

May 13, 2022

Subject: Management Discussion and Analysis for the 1st quarter ended March 31, 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 1st quarter ended March 31, 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 15.75 million for the 1st quarter ended March 31, 2022, in which there was a profit attributable to equity holders of the Company of THB 13.83 million, increased by THB 2.99 million or 27.62% as compared to the same period in the previous year which was shown the net profit of THB 10.84 million.

Results of Operation

Revenue:

Sales Revenue for the 1st quarter ended March 31, 2022, was THB 355.62 million, increased by THB 47.20 million or 15.31% 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 distribution channels. Furthermore, The Company has launched the new product in organic product segment for pet care under “Chaingard” trademark to boost up premium customer base as well as continuously launch new product in food and beverage products which received positive feedback from our valued customers. Also, The Company still continued to focus on growing in food and beverage business due to their potential to grow in the long run with high market value.

Sales revenue for the 1st quarter ended March 31, 2022, sales revenue has increased from household and industrial chemical products both domestic and overseas market, as well as the sales revenue growth from business expansion into food and beverage industry. Domestic revenue in modern trade channel has increased 36.28% 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. Revenue in traditional trade channel has increased 10.25% as compared to the same period in the previous year, resulting from developed solid distribution network to continuously expand more distributors for further strengthen the distribution network across the country and enhanced product visibility, product placement and promotional activities to boost strong sales growth. Moreover, revenue from agrochemicals channel has increased 96.67% as compared to the same period in the previous year, resulting from efficient strengthen

distribution network with increased promotional activities in agrochemicals products. Furthermore, revenue from online platform has increased 527.67% as compared to the same period in the previous year, resulting from the expansion of online platform through social media and online marketplaces such as Shopee, Lazada and JD Central, in order to accommodate with the customer behavior that spend more time via online channel. In addition, export revenue for the 1st quarter ended March 31, 2022, has increased 41.04% as compared to the same period in the previous year, resulting from the sales growth in Australian market that has increased 152.16% as compared to the same period in the previous year, contributed by termite spray and termite soil treatment. Sales revenue from industrial export market has increased 150.29% as compared to the same period in the previous year, contributed by termite soil treatment. 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 10.21% as compared to the same period in the previous year, resulting from distribution network improvement in traditional trade channel and new product launched. Also, dairy products under “Hokkaido” trademark that the sales revenue has increased 34.26% as compared to the same period in the previous year due to dairy products have available for sale in modern trade channel such as Villa Market, Foodland, Gourmet Market and Tops to expand distribution channels and serve customer demands. Sales revenue from beverage products under “SuperFight” trademark has increased 313.23% as compared to the same period in the previous year due to market expansion and increased more distributors across the country

Cost of goods sold:

Cost of goods sold for the 1st quarter ended March 31, 2022, increased from 58.22% to 65.89% of sales amount, resulting from the price of raw material and packing material have increased as a result of higher oil prices which the main ingredient of chemical products as well as higher freight cost. However, The Company has increased the selling price, based on market price and competitors’ price in same industry, helped mitigate the impact from ongoing raw material and packaging increasing and also the lower production cost per unit that driven by higher production volume which helped compensate for the accelerated cost of raw materials and packaging material.

Selling and distribution expenses:

Selling and distribution expenses for the 1st quarter ended March 31, 2022, was THB 57.71 million, decreased by THB 25.62 million or 30.75% as compared to the same period in the previous year, resulting from the efficient controlled of expenses and revised advertising plan to be more consistent with marketing and sales promotion activities to more accessible to target customer.

Administrative expenses:

Administrative expenses for the 1st quarter ended March 31, 2022, was THB 39.69 million, increased by THB 14.07 million or 54.90% as compared to the same period in the previous year, resulting from the rise of sales team for covering more stores nationwide along with business expansion in food and beverage products.

Asset Management Ability

Assets:

As of March 31, 2022, The Company has total assets of THB 1,293.06 million, increased by THB 75.25 million or 6.18% as compared to the same period in the previous year, mainly from the increasing of current asset in cash and cash equivalents from share subscription received in advance as a result of SWC-W1 warrant exercises.

Liabilities:

As of March 31, 2022, The Company has total liabilities of THB 451.46 million, decreased by THB 52.51 million or 10.42% as compared to the same period in the previous year, mainly from the decreasing of current liabilities in trade and other accounts payables as well as other current liabilities.

Shareholders' equity:

As of March 31, 2022, The Company has total shareholders' equity of THB 841.60 million, increased by THB 127.75 million or 17.90% as compared to the same period in the previous year, mainly increased from share subscription received in advance as a result of SWC-W1 warrant exercises on April 8, 2022.

Please be informed accordingly.

Sincerely yours,

Thakerngbol Laobisuddhi
Authorized Signature