

November 12, 2024

Subject: Management Discussion and Analysis for the 9 months ended September 30, 2024

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 9 months ended September 30, 2024, 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 96.55 million for the 9 months ended September 30, 2024, in which there was a profit attributable to equity holders of the Company of THB 93.62 million, increased by THB 49.55 million or 112.43% as compared to the same period in the previous year which was shown the net profit of THB 44.07 million.

Results of Operation

Revenue:

Sales Revenue for the 9 months ended September 30, 2024, was THB 1,240.01 million, decreased by THB 71.35 million or 5.44% as compared to the same period in the previous year. This resulted mainly from the ongoing economic uncertainty coupled with the impact on consumers from the rising cost of living, essential goods and services required for daily life, have increased. This has led to a decrease in consumers' purchasing power and resulting to the slump on demand for household chemicals products. Additionally, the competitors continue to carry out promotional activities by lowering prices, resulting in decreased revenue for the household chemicals products. For the food and beverage business, the Company discontinued the selling of loss-making products, leading to a decline in revenue. However, the Company has continued to operate with a strategic focus on developing products across all categories to meet consumer demands effectively and emphasized ongoing promotional and marketing activities tailored to each product group. Additionally, the Company has continuously optimized product arrangement and visibility across all channels to maintain market share.

The Company has sales revenue decreased from household and industrial chemical products and decreased in revenue from the food and beverage business as well. Sales revenue from household chemical products in the modern trade channel has decreased by 16.39% and in the traditional trade channel has decreased by 4.98% as compared to the same period in the previous year. This resulted from the competitors continuing to carry out promotional activities

by lowering prices. Sales revenue in the industrial channel has decreased by 3.92% compared to the same period in the previous year. This resulted from a sluggish real estate market which has necessitated extending the timeline for installing piping systems and applying treatments and led to the decline in termite prevention products, along with intensified price competition in the cleaning and bait product categories. The sales revenue from the food and beverage business has also decreased due to discontinuing the selling of loss-making products. However, for the dairy business under the "Hokkaido" brand, sales revenue increased by 10.20% compared to the same period in the previous year. This growth was driven by the distribution of new products, along with the expansion of distribution channels to reach more consumers.

Cost of goods sold:

Cost of goods sold for the 9 months ended September 30, 2024, decreased from 64.88% to 61.94% of sales amount, resulting from the selling prices of termite spray products being raised and revised sales promotion activities based on market price and competitors' sales promotion in the same industry. Additionally, the Company focused on selling of high-margin products and has more efficiently to manage production costs.

Selling and distribution expenses:

Selling and distribution expenses for the 9 months ended September 30, 2024, was THB 214.33 million, decreased by THB 57.94 million or 21.28% as compared to the same period in the previous year, resulting from the control of expenses and revised advertising plan to align with marketing and promotional activities and focusing on targeted promotions that effectively reach the intended consumers in each distribution channel.

Administrative expenses:

Administrative expenses for the 9 months ended September 30, 2024, was THB 119.05 million, increased by THB 5.66 million or 4.99% as compared to the same period in the previous year, resulting from consultancy fees and accounting adjustments. During this period the 9 months ended September 30, 2024, the Company recorded a full allowance for impairment loss on its investments in Lottofood (Thailand) Co., Ltd. ("the subsidiary"), totaling THB 6.99 million. The Company also considered indicators of impairment on investments in Hokkaido Food and Beverage Company Limited ("the subsidiary") and then setting up allowance for impairment on investments in subsidiary amounting for THB 50 million and allowance for impairment of loans to subsidiary as mentioned of THB 68 million. These impairments, a non-cash item, amounted to THB 125 million. Despite this impairment, the Company's overall business remains financially strong, with low debt levels. Moreover, the Company continues to be committed to improving profitability and enhancing profit margins across all business segments.

Asset Management Ability

Assets:

As of September 30, 2024, The Company has total assets of THB 1,111.05 million, decreased by THB 34.42 million or 3.00% as compared to the end of the previous year, mainly from the decrease of non-current assets in property, plant and equipment, and from right of use assets.

Liabilities:

As of September 30, 2024, The Company has total liabilities of THB 363.01 million, decreased by THB 120.15 million or 24.87% as compared to the end of the previous year, mainly from the decrease of short-term loans from financial institutions and the lease liabilities, net of current portion.

Shareholders' equity:

As of September 30, 2024, The Company has total shareholders' equity of THB 748.03 million, increased by THB 85.73 million or 12.94% as compared to the end of the previous year, resulting from increasing in dividend shares and unappropriated retained earnings.

Please be informed accordingly.

Sincerely yours,

Thakerngbol Laobisuddhi

Authorized Signature