



ROJUKISS INTERNATIONAL PUBLIC COMPANY LIMITED  
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# ROJUKISS INTERNATIONAL

Management Discussion & Analysis

As of Q3 2023

**Key Performance**

- Revenue from sales and services was 239.0 million baht (+0.2% QoQ, +1.8% YoY)
- EBITDA was 44.7 million baht (+8.7% QoQ, -5.1% YoY)
- Net Profit was 32.2 million baht (+2.4% QoQ, -12.9% YoY)

Key Financial Performance (Million Baht)	Q3 2023	%	Q3 2022	%	%YoY	Q2 2023	%	%QoQ
<b>Revenue from sales and services</b>	<b>239.0</b>	<b>100.0</b>	<b>234.9</b>	<b>100.0</b>	<b>1.8</b>	<b>238.5</b>	<b>100.0</b>	<b>0.2</b>
Cost of goods sold	(116.4)	(48.7)	(119.9)	(51.0)	(2.9)	(107.1)	(44.9)	8.7
<b>Gross profit</b>	<b>122.6</b>	<b>51.3</b>	<b>115.0</b>	<b>49.0</b>	<b>6.6</b>	<b>131.4</b>	<b>55.1</b>	<b>(6.7)</b>
<b>EBITDA</b>	<b>44.7</b>	<b>18.7</b>	<b>47.1</b>	<b>20.0</b>	<b>(5.1)</b>	<b>41.1</b>	<b>17.2</b>	<b>8.7</b>
<b>Net Profit</b>	<b>32.2</b>	<b>13.5</b>	<b>36.9</b>	<b>15.7</b>	<b>(12.9)</b>	<b>31.4</b>	<b>13.2</b>	<b>2.4</b>
Earnings per share (Baht)	0.05		0.06			0.05		

**Executive Summary**

- **The revenue from sales and services in Q3 2023 was 239.0 million baht, flat compared to the previous quarter, with the details as follows;**
  - Revenue from Core business increased by 2.6% compared to the previous quarter. Even though there was a seasonal effect to the business in the 3<sup>rd</sup> quarter of every year, the Company still maintained its performance at a similar level to the previous quarter, mostly driven by domestic sales. Not only the successful launches of new products (NPDs) throughout the year, but also supported by marketing activities to promote products and brands through both offline and online channels as well as the expansion of distribution channels. On the other hand, the Company has expanded into other overseas market by entering China through online channels, target revenue from Q4 2023 onwards, and on process of expansion into other countries continuously in 2024 too.
  - Despite the revenue from nasal spray products dropping from the previous quarter, there is some demand continuously, especially from drug stores and Health & Beauty channels.
- **EBITDA was 44.7 million baht, an increase of 8.7% from the previous quarter, while Net Profit was 32.2 million baht, an increase of 2.4% from the previous quarter.** The net profit margin was 13.5%, up from 13.2% last quarter from a decrease in SG&A expenses.
- **The Company’s business plan during the past 9M 2023 and outlook in Q4 2023.**  
 KISS has set its business strategy to rapidly respond to the situation, along with developing for brand and product and expanding its distribution channel to increase business opportunities as comprised with the continued recovery of Thai economy in 9M 2023 after recovery from Covid-19. The details are as follows;

**Growing market share in the Facial Moisturizer market.** According to research data from the Nielsen Company's Q3 2023 report on sell-out of Rojukiss brand experienced a growth rate of 32% compared to the previous year, ranked no. 6<sup>th</sup> with 4.3% market share, while total market was at modest growth rate of 11% compared to the previous year. This result reflected that new product innovation launches and investing in marketing activities are growth drivers for the brand.

**Pushing sales through online channels on E-commerce platforms such as social commerce and marketplaces.** The company has been fully selling through live streaming on Shopee Live, Lazada Live, and TikTok Live since September. Furthermore, employees have opportunity to engage with this selling platform, develop their talents and creativity, as well as use an external team that has expertise in selling products through a live streaming format that captures current consumer trends.

**Building strong growth in overseas markets** by adjusting the strategy and developing a solid business model to properly compete in the Indonesian market and expanding into other new markets. At the beginning of October 2023, KISS expanded its business into China market through online channels, by leveraging brand's well-known and popular presenters in both Thailand and other countries.

**Financial Performance**

Table 1 : Statement of Comprehensive Income for 3 months period

(Unit : Million Baht)

Consolidated Financial Statement for 3 months period	Q3 2023	%	Q3 2022	%	%YoY	Q2 2023	%	%QoQ
Revenue from sales and services	239.0	100.0	234.9	100.0	1.8	238.5	100	0.2
Cost of sales and services	(116.4)	(48.7)	(119.9)	(51.0)	(2.9)	(107.1)	(44.9)	8.7
<b>Gross Profit</b>	<b>122.6</b>	<b>51.3</b>	<b>115.0</b>	<b>49.0</b>	<b>6.6</b>	<b>131.4</b>	<b>55.1</b>	<b>(6.7)</b>
Other Income	0.4	0.2	1.2	0.5	(64.9)	1.3	0.5	(66.7)
Selling expenses	(36.1)	(15.1)	(35.8)	(15.2)	0.8	(65.3)	(27.4)	(44.8)
Administrative expenses	(46.3)	(19.4)	(38.3)	(16.3)	20.8	(29.2)	(12.2)	58.6
Gain (loss) from foreign exchange rate	1.4	0.6	2.8	1.2	(50.3)	(0.3)	(0.1)	(564.6)
<b>Total expenses and other income</b>	<b>(80.5)</b>	<b>(33.7)</b>	<b>(70.1)</b>	<b>(29.8)</b>	<b>15.0</b>	<b>(92.8)</b>	<b>(38.9)</b>	<b>(13.2)</b>
<b>Profit before finance costs</b>	<b>42.0</b>	<b>17.6</b>	<b>44.9</b>	<b>19.1</b>	<b>(6.5)</b>	<b>38.6</b>	<b>16.2</b>	<b>8.9</b>
Finance costs	(0.8)	(0.4)	(0.6)	(0.3)	32.2	(0.9)	(0.4)	(6.6)
<b>Profit before income tax expenses</b>	<b>41.2</b>	<b>17.2</b>	<b>44.3</b>	<b>18.9</b>	<b>(7.0)</b>	<b>37.7</b>	<b>15.8</b>	<b>9.2</b>
Income tax expense	(9.0)	(3.8)	(7.3)	(3.1)	22.8	(6.3)	(2.6)	43.2
<b>Profit for the period</b>	<b>32.2</b>	<b>13.5</b>	<b>36.9</b>	<b>15.7</b>	<b>(12.9)</b>	<b>31.4</b>	<b>13.2</b>	<b>2.4</b>

### Performance Summary for Q3 2023

- **Revenue from sales and services** was 239.0 million baht, which was similar to the previous quarter, driven mainly from the company's core business. With the marketing strategy that was adjusted and implemented since the beginning of 2023 and fully invested in Q2 2023, it has been proven by the market result as mentioned above and potentially sustained growth in the long-term. Moreover, the successfully launches of new products (NPDs), led by Rojukiss Skincare under the concept of Clinical Grade and Sis2Sis Color Cosmetic with new full-size products, a total of more than 18 SKUs in parallel with e-commerce expansion through live-streaming sales helps accelerate sales too.
- **Cost of sales and Gross profit**, the gross profit margin was 51.3% from product mix which maintained the profitability level even though the USD exchange rate remains volatile,
- **Selling and administrative expenses**

Total selling expenses were 36.1 million baht, a decrease of 44.8% from the previous quarter. Since Q2 2023 was the first time, the company fully invested in marketing activities across various media, including TV commercials and digital platforms. As a result, the expenditure is rather higher compared to Q3 and Q4, which shifts the approach from mass media marketing to digital media more in order to reach and build awareness of the products and brands.

While total administrative expenses were 46.3 million baht, an increase from the previous quarter due to 1) retail operations services for instore merchandising improvement and 2) the record of an allowance for doubtful accounts increased from new distributors, however, it is expected to be paid in Q4 2023, and 3) the subsidiary's one-time expenditures.

- **Net Profit** was 32.3 million baht, an increase of 2.4% from the previous quarter, mainly due to the drop in selling and administrative expenses.

Table 2 : Statement of Comprehensive Income for 9 months period

(Unit : Million Baht)

Consolidated Financial Statement for 9 months period	9M 2023	%	9M 2022	%	%YoY
Revenue from sales and services	684.6	100.0	595.8	100.0	14.9
Cost of sales and services	(322.2)	(47.1)	(286.6)	(48.1)	12.5
<b>Gross Profit</b>	<b>362.3</b>	<b>52.9</b>	<b>309.2</b>	<b>51.9</b>	<b>17.2</b>
Other Income	1.9	0.3	5.5	0.9	(65.2)
Selling expenses	(139.0)	(20.3)	(102.8)	(17.3)	35.1
Administrative expenses	(93.8)	(13.7)	(113.3)	(19.0)	(17.3)
Gain (loss) from foreign exchange rate	0.2	0.0	4.3	0.7	(94.4)
Loss sharing from Joint Venture	-	-	(5.1)	(0.9)	(100.0)
Profit from step up acquisition	-	-	9.1	1.5	(100.0)
<b>Total expenses and other income</b>	<b>(230.6)</b>	<b>(33.7)</b>	<b>(202.5)</b>	<b>(34.0)</b>	<b>13.9</b>
<b>Profit before finance costs</b>	<b>131.7</b>	<b>19.2</b>	<b>106.8</b>	<b>17.9</b>	<b>23.4</b>
Finance costs	(2.4)	(0.4)	(1.5)	(0.2)	68.1
<b>Profit before income tax expenses</b>	<b>129.3</b>	<b>18.9</b>	<b>105.3</b>	<b>17.7</b>	<b>22.7</b>
Income tax expense	(25.0)	(3.6)	(18.5)	(3.1)	35.0
<b>Profit for the period</b>	<b>104.3</b>	<b>15.2</b>	<b>86.8</b>	<b>14.6</b>	<b>20.1</b>

### Performance Summary for 9M 2023

- **Revenue from sales and services** was 684.6 million baht, an increase of 14.9% from the previous year. The growth was mainly from domestic sales at a growth rate of 25.7%, especially in Modern Trade and Online channels, because of new product launches led by Rojukiss Skincare under the concept of Clinical Grade and Sis2Sis Color Cosmetic with new full-size products as mentioned above, along with the expansion of distribution channels and improving of instore product visibility. Furthermore, KISS is shifting its online approach and starting to sell more through Shopee Live, Lazada Live, and TikTok Live, which are all live-streaming channels for online shopping.
- **Cost of sales and Gross profit**, the gross profit margin was 52.9% (9M 2022: 51.9%). The gross profit margin improved from the previous year despite the USD exchange rate remaining volatile, and the THB is likely to depreciate more than last year. To minimize the risk, the company is using forward contracts continuously. Efficient product portfolio management also helps maintain the gross profit margin.
- **Selling and administrative expenses**  

Total selling expenses were 139.0 million baht, an increase of 35.1%, mainly from investment in marketing expenditures to drive long-term growth through both offline and online media since the beginning of the year.

While total administrative expenses were 93.8 million baht, decreased of 17.3% from the same period last year due to the record of allowance for doubtful accounts of consulting services for Sis2Sis brand in Indonesia, totaling 24.8 million in 9M 2022. However, the Company received partial payments from this account receivable amounting to 8 million baht in Q1/2023
- **Net Profit** was 104.3 million baht, an increase of 20.1% from the last year, while a net profit margin stood at 15.2%, increased from 14.6% last year from strong sales growth and effective cost and selling and administrative expenses management.

### Statement of Financial Position

#### Total Assets

As of 30 September 2023, the Company had total assets of 1,279.9 million baht, decreased by 17.1 million baht compared to the last year with the details as below:

- Cash and cash equivalents decreased by 59.8 million baht after payments of dividend to shareholders 2 times, totaling 84 million baht. The increase in cash was mainly from operating cash flow.
- Trade, other receivable, and Contract assets decreased by 5.0 million baht.

- Inventories increased by 35.8 million baht from new products in beauty category 15 million baht and healthcare products of 20 million baht.

**Total Liabilities**

As of 30 September 2023, the Company has total liabilities of 232.9 million baht, decreased by 45.7 million baht compared to the last year with the details as below:

- Trade and other payable decreased by 56.3 million baht from the payment according to the normal payment cycle.
- Long-term loan from related party decreased by 30.5 million baht from settlement.
- Other current liabilities decreased by 16.9 million baht from the payment of income tax for the fiscal year 2022.
- Trust receipts increased by 52.2 million baht from the inventory purchase.

**Shareholder's Equity**

As of 30 September 2023, shareholder's equity increased by 28.5 million baht from operating profit.

**Sustainability Management**

The company understands the need of consistent long-term growth and knows that stable growth is achieved by attaining success and creating value for all stakeholders. This involves a thorough understanding of the impact on both the environmental and social dimensions, which is the foundation of good corporate governance in business. By creating a mission-driven strategy with essential 3 pillars, including 1) Creating Innovation 2) Creating Social Impact 3) Creating Environmental Partner to align with the mission of developing the best beauty and health innovations that everyone can use, as well as being prepared to drive the needs and inspire sustainable Thais and Asians.

Award and Corporate Social and Community Responsibility



**Rojukiss Wins the Best of Brightening Serum Award at Sudsapda Beauty Award 2023 from ROJUKISS  
VIT C 17% ANTI-OXIDANT POWER SERUM**

ROJUKISS VIT C 17% ANTI-OXIDANT POWER SERUM skincare product received the BEST OF BRIGHTENING SERUM (GURU'S Pick) award from the announcement of the "Sudsapda Beauty Award 2023", an award ceremony for health and beauty products, including the best beauty clinics of the year 2023, with a total of 10 beauty categories, 81 awards, which including Beauty Salon, Spa & Wellness, Product for Men, Fitness & Health Center."