

February 28, 2022

Subject: Management Discussion and Analysis for the 4<sup>th</sup> quarter and the year ended December 31, 2021

To: President  
The Stock Exchange of Thailand

Sherwood Corporation (Thailand) Public Company Limited (“The Company”) and its subsidiary would like to submit herewith the audited consolidated financial statements for the year ended December 31, 2021, with the financial analysis compared to the same period last year. The performance can be summarized as follows;

The Company and its subsidiary had net profit of THB 54.53 million for the 4<sup>th</sup> quarter ended December 31, 2021 in which there was a profit attributable to equity holders of the Company of THB 52.48 million, increased by THB 33.99 million or 183.83% as compared to the same period in the previous year which was shown the net profit of THB 18.49 million.

The Company and its subsidiary had net profit of THB 151.57 million for the year ended December 31, 2021 in which there was a profit attributable to equity holders of the Company of THB 146.20 million, increased by THB 78.52 million or 116.02% as compared to the same period in the previous year which was shown the net profit of THB 67.68 million.

### **Revenue:**

Sales Revenue for the 4<sup>th</sup> quarter ended December 31, 2021 was THB 571.99 million, increased by THB 150.57 million or 35.73% as compared to the same period in the previous year. This resulted mainly from the further strengthen in distribution network across the country and also continuously increased promotional activities to boost strong sales growth.

Sales Revenue for the year ended December 31, 2021 was THB 1,826.46 million, increased by THB 530.59 million or 40.95% as compared to the same period in the previous year. This resulted mainly from the overall sales growth from household and industrial chemical products both domestic and overseas market, as well as the sales revenue growth from beverage products after the business expansion into food and beverage industry. Domestic revenue in traditional trade channel has increased 66.04% as compared to the same period last year, driven by developed solid distribution network to continuously expand more distributors for further strengthen the distribution network across the country and also continuously increased promotional activities to boost strong sales growth. Moreover, revenue from modern trade channel has increased 10.39% as compared to the same period last year, resulting from boosted promotional activities across all product categories and sales revenue from agrochemicals has increased 31.31% as compared to the same period last year, resulting from efficiently strengthen distribution network with increased promotional

activities in agrochemicals products. Furthermore, revenue from online platform has increased 1,528.74% as compared to the same period last year, resulting from the expansion of online platform through social media and online marketplaces such as Shopee, Lazada and JD Central, in order to accommodate with the customer behavior that spend more time via online channel. In addition, export revenue for the year ended December 31, 2021 has increased 31.26% as compared to the same period in the previous year, resulting from the sales growth in Australian market that has increased 46.16% as compared to the same period in the previous year, contributed by termiticide aerosol spray and termiticide soil treatment. Sales revenue from consumer export market has increased 74.38% as compared to the same period last year, contributed by termiticide aerosol spray and pet care product. As well as the sales revenue from food and beverage products have showed the solid sales growth which comprised of food products under “Marucho” trademark that the sales revenue has increased 29.23% as compared to the same period in the previous year, resulting from distribution network improvement in traditional trade channel and new product launched “Marucho Spicy Salmon” Also, dairy products under “Hokkaido” trademark that the sales revenue has increased 10.72% as compared to the same period in the previous year due to dairy products have available for sale in modern trade channel such as Villa Market, Foodland and Gourmet Market to increase distribution channels to serve customer demands. Sales revenue from beverage products has also increased from the developing business expansion in herbal energy drink under “SuperFight” trademark in all distribution channels nationwide.

#### **Cost of goods sold:**

Cost of goods sold for the 4<sup>th</sup> quarter ended December 31, 2021, increased from 54.21% to 61.13% of sales revenue resulting from the price of raw materials and packaging have increased as a result of higher oil prices which the main ingredient of chemical products, as well as from higher freight cost as a result from the coronavirus disease 2019 (COVID-19) pandemics that affected to shipment shortage.

Cost of goods sold for the year ended December 31, 2021, decreased from 59.68% to 59.12% of sales revenue resulting from the Company contributed on higher profit margin products and managing production costs more efficiently, as well as, the lower production cost per unit that driven by higher production volume which helped mitigate the impact from ongoing raw material and packaging increasing.

#### **Selling and distribution expenses:**

Selling and distribution expenses for the 4<sup>th</sup> quarter ended December 31, 2021 was THB 102.67 million, decreased by THB 26.61 million or 20.79% as compared to the same period in the previous year resulting from the improvement in advertising plan to consistent with marketing and sales promotion activities.

Selling and distribution expenses for the year ended December 31, 2021 was THB 379.69 million, increased by THB 113.25 million or 42.50% as compared to the same period in the previous year resulting from the Company has increased advertising media and further active marketing across household chemical products and food&beverage products to continuously boost strong sales growth throughout the year such as marketing campaigns on "Teepol Pure" product from advertising film titled “Keep Skin but not Keep Dirt” and "Chaindrite" product from advertising film titled Chaindrite Smart Fighter. The company has

applied advertising media and star presenters to build brand awareness and product revamped. In addition, food and beverage products, the Company has launched marketing campaigns promoted “Marucho” and “Hokkaido” dairy products through online platform after the developing business expansion into food and beverage industry and also herbal drink energy “Superfight” via advertising film titled “Fight Now & Fight Next” to build brand awareness towards the customer.

**Administrative expenses:**

Administrative expenses for the 4<sup>th</sup> quarter ended December 31, 2021 was THB 47.56 million, increased by THB 12.80 million or 37.00% as compared to the same period in the previous year resulting from developing business expansion into food and beverage industry.

Administrative expenses for the year ended December 31, 2021 was THB 159.23 million, increased by THB 7.21 million or 4.74% as compared to the same period in the previous year resulting from the rise of sales team along with business expansion in food and beverage products.

Please be informed accordingly.

Sincerely yours,

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Thakerngbol Laobisuddhi

Authorized Signature