

May 09, 2023

Subject: Management Discussion and Analysis for the 1st quarter ended March 31, 2023

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 quarter ended March 31, 2023, 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 16.59 million for the 1st quarter ended March 31, 2023, in which there was a profit attributable to equity holders of the Company of THB 14.84 million, increased by THB 1.01 million or 7.29% as compared to the same period in the previous year which was shown the net profit of THB 13.83 million.

Results of Operation

Revenue:

Sales Revenue for the 1st quarter ended March 31, 2023, was THB 442.62 million, increased by THB 87.01 million or 24.47% as compared to the same period in the previous year. This resulted mainly from the Company has developed solid distribution network to continuously expand more distributors for further strengthen the distribution network across the country such as traditional trade, modern trade and online platforms 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 continuously increased promotional activities in all product groups by considering the promotion that appropriate for each distribution channels and product categories as well. In addition, the Company has continuously focused on the growth of sales revenue in the food and beverage business by increasing product distribution to cover more stores nationwide. Moreover, the Company has expanded the food business by manufacturing and distributing plant-based protein products under the “LottoFood” trademark to be a new alternative for food consumption and increase the customer base among health-conscious consumers. At present, products in all product groups have continuously received good feedback from customers.

Sales revenue for the 1st quarter ended March 31, 2023, sales revenue has increased from household and industrial chemical products and sales revenue growth from business expansion into food and beverage industry. Domestic revenue in modern trade channel has increased 172.17% as compared to the same period in the previous year, resulting from strengthen distribution network to expand product accessibility toward customers, proper product visibility and product placement as well as continuously increased promotional

activities to boost strong sales growth in all product groups. Revenue in industrial hygiene channel has increased 14.27% as compared to the same period in the previous year, resulting from increase the number of products expand to sell in this channel. The Company has established Depot distribution channel for further strengthen the products distribution to cover across Bangkok and vicinities. Furthermore, the Company has sales revenue from online platforms which increased 336.06% as compared to the same period in the previous year, resulting from an increase in the number of products distributed through online channels. Moreover, the revenue from export channel for the 1st quarter ended March 31, 2023, has increased from consumer export 70.20% as compared to the same period in the previous year, the sales revenue growth from Laos and Cambodia market in all product groups resulting from increasing promotion activities. 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 113.41% as compared to the same period in the previous year, resulting from change the distribution system in all distribution channels across the nationwide. Also, dairy products under “Hokkaido” trademark that the sales revenue has increased 10.68% as compared to the same period in the previous year, resulting from increasing number of products to distribution. Sales revenue from beverage products under “SuperFight” trademark has decreased 63.40% as compared to the same period in the previous year, resulting from change in price based on competitors in the same industry.

Cost of goods sold:

Cost of goods sold for the 1st quarter ended March 31, 2023, decreased from 65.89% to 63.50% of sales amount, resulting from the Company has increased the selling price and adjusted sales promotion activities based on market price and competitors’ sales promotion in same industry, as well as focusing on high margin product groups to offset the rising cost of raw materials and packaging.

Selling and distribution expenses:

Selling and distribution expenses for the 1st quarter ended March 31, 2023, was THB 91.97 million, increased by THB 34.27 million or 59.38% as compared to the same period in the previous year, resulting from the Company has increased advertising media to build brand awareness towards the customers and continuously increased marketing and sales promotion activities to contribute the customer expansion and strong sales growth.

Administrative expenses:

Administrative expenses for the 1st quarter ended March 31, 2023, was THB 43.41 million, increased by THB 3.72 million or 9.38% as compared to the same period in the previous year, resulting from accounting adjustments.

Asset Management Ability

Assets:

As of March 31, 2023, the Company has total assets of THB 1,310.14 million, increased by THB 36.60 million or 2.87% as compared to the same period in the previous year, mainly from the increasing of current assets in trade and other receivables, inventories and non-current assets increasing from the property, plant and equipment as well as the right-of-use assets to support business expansion in the food and beverage industry.

Liabilities:

As of March 31, 2023, The Company has total liabilities of THB 576.89 million, increased by THB 22.77 million or 4.11% as compared to the same period in the previous year, mainly from the increasing of current liabilities due to increase in trade and other payables, income tax payable, and non-current liabilities increasing from lease liabilities, net of current portion.

Shareholders' equity:

As of March 31, 2023, the Company has total shareholders' equity of THB 733.25 million, increased by THB 13.83 million or 1.92% as compared to the same period in the previous year, resulting from increasing in unappropriated retained earnings.

Please be informed accordingly.

Sincerely yours,

Thakerngbol Laobisuddhi
Authorized Signature