

February 28, 2020

Subject: Management Discussion and Analysis for the 4<sup>th</sup> quarter and the year ended  
December 3, 2019

To: President  
The Stock Exchange of Thailand

Sherwood Corporation (Thailand) Public Company Limited (“The Company”) would like to submit herewith the audited consolidated financial statements for the year ended December 31, 2019, with the financial analysis compared to the financial statement for the year ended December 31, 2018. The performance can be summarized as follows;

The Company and its subsidiary had net profit of THB 89.54 million for the 4<sup>th</sup> quarter ended December 31, 2019 in which there was a profit attributable to equity holders of the Company of THB 88.71 million, increased by THB 61.59 million or 227.10% as compared to the same period in the previous year which was shown the net profit of THB 27.12 million.

The Company and its subsidiary had net profits of THB 173.19 million for the year ended December 31, 2019 in which there was a profit attributable to equity holders of the Company of THB 171.30 million, decreased by THB 14.36 million or 7.73% as compared to the same period in the previous year which was shown the net profit of THB 185.66 million.

**Revenue:**

Sales Revenue for the 4<sup>th</sup> quarter ended December 31, 2019 was THB 589.63 million, increased by THB 251.66 million or 74.46% as compared to the same period in the previous year due to the Company’s continuously increasing domestic and international sales promotion activities, including business expansion of its subsidiaries.

Sales Revenue for the year ended December 31, 2019 was THB 1,657.80 million, increased by THB 33.85 million or 2.08% as compared to the same period in the previous year due to the Company has expanded its business into food and beverage industry by manufacturing and marketing roasted peanuts under the brand "Marucho" and pasteurized milk products under the brand "HOKKAIDO". However, the Company continued focus on sales revenue growth for household chemicals, industrial and agrochemicals, as well as increasing the distribution to cover more retail stores and continuously developing other products to provide better options for consumers and increasing sales opportunities for the company.

**Cost of goods sold:**

Cost of goods sold for the 4<sup>th</sup> quarter ended December 31, 2019, increased from 52.61% to 55.64% of sales amount resulting from the effect of the raw material price increase.

Cost of goods sold for the year ended December 31, 2019 decreased from 60.63% to 59.86% of sales amount because the Company has increased the selling price of wood preservative and soil treatment termiticide product group, as well as the reduction of sales promotion from on-pack premiums promotion was transformed to another attractive promotion program.

**Selling and distribution expenses:**

Selling and distribution expenses for the 4<sup>th</sup> quarter ended December 31, 2019 was THB 95.14 million, decreased by THB 2.81 million or 2.87% as compared to the same period in the previous year resulting from the lower advertising expense.

Selling and distribution expenses for the year ended December 31, 2019 was THB 284.31 million, increased by THB 5.08 million or 1.82% as compared to the same period in the previous year since the Company has expanded the business and increasing in marketing promotional expenses in modern trade stores and traditional trade stores for household chemical products as well as food and beverage products.

**Administrative expenses:**

Administrative expenses for the 4<sup>th</sup> quarter ended December 31, 2019 was THB 53.18 million, increased by THB 24.12 million or 83.01% as compared to the same period in the previous year due to the increase in the number of staffs in order to support the business expansion and increasing the number of sales.

Administrative expenses for the year ended December 31, 2019 was THB 168.56 million, increased THB 41.35 million or 32.51% as compared to the same period in the previous year due to the increase in the number of staffs in order to support the business expansion, including from the welfare of new Labor Protection ACT as well as the adjusting accounting entries.

Please be informed accordingly.

Sincerely yours,

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Thakerngbol Laobisuddhi  
Authorized Signature