



ROJUKISS INTERNATIONAL

Management Discussion & Analysis

As of Q1 / 2024

Key Performance Highlight

- **In Q1/2024, revenue from core business which came from sales of beauty products increased 40.0% YoY. As a result, the Company’s total revenue increased 2.8%, even though the sales of Vaill Covitrap nasal spray (“Covitrap”) by Hibiocy Co., Ltd (“HIB”), which is a subsidiary of the Company, declined 89% YoY. The decline of Covitrap sales was in line with the Company’s estimate because of the endemic as the Ministry of Health has declared COVID-19 as Communicable Disease Under Surveillance, rather than Dangerous Communicable Disease.**
 - Sales of the core beauty business which includes skincare and color cosmetics products increased 40% YoY; especially our core brand Rojukiss whose sales improved 43% YoY driven by a launch of new serum product range at the beginning of Q1/2024 with support by digital marketing campaign. At the same time, sales of existing products of Clinical Grade range continued to grow. Sales of color cosmetic products under brands Sis2Sis and Beauti Cute also increased with new products launched in this quarter.
 - Sales grew in all selling channels. Sales in offline channel increased 32% YoY with Modern Trade channel leading sales growth at 48%; while e-Commerce sales increased 314% with growth coming from across platforms, driven by holistic marketing activities – product reviews by KOL/KOC, Live streaming, and Affiliate programs.
- **Net Profit from core business increased 139% YoY.**
 - Core business net profit increased 139% thanks to new product launches in Q1/2024; while existing products continued to grow sales. In addition, the Company invested in marketing and advertising to boost sales in all channels as described above.
 - The net profit growth on core beauty business can offset the decrease in net profit from Covitrap sales. As a result, total net profit of the Company in Q1/2024 was THB 32.1 mm, decreased 21.2% YoY.

Financial Performance

Table 1 : Statement of Comprehensive Income

(Unit : Million Baht)

Consolidated Financial Statement	Q1 2567	%	Q1 2566	%	%YoY	Q4 2566	%	%QoQ
Revenue from sales and service	212.8	100.0	207.0	100.0	2.8	280.2	100.0	(24.1)
Cost of sale and service	(103.9)	(48.8)	(98.7)	(47.7)	5.2	(140.6)	(50.2)	(26.1)
Gross Profit	108.9	51.2	108.3	52.3	0.6	139.6	49.8	(22.0)
Other Income	2.0	0.9	0.1	0.1	1360.3	2.1	0.7	(4.7)
Selling expenses	(38.7)	(18.2)	(37.6)	(18.2)	2.8	(57.0)	(20.3)	(32.1)
Administrative expenses	(31.4)	(14.7)	(18.2)	(8.8)	72.3	(20.4)	(7.3)	54.0
Gain (Loss) from foreign exchange rate	(0.7)	(0.3)	(1.5)	(0.7)	(52.8)	1.3	0.5	(154.6)
Total expenses and other income	(68.8)	(32.3)	(57.2)	(27.6)	20.3	(74.0)	(26.4)	(7.0)
Profit before finance cost and tax	40.1	18.9	51.1	24.7	(21.5)	65.6	23.4	(38.8)
Finance cost	(1.4)	(0.6)	(0.7)	(0.4)	84.8	(1.1)	(0.4)	28.1
Profit before income tax expenses	38.7	18.2	50.4	24.4	(23.1)	64.5	23.0	(39.9)
Income tax expense	(6.6)	(3.1)	(9.6)	(4.7)	(31.3)	(15.9)	(5.7)	(58.3)
Profit for the year	32.1	15.1	40.8	19.7	(21.2)	48.6	17.4	(33.9)

Direction and Business Strategies in 2024

Beauty and Personal Care segments have been recovering after the COVID-19 endemic with the growth of the segment being expected to continue into 2024. Therefore, the Company targets revenue growth 20-30% YoY in 2024, with the following key focus.

- **Brand building** : The Company will invest further to uplift and promote the core brand Rojukiss with our target to hit THB 1,000 mm in sales on the brand behind new innovative product launched and investment in marketing campaigns as well as accelerating growth of color cosmetic products.

In Q1/2024, the Company launched a new serum product range under Rojukiss, which contain key ingredients at active dose level, resulting in high-quality products with distinct results and affordable price. Meanwhile, the existing product range of Clinical Grade continued to grow sales. Rojukiss brand will contain 2 skincare product ranges to compete in both mass market under Active Dose concept and cosmeceuticals market under Clinical Grade concept. Moreover, the Company will continuously invest in marketing activities, especially in digital. The Company believes that the said strategies will drive Rojukiss to become One-billion-baht Brand by 2024. In addition, in Q1/2024, the Company launched new color cosmetic products of Sis2Sis lipstick and Beauti Cute eye makeup to drive sales growth in color cosmetics segment which is expected to continue to grow in 2024.

- **Invest in marketing activities in all channels**: The Company will uplift and position the brand to Clinical grade level, become partner with experts in each product category, and focus on marketing in digital channel. The Company will focus on product review by KOC/KOL, Live streaming, and Affiliate program.
- **Domestic market**: Focus on driving growth in Thailand market both offline and online channels, especially Health & Beauty stores, Convenience stores, and e-Commerce.

Revenue from Sales

Revenue from sales in Q1 2024 was THB 212.8 mm, increased 2.8% YoY. Core business such as skincare and color cosmetic strongly contributed to revenue growth and offset the decline in sales of COVID-19 nasal spray as COVID-19 situation has improved.

Cost of sales and Gross Profit Margin

Gross Profit Margin of Q1 2024 was 51.2% (Q1 2023 : 52.3%). Gross profit margin was relatively the same level.

Selling Expense

Selling Expense of Q1 2024 was THB 38.7 mm, increasing 2.8% YoY, due to marketing and advertising expense to support new product launched. In the 2nd and 3rd quarter of 2024, the Company expects continuous investment in advertising to drive sales growth.

Administrative Expense

In Q1 2024, administrative expense was THB 31.4 mm, increasing THB 13.2 mm YoY, because in the Q1 2023, the Company received payment from overdue customer relating to consultancy service to develop Sis2Sis brand in Indonesia amount of THB 8 mm. However, the Company already recorded a full amount of allowance for doubtful debt from the said customer. Thus, the Company reversed the allowance from doubtful debt which was a one-time item. As a result, Administrative Expense in Q1 2023 was 8.8% to sales, which was lower than normal. In Q1 2024 there was no such reversion. Administrative Expense in Q1 2024 was THB 31.4 mm, 14.7% to sales.

Net Profit

Net Profit in Q1 2024 was THB 32.1 mm, decreased 21.2% YoY. Net Profit Margin was 15.1%, decreased from 19.7% YoY. The decline in net profit YoY was mainly attributed to the decrease in sales of COVID-19 nasal spray, which was offset by the significant increase in net profit of skincare and color cosmetic products. In addition, Net profit in Q1 2023 was higher than normal, because administrative expense was lower than normal from the reversion of allowance of doubtful debt, which was a one-time item, while there was no such item in administrative expense of Q1 2024.

Statement of Financial Position

Total Asset

As of 31 March 2024, the Company's total asset was THB 1,423.9 mm, increased by THB 21.3 mm from December 2023 with the detail as below:

- Cash and cash equivalents increased THB 58.4 mm from operation.
- Inventories increased THB 61.7 mm from ordering new products to support sales.
- Trade, other receivable, and Contract assets decreased THB 92.4 mm from the Company rushing to collect debts from customers.

Total Liabilities

As of 31 March 2024, the Company total liabilities were THB 324.8 mm, increased by THB 14.8 mm from December 2023 with the detail as below:

- Trade and other payable decreased THB 23.2 mm from payment according to normal payment cycle.
- Trust receipt increased THB 35.7 mm baht from importing more products to support sales.

Equity

As of 31 March 2024, the Company's equity increased THB 6.4 mm from December 2023. Retained earnings increased THB 31 mm from net profit of Q1 2024. Non-controlling interests decreased THB 25 mm because of a reduction of registered capital of Hibiocy Company Limited (HIB) amount to THB 25 mm by reducing preferred shares, and the Company acquired all ordinary shares of HIB.