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August 11, 2026

Subject: Management Discussion and Analysis for the 1st half year ended June 30, 2026

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, 2026, 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 108.08 million for the 1st half year ended June 30, 2026, in which there was a profit attributable to equity holders of the Company of THB 103.66 million, increased by THB 40.09 million or 63.07% compared with the same period last year which was shown the net profit of THB 63.57 million.

Results of Operation

During the first half of 2026, the global economy experienced a deceleration due to escalating geopolitical tensions, which severely impacted global supply chains and regional financial stability. In tandem with this global trend, Thailand's economic growth moderated during the same period, sustained largely by private sector investment and domestic consumption. Economic indicators slowed more significantly in the second quarter due to rising energy costs and a contraction in international tourist arrivals, a direct consequence of the Middle East geopolitical crisis and volatile energy markets. Conversely, the agricultural sector demonstrated resilience, supported by favorable water levels that allowed for uninterrupted cultivation. Nevertheless, aggregate agricultural output has not yet expanded to its full potential. This constraint is attributed to key production input costs, including chemical fertilizers, energy, and pesticides, remaining elevated in line with global energy price trends. Simultaneously, Thailand's retail sector faced a slowdown, as middle-to-low-income consumers continued to be severely impacted by accumulated household debt and rising living expenses driven by higher energy prices. Consequently, consumer purchasing power weakened, prompting many consumers to adopt a more cautious spending approach. Their expenditures have shifted predominantly toward essential consumer goods, while decisions to purchase big-ticket durable items or discretionary products have been deferred.

Regarding the outlook, the Thai economy is expected to be driven by the recovery of the tourism sector and government economic stimulus measures. Nevertheless, this trajectory remains subject to downside risks arising from geopolitical conflicts and fragile domestic purchasing power.

Amidst the economic deceleration, the Company remains steadfast in its growth strategy, driving business momentum by expanding the sales mix of high-margin products while enhancing production efficiency and maintaining stringent control over operating expenses. Additionally, the Company is committed to realizing its strategic objectives by elevating product value and broadening its portfolio of value-for-money options and essential consumer goods through new products. This strategy is designed to retain and expand the customer base, adapt to shifting consumer preferences, and continuously strengthen distribution channel management, ultimately propelling the Company toward long-term, sustainable growth.

Revenue:

Sales Revenue for the 1st half year ended June 30, 2026, totaled THB 844.44 million, an increase of THB 43.57 million (5.44%) compared with the same period last year. This increase was primarily driven by rising domestic revenue across both the Household Chemicals business and the Food and Beverage business. This performance resulted from the successful execution of strategic initiatives focused on enhancing product value while expanding the value-for-money product portfolio through new product introductions. In the household products segment, the Company aggressively accelerated its product distribution to retail stores nationwide, encompassing insecticide sprays, mosquito coils, mosquito repellent sprays, and cleaning products. For the industrial products segment, the Company penetrated the market through biostimulants. Concurrently, the food and beverage products segment expanded the distribution of sparkling beverages across all sales channels nationwide. Regarding the dairy business, the Company successfully expanded its distribution channels alongside continuous new product rollouts, notably the 2-liter milk product distributed to its nationwide agent network. These strategic operations collectively aimed to broaden the value-focused product base and comprehensively satisfy consumer demand for essential daily commodities.

Cost of goods sold:

For the 1st half year ended June 30, 2026, the cost of goods sold (COGS) increased from 54.12% to 58.52% of total sales revenue. This increase was primarily driven by rising raw material and packaging costs, resulting from the impact of geopolitical conflicts in the Middle East region. Nevertheless, the Company remains committed to its strategy of driving sales growth within high-margin product segments, while concurrently enhancing production cost management efficiency to bolster profitability and maximize returns for the organization.

Selling and distribution expenses:

For the 1st half year ended June 30, 2026, selling and distribution expenses amounted to THB 99.99 million, a decrease of THB 94.26 million (48.52%) compared with the same period last year. This decrease was mainly driven by accounting adjustments alongside efficient expense management through the realignment of advertising and public relations plans to synchronize with marketing activities. Furthermore, the Company focused on proactive promotional activities capable of directly reaching target customer segments to enhance its competitive advantage under current market conditions.

Administrative expenses:

For the 1st half year ended June 30, 2026, administrative expenses totaled THB 112.42 million, an increase of THB 29.76 million (36.00%) compared with the same period last year. This increase was mainly driven by human resource investments to expand headcount in both the product research and development and the sales force, aimed at supporting product portfolio expansion and maximizing distribution channel coverage. Additionally, the rise was impacted by a higher recording of allowance for doubtful accounts.

Asset Management Ability

Assets:

As of June 30, 2026, the Company reported total assets of THB 1,322.69 million, a decrease of THB 35.06 million (2.58%) compared with the end of the previous year. The decline was mainly attributable to a reduction in current assets, specifically within cash and cash equivalents, resulting from the dividend payout for the 2025 financial performance.

Liabilities:

As of June 30, 2026, the Company reported total liabilities of THB 498.91 million, a decrease of THB 54.22 million (9.80%) compared with the end of the previous year. The decrease was mainly attributable to a decrease in current liabilities, resulting from a reduction in trade and other current payables.

Shareholders' equity:

As of June 30, 2026, the Company's total shareholders' equity stood at THB 823.78 million, an increase of THB 19.16 million (2.38%) compared with the end of the previous year. This increase was primarily attributed to an increase in surplus from the change in the ownership interests in subsidiary, alongside an increase in non-controlling interests of the subsidiaries.

Please be informed accordingly.

Sincerely yours,

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Thakerngbol Laobisuddhi

Authorized Signature