



ROJUKISS INTERNATIONAL PUBLIC COMPANY LIMITED
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ROJUKISS INTERNATIONAL

Management Discussion & Analysis

As of FY 2023

Key Performance for 2023

- Revenue from sales and services was 964.8 million baht, +3.5% YoY
- EBITDA was 216.1 million baht, +8.1% YoY
- Net Profit was 131.4 million baht, +6.2% YoY with net profit margin of 13.6%

Key Financial Performance (Million Baht)	2023	%	2022	%	%YoY
Revenue from sales and services	964.8	100.0	932.3	100.0	3.5
Cost of goods sold	(462.8)	(48.0)	(447.8)	(48.0)	3.4
Gross profit	501.9	52.0	484.5	52.0	3.6
EBITDA	216.1	22.4	200.0	21.4	8.1
Net Profit – Owners of the parent	131.4	13.6	123.7	13.3	6.2
Earnings per share (Baht)	0.22		0.21		

Executive Summary

- **In FY 2023, The revenue from sales and services was 964.8 million baht, an increase of 3.5% from the previous quarter**, with the details as follows;
 - Revenue from Domestic increased by 25.7% compared to the previous year. Which is growing across all channels, including online and offline, particularly in Modern Trade from Convenience stores and Health & Beauty stores. The growth primarily resulted from the successful launches of new products (NPDs) and marketing activities for domestic, both online and offline, that increased brand and product awareness throughout the year, according to research data from the NielsenIQ Retail Measurement 2023 report. The sell-out of the Rojukiss brand experienced a growth rate of 25.8% compared to the previous year, outpacing the total market's modest growth rate of 15.3% in the prior year.
 - Revenue from Overseas decreased by 51.2% compared to the previous year due to intense pricing competition in Indonesia. However, the company extended its international presence to China through online channels in TMall and Douyin.
 - Despite the revenue from healthcare decreasing by 20.2% compared to the previous year due to the Covid-19 situation unraveling, there is continuous demand, especially from Drug stores and Health & Beauty channels.
- **EBITDA was 216.1 million baht, an increase of 8.1% from the previous year, while Net Profit was 131.4 million baht, an increase of 6.2%.** The net profit margin was 13.6% (2022: 13.3%) From existing and new product sales. Furthermore, a marketing strategy that can reach, build awareness and stimulate product sales, as well as the expansion of distribution channels and effective management of costs and expenses in sales and administration.

Economic Overview and Outlook in 2024

In 2023, the Thai economy experienced a slower recovery than expected. Economic growth is still facing many challenges from internal and external factors. This has affected private investment, which has been able to grow gradually. At the same time, tourism is the key driver of Thailand's economic revival. Thailand's personal care and beauty products have experienced a growth rate of 8% (data: Statista market insight). This growth rate has been applied by the company in setting strategies and improving the development of new products. Expanding the product portfolio, distribution channels, and increasing business opportunities for 2024 can be summarized as follows.

- **Domestic Business.** The company's main focus is on sales from domestic expansion. The growth includes two primary brands, Rojukiss and Sis2Sis. The Rojukiss brand is still a strong and continuously growing brand of the company. In 2023, Nielson Company research data (Sell-out) shows that sales of Rojukiss brand Facial Moisturizers market grew by 25.8% compared to the previous year, while compared to the market overall grew by 15.3%, reflecting the company's strategy that intends to provide new products in response to the covering market. This includes focusing on marketing that reaches and serves the demands of the intended consumer. In 2024, the company has a goal of building Rojukiss brand to reach a 1,000-million-baht brand, reinforcing its brand identification. Leading products that meet the needs of consumers to become a Top of Mind brand by offering innovative products at affordable prices. Together with expanding distribution for color cosmetic products under the Sis2Sis brand, which was previously sold in sachets and mainly focused in convenience stores (CVS). To have more coverage with the "New Size" product line to expand the customer base and distribution channels simultaneously.
- **Overseas Business.** The company continues to develop strategies and an appropriate model for business to accelerate growth and improve competitiveness in overseas markets. Currently, the Company has secured 5 distributorships in overseas markets which are Indonesia, Vietnam, Laos, Myanmar, and China. The company plans to expand to new countries in Southeast Asia in 2024.

Financial Performance

Table 1 : Statement of Comprehensive Income for fiscal year

(Unit : Million Baht)

Consolidated Financial Statement for fiscal year period	2023	%	2022	%	%YoY
Revenue from sales and services	964.8	100.0	932.3	100.0	3.5
Cost of sales and services	(462.8)	(48.0)	(447.8)	(48.0)	3.4
Gross Profit	501.9	52.0	484.5	52.0	3.6
Other Income	4.0	0.4	7.7	0.8	(48.8)
Selling expenses	(196.0)	(20.3)	(158.0)	(16.9)	24.0
Administrative expenses	(114.1)	(11.8)	(159.1)	(17.1)	(28.2)
Gain (loss) from foreign exchange rate	1.5	0.2	3.9	0.4	(60.6)
Loss sharing from Joint Venture	-	-	(5.1)	(0.6)	N/A
Profit from step up acquisition	-	-	9.1	1.0	N/A
Total expenses and other income	(304.6)	(31.6)	(310.6)	(33.3)	1.0
Profit before finance costs and tax expense	197.3	20.5	183.1	19.6	7.8
Finance costs	(3.5)	(0.4)	(2.0)	(0.2)	77.8
Profit before income tax expenses	193.8	20.1	181.1	19.4	7.0
Income tax expense	(40.9)	(4.2)	(33.2)	(3.6)	23.2
Profit before deducting non-controlling interests	152.9	15.9	147.9	15.9	3.4
Non-controlling interests	21.5	2.2	24.2	2.6	(11.0)
Net Profit Attributable to the Company	131.4	13.6	123.7	13.3	6.2

Performance Summary for FY 2023

- Revenue from sales and services** s was 964.8 million baht, an increase of 3.5% from the previous year. The growth was mainly from a core brand led by Rojukiss Skincare under the concept of Clinical Grade and Sis2Sis Color Cosmetic with new full-size products, along with expanding distribution channels and improving in-store product visibility. Furthermore, KISS is shifting its online approach and selling more through E-Commerce, such as Shopee, Lazada, and TikTok.
 - Cost of sales and Gross profit** The gross profit margin was 52.0%, maintaining its profitability level even though the USD exchange rate remains volatile.
 - Selling and administrative expenses**
 - Total selling expenses were 196.0 million baht, an increase of 24.0%, mainly from investment in marketing expenditures. For example, promotional products through both online and offline channels, the release of presenters, and new product launch activities. This is one of the plans for 2023 that aims to raise recognition of the brand and eventually support sales for long term. However, the Company still put best effort to control the expense tightly in appropriate level.
- While total administrative expenses were 114.1 million baht, a decrease of 28.2% from the same period last year due to the record of allowance for doubtful accounts of consulting services for the Sis2Sis brand in Indonesia, totaling 24.8 million in 2022. However, the Company received partial payments from this account receivable amounting to 8 million baht in Q1/2023

Net Profit was 131.4 million baht, an increase of 6.2% from the previous year, while a net profit from Non-controlling interests decreased by 11.0% from the drop in healthcare revenue, in line with the circumstances of the spread of the COVID-19 virus that has eased up in 2023.

Table 2 : Statement of Comprehensive Income for 3 months period

(Unit : Million Baht)

Consolidated Financial Statement for 3 months period	Q4 2023	%	Q4 2022	%	%YoY	Q3 2023	%	%QoQ
Revenue from sales and services	280.2	100.0	336.5	100.0	(16.7)	239.0	100.0	17.2
Cost of sales and services	(140.6)	(50.2)	(161.2)	(47.9)	(12.8)	(116.4)	(48.7)	20.7
Gross Profit	139.6	49.8	175.3	52.1	(20.4)	122.6	51.3	13.9
Other Income	2.1	0.7	2.3	0.7	(8.9)	0.4	0.2	374.2
Selling expenses	(57.0)	(20.3)	(55.1)	(16.4)	3.4	(36.1)	(15.1)	58.0
Administrative expenses	(20.4)	(7.3)	(45.7)	(13.6)	(55.4)	(46.3)	(19.4)	(56.0)
Gain (loss) from foreign exchange rate	1.3	0.5	(0.4)	(0.1)	(413.7)	1.4	0.6	(7.1)
Total expenses and other income	(74.0)	(26.4)	(99.0)	(29.4)	(25.3)	(80.5)	(33.7)	(8.1)
Profit before finance costs and tax expense	65.6	23.4	76.3	22.7	(14.0)	42.0	17.6	56.1
Finance costs	(1.1)	(0.4)	(0.5)	(0.2)	105.3	(0.8)	(0.4)	26.4
Profit before income tax expenses	64.5	23.0	75.8	22.5	(14.8)	41.2	17.2	56.7
Income tax expense	(15.9)	(5.7)	(14.7)	(4.4)	8.4	(9.0)	(3.8)	76.3
Profit before deducting non-controlling interests	48.6	17.4	61.1	18.1	(20.4)	32.2	13.5	51.2
Non-controlling interests	1.8	0.6	22.0	6.5	(91.8)	1.9	0.8	(6.7)
Net Profit Attributable to the Company	46.8	16.7	39.1	11.6	19.8	30.2	12.6	54.9

Performance Summary for Q4 2023

- **Revenue from sales and services** was 280.2 million baht, a decrease of 16.7% from the previous year due to the recognition of revenue from healthcare products, which included Vail Covitrap nasal spray, which experienced a significant sales surge in the last year as it was a first quarter of sales and significant Covid-19 spread during that time. Compared to the previous quarter, revenue from sales and services increased by 17.2%, mainly from Rojukiss skincare, which continued to grow by 31.0%, including sales through Cross border channels, while revenue from Foreign Distributor in Indonesia started to improve as local distributor inventory showed improvement.
- **Cost of sales and Gross profit** The gross profit margin was 49.8% from price promotions to support sales at the end of the year. However, the company still aims to maintain an average gross profit level of 50-55%.
- **Selling and administrative expenses**
Total selling expenses were 57.0 million baht, an increase of 3.4% from last year and 58.0% from the previous quarter from promotional and marketing activities mainly on digital platforms.
While total administrative expenses were 20.4 million baht, a decrease of 55.4% from last year and 56.0% from the previous quarter from the subsidiary's one-time expenditures in Q3 2023, while Q4 2023, the Company received partial payments from the accounts receivable from trial product in new market.
- **Net Profit** was 46.8 million baht, an increase of 19.8% from the previous year and 54.9% from the previous quarter due to the drop in selling and administrative expenses.

Statement of Financial Position

Total Assets

As of 31 December 2023, the Company had total assets of 1,402.6 million baht, an increase of 105.5 million baht compared to the previous year with the details as below:

- Trade, other receivable, and Contract assets increased by 72.3 million baht from higher sales.
- Inventories increased by 57.3 million baht due to increased promotional products and ordering new products at the end of the quarter.
- Cash and cash equivalents decreased by 33.6 million baht after payments of dividends to shareholders 2 times, totaling 84 million baht. The increase in cash was mainly from operating cash flow.

Total Liabilities

As of 31 December 2023, the Company has total liabilities of 310.0 million baht, increased by 31.4 million baht compared to the last year with the details as below:

- Trust receipts increased by 82.1 million baht from the inventory purchase.
- Long-term loan from related party decreased by 30.5 million baht from settlement.
- Trade and other payable decreased by 21.7 million baht from the payment according to the normal payment cycle.

Shareholder's Equity

As of 31 December 2023, shareholder's equity increased by 74.1 million baht from operating profit.