., Ltd.	Holding Company
			2020 - Present	Director	LT and Sun Co., Ltd.	Leasehold Investment
			2020 - Present	Director	iTOA Auto Sales Co., Ltd.	Authorized Dealer and service center of Suzuki Motors (Thailand)
			2020 - Present	Director	Subsin Business Holding Co., Ltd.	Real Estate
			2020 - Present	Director	Taweasap Real Estate Co., Ltd	Real Estate

Information about Directors, Management Team, Controlling Persons CFO, Person Supervising Accounting and Company Secretary as of December 31, 2022.

Name / Position	Age (years)	% of share- holding	Working Experience			Education / Seminar
			Period	Position	Company	Business Type
			2020 - Present	Director	TOA Paint (Vietnam) Co., Ltd.	Manufacture of paints
			2020 - Present	Director	TOA Paint Products Sdn. Bhd.	Manufacture of paints
			2020 - Present	Director	TOA Coating Sdn. Bhd.	Manufacture of paints
			2019 - Present	Director	TOA International	Manufactures and markets consumer products
			2019 - Present	Director	Beverages Group Co., Ltd	Manufactures and markets
			2019 - Present	Director	Hokkaido Morimoto Co., Ltd.	Manufactures and markets
			2019 - Present	Director	Hokkaido International Franchise Co., Ltd.	Manufactures and markets
			2019 - Present	Director	TTD Holding Co.,Ltd.	Manufactures and markets
			2019 - Present	Director	Teepol Professional International Co., Ltd	Manufactures and markets product for all cleaning products
			2019 - Present	Director	Stark Investment Co., Ltd	Holding Company
			2018 - Present	Director	Team A Holding 3 Co., Ltd	Holding Company
			2018 - Present	Director	Primus Autohaus Co., Ltd.	Authorized Mercedes-Benz Dealer Sale
			2018 - Present	Director	Hokkaido Food and Beverages Co., Ltd.	Manufactures and markets product for all food such as milk and syrup
			2017 - Present	Director	N.E. BIO Energy Co., Ltd.	Lumber production
			2016 - Present	Director	Mangkang Business Co., Ltd.	Real Estate
			2016 - Present	Director	PD Cable (SG) PTE.LTD.	Holding Company
			2016 - Present	Director	TOA Co., Ltd.	Buying and selling of on own account of non-residential buildings
			2015 - Present	Director	PDTL Trading Co., Ltd.	Telephone and Telecommunications
			2015 - Present	Director	Stake Corporation PCL.	Holding Company
			2015 - Present	Director	Phelps Dodge International (Thailand) Co., Ltd.	Manufacture of Electric Wire and Cables
			Present	Director	Adisorn Songkhla Co., Ltd.	Real estate and Movable Properties Rental
			Present	Director	Adisorn Songkhla Professional Co., Ltd.	Real estate and Movable Properties Rental
			Present	Director	Adisorn Songkhla Marine Co., Ltd.	Real estate and Movable Properties Rental

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
			Present	Director	Adisorn Songkhla International Co., Ltd.	Real estate and Movable Properties Rental	
			2015 - Present	Director	Connection Lathe Services Co., Ltd.	Manufacture of other basic iron and steel	
			Present	Director	MML Transport Co., Ltd.	Transportation Service	
			Present	Director	MM Catering Co., Ltd	Other food service activities	
			Present	Director	MM Carrier Co., Ltd.	Road transport services of freight by other goods	
			Present	Director	MM Freight Forwarding Co., Ltd.	Scheduled freight air transport	
			2011 - Present	Director	MM Logistics Co., Ltd.	Road transport services of freight by other goods and engineering activities and related technical consultancy	
			2014 - Present	Director	Team A Holding Co., Ltd	Buying and selling of on own account of non-residential buildings	
			2014 - Present	Director	Sherwood Corporation (Thailand) PCL.	Manufacturer and Distributor of Consumer Non-Food, Industrial, and Consumer Food	
			2009 - Present	Director	TOA Auto Sales Co., Ltd	Automotive	
			1998 - Present	Director	TOA Group Holding Co., Ltd.	Invest in other companies	
			1998 - Present	Director and Executive Director	TOA Paint (Thailand) PCL.	Manufacture of paints, varnishes and similar coatings and mastics	

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
6. Dr. Narongrit Tangkarawakun Director and Acting Chief Executive Officer	55	0 (0.00%)	2017 - Present	Director and Acting Chief Executive Officer	Sherwood Corporation (Thailand) PCL.	Manufacturer and Distributor of Consumer Non-Food, Industrial, and Consumer Food	• Education - Faculty of Medicine, St. Bartholomew's and The Royal London School of Medicine and Dentistry, University of London, UK. • Seminar - 7 Wastes Reduction, FTPI - Macro & Industry Analysis 2017, SET - Stock Screening 2017, SET - Qualitative Analysis 2017, SET - Technical Analysis 2017, SET - Transportation Management 2018, PTS Training - FSD 32/2018, Thai-IOD - O-War Room 7/2020, Thai-IOD - SBM 8/2020, Thai-IOD - DCP 294/2020, Thai-IOD - The Secret Sauce Strategy Forum 2022, The Secret Sauce
			2012 - Present	Director	TKS Chemical Co., Ltd.	Manufacture and sell thinner and glue	
			1994 - 1996	Doctor	Physician Department of Medicine, Royal London Hospital, London, UK.	Hospital	
			1993 - 1994	Doctor	Physician Department of Medicine, North Middlesex Hospital, London, UK	Hospital	

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
7. Mr. Narin Trisukosol Director and Assistant Chief Commercial Officer	40	8,000,000 shares (1.76%)	2020 - Present	Director	Fast-Mix Co., Ltd.	Manufacture of Concrete	• Education - Master of Business Administration, University of Newcastle Australia. - Bachelor of Business Administration, Marketing, Assumption University. • Seminar - Microsoft Project 2016 Managing Projects - DCP 254/2018, Thai-IOD
			2018 - Present	Director	Hokkaido Food and Beverages Co., Ltd.	Manufactures and markets product for all food such as milk and syrup	
			2010 - Present	Director and Business Development Director	Sherwood Corporation (Thailand) PCL.	Manufacturer and Distributor of Consumer Non-Food, Industrial, and Consumer Food	
			2013 - 2016	Consultants	Eagle Golf Co., Ltd.	Building rental business	

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
8. Mr. Satit Jirakulsomchok Chief Operation Officer	49	0 (0.00%)	2017 - Present	Chief Operation Officer	Sherwood Corporation (Thailand) PCL.	Manufacturer and Distributor of Consumer Non-Food, Industrial, and Consumer Food	• Education - Master of Energy Management Technology King Mongkut's University of Technology Thonburi. - Bachelor of Chemical Engineering Khonkaen University. • Seminar - GMP, QAIC Thailand Co., Ltd - HACCP, QAIC Thailand Co., Ltd. - Halal, The Central Islamic Council of Thailand - Safety Officer for Management level, Top professional And Development Co., Ltd. - SAP, Canadoil Co., Ltd. - 5s, FTPI - Productivity, FTPI - QC 7 tools, FTPI - 7 Wastes, FTPI - Kaizen, FTPI - TQM, FTPI - TPM, FTPI - The Secret Sauce Strategy Forum 2022, The Secret Sauce
			2015 - 2017	Director	SJ Engineering and Technology Co., Ltd.	Production and design of machinery And steel structures	
			2013 - 2015	Assistant Department Manager Operation	Thai Herrick Co., Ltd.	Steel structure production	
			2012 - 2013	General Manager	RC And RC Co., Ltd.	Import and Sell food	

Name / Position	Age (years)	% of share- holding	Working Experience			Education / Seminar
			Period	Position	Company	
9. Mr. Watchara Suwatwalapongs Chief Business Development	47	0 (0.00%)	2019 - Present	Chief Business Development	Sherwood Corporation (Thailand) PCL.	• Education - Master of Business Administrative (MBA) Marketing Major of Graduate School, Sripatum University. - Bachelor's Degree of Science. Agricultural Extension and Communication Department, Kasetsart University. • Seminar - Special Program: 2004 "TQM (Total Quality Management)", Betagro group - Special Program: 2004 "Key Account Management", MAT - Special Program: 2006 "Trade marketing", Marcus Evans professional Training - Special Program: 2007 "Category Management", ECR (Thailand) - Basic/SPIN selling training: 2009, DuPont (Malaysia) - Six Sigma program (Green Belt) : 2009, DuPont (Singapore) - ABC and Manager coaching sellin skills : 2010, (DuPont CMS) - 7 Habits (PacRim) : 2012 - Crucial Conversation (PacRim) : 2012 - Challenger Sale training : 2014 - Winning Partnership program : Shanghai, China - SkillSoft : 2018 - Commercial Excellence : 2018 - SL II training : Mumbai, India : 2018 - The Secret Sauce Strategy Forum 2022, The Secret Sauce
			2016 - 2019	Food & Beverages Business Director	Diversey Hygiene (Thailand) Co.,Ltd.	
			2016 - 2016	General Manager - Power Tools business	Robert Bosch Limited (Thailand) Co., Ltd	
			2008 - 2016	ASEAN Segment Business Manager and Country Sales Manager	DuPont (Thailand) Co., Ltd.	
			2005 - 2008	Trade marketing manager	PZ Cussons (Thailand) Ltd.	
			2003 - 2005	Trade marketing manager	Betagro foods Co.,Ltd (Betagro group)	
			2000 - 2003	Department marketing manager of Sales Promotion and Media distribution	Eke-Chai Distribution System Co., Ltd. (Tesco Lotus)	
			2000 - 2000	Marketing Coordinator	Cargill Siam Co., Ltd.	

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
10. Mr. Chandeck Pantrakul Accounting Manager	54	0 (0.00%)	1996 - Present	Accounting Manager	Sherwood Corporation (Thailand) PCL.	Manufacturer and Distributor of Consumer Non-Food, Industrial, and Consumer Food	• Education - Bachelor of Business Administration Ramkhamhaeng University. • Seminar - Capital Budgeting in Practical By Excel - Accounting Presentation By Advanced Excel Charts Program
			1992 - 1996	Accounting Officer	The Shell Company of Thailand Co., Ltd.	Manufacturer and Distributor of Chemical Products	

Name / Position	Age (years)	% of share- holding	Working Experience				Education / Seminar
			Period	Position	Company	Business Type	
11.Mr. Thakerngbol Laobisuddhi Company Secretary and Chief Financial Officer	46	0 (0.00%)	2021 - Present	Director	Lotto Food (Thailand) Co., Ltd.	Manufacture and Distributor plant - based	• Education - Master of Financial Business Administration, University of Exeter, England. - Bachelor of Financial Business Administration, Assumption University. • Seminar - DCP 93/2007, Thai-IOD - CSP 24/2007, Thai-IOD - Economic Update for CFO 1/2021, TLCA - The modern CFO : Driving Digital Transformation of the Finance and Accounting 8/2021, TLCA - ESG related Financial Innovation 9/2021, TLCA - Enhancing the quality of financial reports of Thai registered companies No. 1/2022, TLCA - Economic Update for CFO 2/2022, TLCA - Preparation course to support PDPA enforcement for company secretary, TLCA - PDPA for Accounting and Finance, TLCA - Restructuring Business for Growth 5/2022, TLCA - Disclosure for Analysis of Company Operations (MD&A), TIRC
			2018 - Present	Director	Hokkaido Food and Beverages Co., Ltd.	Manufactures and markets product for all food such as milk and syrup	
			2017 - Present	Director	Sherwood Chemical Australasia Company Limited.	Distributing household and industrial chemicals products	
			2004 - Present	Company Secretary and Chief Financial Officer	Sherwood Corporation (Thailand) PCL.	Manufacturer and Distributor of Consumer Non-Food, Industrial, and Consumer Food	
			2003 - 2004	Senior Analyst	Industrial Finance Corporation of Thailand (IFCT)	Financial Institution	

Attachment 2

Information about Directors of SWC's Subsidiaries

As of 31 December 2022

Name	Subsidiaries			
	SWCA	HFB	TPP	LOTTO
Mr. Prachak Tangkaravakoon		x	x	x
Mr. Vonnarat Tangkaravakoon		/	/	
Mr. John Broughton Ralph	x			
Mr. Sirinat Chayanan	/			
Mr. Thanakorn Watanawijarn				/
Mr. Narin Trisukosol		/		
Mr. Thakerngbol Laobisuddhi	/	/		/
Mr. Sitthirat Watcharaporn				/
Ms. Kanitta Watcharaporn				/

- Note :
1. SWCA = Sherwood Chemical Australasia Company Limited, HFB = Hokkaido Food and Beverage Company Limited, TPP = Teepol Professional International Company Limited and LOTTO = Lotto Food (Thailand) Company Limited
 2. / = Director, X = Chairman of the Board of Director

Attachment 3

Information about Head of Internal Audit

The Company appointed the P&L Internal Audit Company Limited to be the internal auditor. Ms. Monnapat Phumirattanajarin acts as the Internal Audit Supervisor. The brief profile is as follows:

Ms. Monnapat Phumirattanajarin
Vice President

- **Education Background**

- Master's Degree Faculty of Commerce and Accountancy Major in Accountancy, Chulalongkorn University
- Bachelor's Degree Faculty of Accountancy Major in Accounting, Dhurakij Pundit University

- **Certificate**

- ICDL Data Protection Certification, Digital Skills Development and Testing Institute (DDTI)
- CAC SME Internal Auditors Certification, Thai Institute of Directors (IOD)
- IACP (Internal Auditing Certificate Program), Thailand to Federation of Accounting Professions (TFAC)
- Certified Professional Internal Audit of Thailand, The Institute of Internal Auditors Thailand (CPIAT)

- **Working Experience in the Past 5 Years**

2008 - Present: Positions Vice President, P&L P&L Internal Audit Company Limited

Attachment 4

Assets Used in Operations

Assets Used in Operations

The main fixed assets as of December 31, 2022 were as follows:

Unit: Baht

Type/Characteristic of Asset	Proprietary Nature	Book Value	Obligation
1 plot of land where the factory is located in Bang Pakong, Chachoengsao Area: 9 rai 3 ngan 93 square wa	Ownership	33,940,500.00	None
1 plot of land in Bang Pakong, Chachoengsao Area: 18 rai 51 square wa	Ownership	80,000,500.00	None
Factory Building No. 1 in Bang Pakong, Chachoengsao	Ownership	22,353,426.99	
Factory Building No. 2 in Ong Pakong, Chachoengsao	Ownership	86,153,449.86	
Factory Building No. 3 in Muang, Prachinburi (additional section)	Ownership	0	
Factory Building No. 4 in Muang, Nonthaburi (additional section)	Ownership	589,843.42	
Machinery and factory equipment, Chachoengsao	Ownership	73,195,956.54	
Machinery and factory equipment, Prachinburi	Ownership	6,274,761.79	
Machinery and factory equipment, Nonthaburi	Ownership	4,449,233.67	
Vehicles, Chachoengsao	Ownership	2,132,887.07	
Vehicles, Prachinburi	Ownership	501,935.32	
Vehicles, Nonthaburi	Ownership	6.00	
Office Equipment and furniture, Chachoengsao	Ownership	10,089,897.06	
Office Equipment and furniture, Prachinburi	Ownership	409,835.00	
Office Equipment and furniture, Nonthaburi	Ownership	5,693,650.28	
Assets during the wellgrow installation		7,437,950.50	
Assets during the HFB installation		6,511,421.00	
Total Property, Plant and Equipment -Net		339,735,254.50	

Attachment 5

Full Text of Corporate Governance and Code of Conduct Handbook (on website)

The Company has released such handbook on its website, you can access:

- www.sherwood.co.th Click
“Investor Relations” >> “Corporate Governance” >> “Corporate Governance Policy”
- www.sherwood.co.th Click
“Investor Relations” >> “Corporate Governance” >> “Code of Conduct”

Attachment 6

Report of the Audit Committee

The Board of Directors of Sherwood Corporation (Thailand) Public Company Limited resolved in the appointment of the Company's Audit Committee which consists of three individual – Pol.Gen. Dr. Chitchai Wannasathit, Committee Chairman, Mr. Chanin Yensudchai and Mr. Chinawat Assavapokee, Committee Members. Each of the Committee are independent director.

In 2022, the Audit committee held 7 meetings among committee members, and higher management in the areas of accounting and finance, internal audit, and accounting audit. The issues of discussion are as follows:

The Audit Committee has reviewed financial statement on a quarterly basis and annual financial report for the year 2022 of the Company prior to submitting the document to ensure the financial report is conducted in accordance with generally accepted accounting standard. This only includes a proper, adequate, timely release of financial information, through cooperative meeting among accounting audit, management, accounting department, and internal audit team to consider financial report on quarterly basis and annual financial report to enquire complete, correct, and proper openness, as well as the adjustment of item that might affect the financial report in an important way.

The Audit Committee has undertaken the review of financial and accounting review jointly with accounting audit, management, accounting and financial department, internal audit team to review accounting policy and practices, estimation, and determination of business key index to allow a measurable operating outcomes in a clearer manner.

The Committee has reviewed the operational audit plan for the year 2022. The Committee acknowledged and recommended guideline to solve the weak spot in internal control system to allow better and more effective internal audit. The Committee also jointly reviewed the plan for annual audit for the year 2023 which determined the risk that may occur and could directly affect financial statement and the Company's operation.

The Audit Committee agreed that the preparation and exposure of Company's financial information are correct, complete and reliable. The Company has also performed in accordance with regulations stipulated by authority. Moreover, the Company's internal control system has no items that may be affected significantly and all mentioned matters have already been reported to the Company's Board of Directors.

The Audit Committee has considered and proposed to the Board of Directors that Mr. Supachai Phanyawattano (Certified Public Accountant No.3930) and/or Ms. Krongkeaw Limkittikul (Certified Public Accountant No.5874) and/or Mr. Natthawut Santipet (Certified Public Accountant No.5730) by appointing any one of the following auditors from the EY Office Limited be nominated as the Company's auditor for the year 2023 and also considered the remuneration with the total audit fee of Baht 1,360,000 at the annual general meeting of shareholders.



(Pol.Gen.Dr. Chitchai Wannasathit)
Chairman of Audit Committee



(Mr. Chanin Yensudchai)
Member of Audit Committee



(Mr. Chinawat Assavapokee)
Member of Audit Committee



Sherwood Corporation
(Thailand) Public Company
Limited

1065 Srinakarin Road, Suanluang,
Suanluang, Bangkok 10250