

February 20, 2024

Subject: Management Discussion and Analysis for the 4th quarter and the year ended
December 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 audited consolidated financial statements for the year ended December 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 14.00 million for the 4th quarter ended December 31, 2023, in which there was a profit attributable to equity holders of the Company of THB 11.81 million, increased by THB 9.70 million or 461.40% as compared to the same period in the previous year which was shown the net profit of THB 2.10 million.

The Company and its subsidiary had net profit of THB 61.17 million for the year ended December 31, 2023, in which there was a profit attributable to equity holders of the Company of THB 55.88 million, increased by THB 38.62 million or 223.81% as compared to the same period in the previous year which was shown the net profit of THB 17.26 million.

Results of Operation

Revenue:

Sales Revenue for the 4th quarter ended December 31, 2023, was THB 398.32 million, decreased by THB 75.72 million or 15.97% as compared to the same period in the previous year. This resulted mainly from pricing competition in household and industrial chemical products which other competitors continuously carried out promotional activities by lowering their prices.

Sales Revenue for the year ended December 31, 2023, was THB 1,709.68 million, increased by THB 15.60 million or 0.92% as compared to the same period in the previous year. This resulted mainly from household and industrial chemical product groups have developed solid distribution network across the country in all channels as well as the Company has continuously increased promotional activities in all product groups. In addition, the Company has revenue growth steadily from products in the food and beverage business by developing a solid distribution network to expand more distributors in order to strengthen the distribution network across the country and increasing efficiency in product placement and product visibility in all channels, including continuously increasing promotional activities. The Company also has revenue growth from export channel resulting from market expansion in the new countries and has more orders from existing foreign distributors as well.

For the year ended December 31, 2023, the Company has sales revenue growth in the household chemical products from modern trade channel, industrial channel, and public sector channel. Sales revenue has growth from the modern trade channel which increased 9.25%, resulting from the strengthening of distribution network to better product accessibility toward customers and the increasing promotional activities to boost sales growth in all product groups. Revenue in the industrial channel has increased 5.08%, resulting from rising promotional activities and adjusting sales strategy by expanding the number of customers to increase sales both of cleaning and insecticide products. Revenue in the public sector channel has increased 12.85%. Sales revenue from food and beverage business has shown the solid sales growth which comprised of food products under “Marucho” trademark. The sales revenue has increased 41.85% as compared to the same period in the previous year, resulting from changing the distribution system in all channels across the country. As a result, the products can be better accessible directly to customer groups. The Company also has revenue increased from export channel 102.70% as compared to the same period in the previous year, resulting from market expansion to new countries and continuously carried promotional activities to stimulate more orders from foreign distributors as well. Dairy products under “Hokkaido” trademark have the sales revenue increased 13.16% as compared to the same period in the previous year, resulting from increasing distribution channels in supermarket and the “Hokkaido” owned branches, making products accessible to more consumers. Although sales revenue from beverage products under “SuperFight” trademark decreased as compared to the previous year because of product prices have been adjusted to compete in the domestic market, but the sales revenue from export channel has increased 628.45% as compared to the same period in the previous year, resulting from market expansion in the new countries and continuously increased promotional and marketing activities to introduce products.

Cost of goods sold:

Cost of goods sold for the 4th quarter ended December 31, 2023, decreased from 65.78% to 62.59% of sales revenue, resulting from the Company has focusing on selling products with high profit margins and more efficiently managing production costs.

Cost of goods sold for the year ended December 31, 2023, decreased from 66.57% to 64.34% of sales revenue, resulting from the Company has increased the selling price and adjusting the sales promotion activities based on the market price and competitors’ sales promotion, as well as focusing on high margin product groups and more efficient production cost management.

Selling and distribution expenses:

Selling and distribution expenses for the 4th quarter ended December 31, 2023, was THB 93.87 million, decreased by THB 15.79 million or 14.40% as compared to the same period in the previous year, resulting from the control of expenses and revised advertising plan to be by focusing on the activities that enhance more product distribution toward customers.

Selling and distribution expenses for the year ended December 31, 2023, was THB 366.14 million, increased by THB 9.53 million or 2.67% as compared to the same period in the previous year resulting from the Company has continuously organized marketing and promotional activities to build brand awareness towards the customers and continuously increased promotional campaigns to boost sales in all product groups as well.

Administrative expenses:

Administrative expenses for the 4th quarter ended December 31, 2023, was THB 29.83 million, decreased by THB 4.20 million or 12.36% as compared to the same period in the previous year, resulting from efficient control of administrative expenses.

Administrative expenses for the year ended December 31, 2023, was THB 143.21 million, decreased by THB 12.19 million or 7.84% as compared to the same period in the previous year, resulting from more efficiently control of administrative expenses.

Asset Management Ability

Assets:

As of December 31, 2023, the Company has total assets of THB 1,145.46 million, decreased by THB 128.08 million or 10.06% as compared to the end of the previous year, mainly from the decrease of current asset in trade and other receivables and inventories as a result of efficiently managing of working capital.

Liabilities:

As of December 31, 2023, the Company has total liabilities of THB 483.16 million, decreased by THB 70.96 million or 12.81% as compared to the end of the previous year, mainly from the decrease of current liabilities in trade and other payables.

Shareholders' equity:

As of December 31, 2023, the Company has total shareholders' equity of THB 662.30 million, decreased by THB 57.12 million or 7.94% as compared to the end of the previous year, mainly decreased from annual dividend payment for the year 2022.

Please be informed accordingly.

Sincerely yours,

Thakerngbol Laobisuddhi
Authorized Signature