

November 14, 2022

Subject: Management Discussion and Analysis for the 9 months ended September 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 9 months ended September 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 19.02 million for the 9 months ended September 30, 2022, in which there was a profit attributable to equity holders of the Company of THB 15.15 million, decreased by THB 78.57 million or 83.83% as compared to the same period in the previous year which was shown the net profit of THB 93.72 million.

Results of Operation

Revenue:

Sales Revenue for the 9 months ended September 30, 2022, was THB 1,220.04 million, decreased by THB 34.43 million or 2.74% as compared to the same period in the previous year. This resulted mainly from consumers are affected by the rising cost of living both necessary products for daily usage and also the continuously rising shipping costs that affected to the demand for chemical products together with other players continued on price competition, resulting in lower revenue for the household chemical products. 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 also emphasized on online platform channel. For food and beverage business, the revenue growth has continued its pace as a result of new product launching and distribution expansion.

Sales revenue has decreased in the household chemical products mainly from traditional trade channel. However, the Company has revenue growth from modern trade channel, industrial channel, and agrochemical channel. Sales revenue in modern trade channel has increased 16.17%, resulting from the promotional activities to boost sales growth and increase the distribution for flying insecticide product 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 demand. Revenue in industrial channel has increased 20.85% from soil treatment product group for termite prevention and revenue in agrochemical channel has increased 102.31% resulting promotional activities in agrochemical and fertilizer products. The Company has strong revenue growth 493.27% in online platform channel as compared to the same period in the previous year, resulting from strengthening distribution in online platform channel. Furthermore, food and beverage industry has revenue growth which comprised of revenue from peanut product under “Marucho” trademark has increased 18.23% resulting from 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 9.90% as compared to the same period in the previous year due to availability for sale in Supermarkets to expand distribution channels and serve customer demands. Sales revenue from beverage products under “SuperFight” trademark has increased 85.62% as compared to the same period in the previous year due to market expansion and the launching of new product SuperFight size 100 ml. which is enhance more product distribution toward customers.

Cost of goods sold:

Cost of goods sold for the 9 months ended September 30, 2022, increased from 58.20% to 66.88% of sales amount, 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.

Selling and distribution expenses:

Selling and distribution expenses for the 9 months ended September 30, 2022, was THB 246.95 million, decreased by THB 30.07 million or 10.86% as compared to the same period in the previous year, resulting from the control of expenses and revised advertising plan to be more consistent with marketing and sales promotion activities.

Administrative expenses:

Administrative expenses for the 9 months ended September 30, 2022, was THB 121.37 million, increased by THB 9.70 million or 8.68% as compared to the same period in the previous year, resulting from the increase in the number of sales staffs for covering more stores nationwide as well as expenses from business expansion in food and beverage products.

Asset Management Ability

Assets:

As of September 30, 2022, The Company has total assets of THB 1,190.91 million, decreased by THB 26.91 million or 2.21% as compared to the end of the previous year, mainly from the decreasing of current asset due to trade and other receivables.

Liabilities:

As of September 30, 2022, The Company has total liabilities of THB 475.01 million, decreased by THB 28.96 million or 5.75% as compared to the end of the previous year, mainly from the decreasing of current liabilities due to trade and other accounts payable and income tax payable.

Shareholders' equity:

As of September 30, 2022, The Company has total shareholders' equity of THB 715.89 million, increased by THB 2.04 million or 0.29% as compared to the end of the previous year, mainly from increasing in share capital and interim dividend payment.

Please be informed accordingly.

Sincerely yours,

Thakerngbol Laobisuddhi

Authorized Signature