

23 February 2022

Subject: Management Discussion & Analysis for the year-ended 31 December 2021

Attn: President

Stock Exchange of Thailand

Rojukiss International Public Company Limited (“the Company”) would like to report the management discussion and analysis for the year-ended 31 December 2021 as following:

### Financial Performance

Table 1 : Statement of Comprehensive Income

(Unit: Million THB)

Consolidated Financial Statement	2021	%	2020	%	YoY%
Revenue from sales and services	772.3	100.0	965.0	100.0	(20.0)
Cost of sales and services	(358.6)	(46.5)	(399.5)	(41.4)	10.3
<b>Gross Profit</b>	<b>413.7</b>	<b>53.6</b>	<b>565.4</b>	<b>58.6</b>	<b>(26.8)</b>
Other Income	3.8	0.5	1.3	0.1	198.7
Selling expenses	(135.9)	(17.6)	(205.6)	(21.3)	33.9
Administrative expenses	(135.4)	(17.5)	(125.0)	(13.0)	(8.3)
Gain (loss) from foreign exchange rate	10.8	1.4	(6.7)	(0.7)	261.9
Loss sharing from Joint Venture	(5.5)	(0.7)			
<b>Total expenses and other income</b>	<b>(262.1)</b>	<b>(33.9)</b>	<b>(336.0)</b>	<b>(34.8)</b>	<b>22.0</b>
<b>Profit before finance costs</b>	<b>151.6</b>	<b>19.6</b>	<b>229.4</b>	<b>23.8</b>	<b>(33.9)</b>
Finance costs	(5.1)	(0.7)	(7.8)	(0.8)	34.7
<b>Profit before income tax expenses</b>	<b>146.5</b>	<b>19.0</b>	<b>221.6</b>	<b>23.0</b>	<b>(33.9)</b>
Income tax expense	(27.9)	(3.6)	(53.6)	(5.6)	48.0
<b>Profit for the year</b>	<b>118.6</b>	<b>15.4</b>	<b>168.0</b>	<b>17.4</b>	<b>(29.4)</b>

### Overview

For the year-ended 31 December 2021, the Company had net revenue from sales and services totaling Baht 772.3 million, declined by 20.0% YoY. During the year 2021, overall consumer market in Thailand still had impact from COVID-19 outbreak with very high record of infected cases and lock-down in many provinces. Most people did not go out and work from home for very long time, as a result, consumption rate of Personal Care and Beauty Care products has declined. Though there was no lock down by the end of the year, overall economy was still in a slowly recovery pace. On the other hand, the Company has expanded into Indonesia and Vietnam market by exporting Rojukiss skincare products with total sales of Baht 95.5 million, increasing 286% vs last year and more than the Company’s target for this year.

Net profit of the Company was Baht 118.6 million with net profit margin of 15.4%, decreased by 29.4% YoY because of the impact from sales as mentioned above. In addition, there were expenses from share-base payment reserve (KISS ESOP) Baht 7.3 million and expected credit loss Baht 7.8 million provisioned for account receivables of service income for Sis2Sis distribution in Indonesia which was overdue more than 1 year because of the impact from COVID-19 situation.

O2 KISS Co., Ltd., a joint venture of the Company and O Shopping Co., Ltd. has started to sell the first skincare product under brand PhD K-Derma through media commerce channel since Q2'2021 and by end of Q3'2021, O2 KISS has launched food supplement products under brand Qi and Wonder Herb in media commerce and also modern trade channel. However, O2 KISS has invested in advertising and PR including administrative expenses at this stage, the Company took Baht 5.5 million loss sharing from joint venture.

## Revenue from sales and services

Table 2: Revenue from sales and services by category

(Unit: Million THB)

Revenue by category	2021	%	2020	%	YoY%
<b>Revenue from sales</b>					
Skin Care	670.7	81.1	797.7	79.1	(15.9)
Color Cosmetics	102.6	12.4	127.8	12.7	(19.7)
Supplement	22.5	2.7	44.6	4.4	(49.6)
Hair Color	30.9	3.7	-	-	
<b>Total revenue from sales</b>	<b>826.7</b>	<b>100</b>	<b>970.2</b>	<b>96.2</b>	<b>(14.8)</b>
Revenue from services	-	-	38.3	3.8	(100.0)
<b>Total revenue from sales and services</b>	<b>826.7</b>	<b>100</b>	<b>1,008.5</b>	<b>100</b>	<b>(18.0)</b>

Table 3: Revenue from sales and services by distribution channel

(Unit: Million THB)

Revenues by distribution channel	2021	%	2020	%	YoY%
<b>Revenue from sales</b>					
Modern Trade	560.1	67.7	778.2	77.1	(28.0)
General Trade	104.0	12.6	133.9	13.3	(22.4)
E-Commerce	25.5	3.1	12.9	1.3	98.7
Export through Cross Border	28.2	3.4	20.4	2.0	38.2
Export through Foreign Distributors	95.5	11.5	24.8	2.5	285.6
Joint Venture	13.5	1.6	-	-	100.0
<b>Revenue from sales</b>	<b>826.7</b>	<b>100</b>	<b>970.2</b>	<b>96.2</b>	<b>(14.8)</b>
Revenue from services	-	-	38.3	3.8	(100.0)
<b>Total revenue from sales and services</b>	<b>826.7</b>	<b>100</b>	<b>1,008.5</b>	<b>100</b>	<b>(18.0)</b>

Remark:

Table 2 and 3 are revenue before deduction of trade rebate and discount and accounting estimation.

Total revenue before deduction of trade rebate and discount and accounting estimation was Baht 826.7 million, declined by 18.0% YoY due to COVID-19 pandemic impact as mentioned above. Both skincare and color cosmetics categories were declined by 15.9% and 19.7% respectively. Total skincare category was declined from Best Korea and PhDerma while Rojukiss, the main brand, still grew at 4% YoY. In addition, the Company has launched new product category with Rojukiss hair color serum shampoo. Total year sales was Baht 30.9 million.

From sales by distribution, the channels that had impact from COVID-19 this year was domestic sales - modern trade and general trade. With the challenge in offline channels, the Company continuously improves sales performance through e-commerce with 2x growth from last year and export through cross border and foreign

distributors. Total export sales was Baht 123.6 million, improving by 174% vs last year especially export to foreign distributors in Indonesia and Vietnam totaling Baht 95.5 million.

### **Cost of Sales and Gross Profit**

Y2021, gross profit margin was 53.6% (2020: 58.6%), decreasing due to 1) promotion to drive sales, 2) higher cost of packaging material from lower order quantity to control stock on hands and 3) there was Baht 38.5 million of service income from Indonesia in Q1'2020 so gross profit margin of Y2020 was higher than normal rate.

### **Selling Expenses**

Total selling expenses were Baht 135.9 million or 17.6% to net revenue, decreased by 33.9% YoY from spending control.

### **Administrative Expenses**

Total administrative expenses were Baht 135.4 million or 17.5% to net revenue, increasing by 8.3% YoY from 1) corporate PR cost and other costs related to IPO Baht 5.3 million, 2) share-base payment reserve (KISS ESOP) Baht 7.3 million and 3) Baht 7.8 million provisioned for account receivables of service income for Sis2Sis distribution in Indonesia which was overdue more than 1 year because of the impact from COVID-19 situation.

### **Net Profit**

Net profit of the Company was Bath 118.6 million with net profit margin of 15.4%, decreased by 29.4% YoY because of sales declined and some expenses increased as per mentioned above.

## **Statement of Financial Position**

### **Total Assets**

As at 31 December 2021, the Company had total assets of Baht 1,048.7 million, increase by Baht 212.7 million compared to last year with the detail as below:

- Cash and cash equivalent increase by Baht 360.9 million from IPO proceed totaling 512.4 million after deduction cost of distribution of shares. The Company paid dividends to its shareholders totaling of Baht 137 million during the year, settled short-term loans and invested in joint venture Baht 20 million. The rest came from working capital.
- Investment in a joint venture Baht 14.5 million.
- Trade receivable and contract assets decreased by Baht 86.8 million in line with sales declined.

### **Total Liabilities**

As at 31 December 2021, the Company had total liabilities of Baht 118.8 million, decreased by Baht 289.5 million with the detail as below:

- Total loan from financial institutions decreased by Baht 206.1 million from settlement of short-term loans – overdraft and promissory notes totaling of Baht 46.7 million, repayment of long-term loan from financial institute Baht 8.1 million and partially settled trust receipts.

- Trade and other payable decreased by Baht 39.6 million due to lower stock purchases.
- Other current liabilities decrease by Baht 40.5 million from year 2020 corporate income tax paid

### Shareholders' Equity

As at 31 December 2021, shareholders' equity increased by Baht 502.3 million from company's earning Baht 118.6 million and IPO proceeds Baht 512.4 million after deduction cost of distribution of shares. During the year 2021, the Company paid dividends totaling Baht 137 million.

Please be informed accordingly,

Yours sincerely,

Ms. Wipaporn Niamla-ong

Chief Financial Officer