

August 09, 2022

Subject: Management Discussion and Analysis for the 1st half year ended June 30, 2022

To: President
The Stock Exchange of Thailand

Sherwood Corporation (Thailand) Public Company Limited (“The Company”) and its subsidiary would like to submit herewith the reviewed consolidated financial statements for the 1st half year ended June 30, 2022, 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 30.05 million for the 1st half year ended June 30, 2022, in which there was a profit attributable to equity holders of the Company of THB 26.15 million, decreased by THB 34.14 million or 56.62% as compared to the same period in the previous year which was shown the net profit of THB 60.28 million.

Results of Operation

Revenue:

Sales Revenue for the 1st half year ended June 30, 2022, was THB 850.40 million, increased by THB 55.73 million or 7.01% as compared to the same period in the previous year. This resulted mainly from household and industrial chemical products. The Company has launched the new product and developed solid distribution network across the country as well as increasing promotional activities in all product group 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. Furthermore, the Company has emphasized on online platform channel. For food and beverage business, The Company continuously launch new product and expand more distribution in food and beverage industry due to their potential to grow in the long run with high market value.

Sales revenue for the 1st half year ended June 30, 2022, sales revenue has increased from household and industrial chemical products both of domestic and overseas market, as well as the sales revenue growth from business expansion into food and beverage industry. Domestic revenue in modern trade channel has increased 20.07%, resulting from strengthen distribution network to enhance product accessibility toward customers, product visibility and product placement as well as continuously increased promotional activities to boost sales growth. Moreover, the flying insecticide spray product have available on sale in 7-Eleven as well as launched new products Chaindrite Power Trap, Teepol Pure with pack size 330 ml. and Teepol Dish Super Lemon to expand distribution channels and serve customer demands. Revenue in industrial channel has increased 23.72% from soil treatment product group for termite prevention and cleaning product in industrial product group. Revenue in Agrochemical channel has increased 123.51% resulting from continuously increased promotion in agrochemical and fertilizer products. The Company has strong revenue growth 399.69% in online platform channel as compared to the same period in the previous year, resulted from efficient strengthen distribution in online platform channel. Revenue from

export channel has increased as compared to the same period in the previous year, resulting from Australian export market revenue increased 18.85% from termite insecticide spray product group and soil treatment product group for termite prevention. Revenue in industrial export increased 19.15% as compared to the same period in the previous year, resulted from soil treatment product group for termite prevention. Furthermore, food and beverage industry has revenue growth which comprised of peanut product under “Marucho” trademark that the sales revenue has increased 25.29% as compared to the same period in the previous year, resulting from the Marucho salt roasted peanuts mixed with Himalayan salt product returned back on sale in 7-Eleven and launching of new packaging for Marucho with hanging type that can enhance and strengthen more distribution in traditional trade channel. For dairy products under “Hokkaido” trademark that sales revenue has increased 16.24% 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, Gourmet Market and Tops to expand distribution channels and serve customer demands and launching the new product to put on sale in 7-Eleven as well. Sales revenue from beverage products under “SuperFight” trademark has increased 74.52% as compared to the same period in the previous year due to market expansion and continuously increased promotional activities to increase brand awareness among customers in all distribution channels across the country.

Cost of goods sold:

Cost of goods sold for the 1st half year ended June 30, 2022, increased from 57.85% to 65.48% of sales amount, resulting from the price of raw material and packing material have increased as a result of higher oil prices as well as higher freight cost. However, The Company has increased the selling price, based on market price and competitors’ price in same industry.

Selling and distribution expenses:

Selling and distribution expenses for the 1st half year ended June 30, 2022, was THB 156.45 million, decreased by THB 28.77 million or 15.53% as compared to the same period in the previous year, resulting from the efficient controlled of expenses and revised advertising plan to be more consistent with marketing and sales promotion activities to more accessible to target customer.

Administrative expenses:

Administrative expenses for the 1st half year ended June 30, 2022, was THB 89.03 million, increased by THB 27.88 million or 45.60% as compared to the same period in the previous year, resulting from increasing expenses from adjusting entries and increasing expenses from business expansion in food and beverage products.

Asset Management Ability

Assets:

As of June 30, 2022, The Company has total assets of THB 1,385.34 million, increased by THB 167.52 million or 13.76% as compared to the end of the previous year, mainly from the increasing of current asset in cash and cash equivalents from proceeds from increasing in share capital.

Liabilities:

As of June 30, 2022, The Company has total liabilities of THB 603.43 million, increased by THB 99.46 million or 19.74% as compared to the end of the previous year, mainly from the increasing of current liabilities due to short-term loans from financial institutions and increasing from trade and other payables.

Shareholders' equity:

As of June 30, 2022, The Company has total shareholders' equity of THB 781.92 million, increased by THB 68.06 million or 9.53% as compared to the end of the previous year, mainly from increasing in share capital.

Please be informed accordingly.

Sincerely yours,

Thakerngbol Laobisuddhi
Authorized Signature