



# ROJUKISS INTERNATIONAL

## Management Discussion & Analysis

As of Q2 / 2024

**Key Performance Highlight in Q2/2024**

- Revenue from sales THB 308.8 mm. (+29.4% YoY, +45.1% QoQ)
- EBITDA THB 57.9 mm. (40.9% YoY, 35.6% QoQ)
- Net Profit THB 38.7 mm. (23.3% YoY, 20.4% QoQ)
- Net profit attributable to shareholders of the Company THB 38.7 mm. (41.2% YoY, 24.8% QoQ)

Consolidated Financial Statement (Unit: Million Baht)	Q2 2567	%	Q2 2566	%	%YoY	Q1 2567	%	%QoQ
Revenue from sales and service	308.8	100.0	238.5	100.0	29.4	212.8	100.0	45.1
Cost of sale and service	(144.5)	(46.8)	(107.1)	(44.9)	34.9	(103.8)	(48.8)	39.2
<b>Gross Profit</b>	<b>164.3</b>	<b>53.2</b>	<b>131.4</b>	<b>55.1</b>	<b>25.0</b>	<b>108.9</b>	<b>51.2</b>	<b>50.8</b>
<b>EBITDA</b>	<b>57.9</b>	<b>18.8</b>	<b>41.1</b>	<b>17.2</b>	<b>40.9</b>	<b>42.7</b>	<b>20.1</b>	<b>35.6</b>
<b>Net Profit</b>	<b>38.7</b>	<b>12.5</b>	<b>31.4</b>	<b>13.2</b>	<b>23.3</b>	<b>32.1</b>	<b>15.1</b>	<b>20.4</b>
Non-controlling interests	-	-	4.0	-	-	1.1	-	-
<b>Net profit (attributable to shareholders)</b>	<b>38.7</b>	<b>12.5</b>	<b>27.4</b>	<b>11.5</b>	<b>41.2</b>	<b>31.0</b>	<b>14.6</b>	<b>24.8</b>
Earnings Per Share (Baht Per Share)	0.06		0.05			0.05		

**Executive Summary**

- **In Q2 2024, the company’s overall revenue increased by 29.4% YoY. Beauty care which is the Company’s core business continuously grew by 34.3% with the growth came across all selling channels, especially online e-commerce sales growing by 182.5% YoY.**
  - Our skincare business continued to grow, mainly the flagship brand Rojukiss which continuously and strongly grew into Q2/2024 by 62% YoY in sales driven by new product launches e.g. sleeping masks, treatment masks, pre-serum toner, and serum cleansers, while existing product ranges both premium Clinical Grade and affordable Base Serum range which was introduced in Q1/2024 have been in growing trends driven by digital marketing and promotion activities across selling channels. Meanwhile, sales of COVID-19 nasal spray under Vaill Covitrap brand of HIBIOCY Co., Ltd. ("HIB"), a subsidiary, decreased by 57.7% YoY, in line with the Company's forecast given endemic situation.
  - Sales grew in all selling channels with offline channel growth by 22.2% YoY especially Modern Trade channel growing by 27.2%, and e-Commerce sales growth by 182.5% driven by holistic marketing activities – product reviews by KOL/KOC, Live streaming, and Affiliate programs.
- **Net profit increased by 23.3% YoY, with the net profit attributable to the owner of the Company in Q2/2024 at THB 38.7 mm, increasing 41.2% YoY.**
  - In Q2/2024, the net profit of the Company increased significantly, amounting to THB 38.8 mm or 23.3% growth YoY. The net profit attributable to the owner of the Company became equal to the

Company's net profit as the Company has no longer non-controlling interests after purchasing 100% in common shares of HIB in Q1/2024.

## Financial Performance

**Table 1: Statement of Comprehensive income**

(Unit : Million Baht)

Consolidated Financial Statement	Q2 2567	%	Q2 2566	%	%YoY	Q1 2567	%	%QoQ
Revenue from sales and service	308.8	100.0	238.5	100.0	29.4	212.8	100.0	45.1
Cost of sale and service	(144.5)	(46.8)	(107.1)	(44.9)	34.9	(103.9)	(48.8)	39.2
<b>Gross Profit</b>	<b>164.3</b>	<b>53.2</b>	<b>131.4</b>	<b>55.1</b>	<b>25.0</b>	<b>108.9</b>	<b>51.2</b>	<b>50.8</b>
Other Income	2.0	0.6	1.3	0.6	49.0	2.0	0.9	2.1
Selling expenses	(78.0)	(25.3)	(65.3)	(27.4)	19.5	(38.7)	(18.2)	101.7
Administrative expenses	(33.5)	(10.9)	(29.2)	(12.3)	14.7	(31.4)	(14.7)	6.8
Gain (Loss) from foreign exchange rate	0.2	0.1	0.3	0.1	(46.9)	(0.7)	(0.3)	(125.9)
<b>Total expenses and other income</b>	<b>(109.3)</b>	<b>(35.4)</b>	<b>(92.8)</b>	<b>(38.9)</b>	<b>17.8</b>	<b>(68.8)</b>	<b>(32.3)</b>	<b>58.9</b>
<b>Profit before finance cost and tax</b>	<b>54.9</b>	<b>17.8</b>	<b>38.6</b>	<b>16.2</b>	<b>42.4</b>	<b>40.1</b>	<b>18.9</b>	<b>36.9</b>
Finance cost	(1.3)	(0.4)	(0.9)	(0.4)	56.4	(1.4)	(0.6)	0.2
<b>Profit before income tax expenses</b>	<b>53.6</b>	<b>17.3</b>	<b>37.7</b>	<b>15.8</b>	<b>42.1</b>	<b>38.7</b>	<b>18.2</b>	<b>38.1</b>
Income tax expense	(14.9)	(4.8)	(6.3)	(2.6)	135.9	(6.6)	(3.1)	124.1
<b>Profit for the year</b>	<b>38.7</b>	<b>12.5</b>	<b>31.4</b>	<b>13.2</b>	<b>23.3</b>	<b>32.1</b>	<b>15.1</b>	<b>20.4</b>
- Attributable to the owner of the company	38.7	12.5	27.4	11.5	41.2	31.0	14.6	24.8
- Non-controlling interests	-	0.0	4.0	1.7	-	1.1	0.5	-

### Revenue from Sales

In Q2/2024, the revenue from sales and services reached THB 308.8 mm or 29.4% increase YoY, driven by strong growth in the Company's core business of Beauty care.

### Cost of Sales and Gross Profit Margin

Gross profit margin Q2/2024 was 53.2% (Q2/2023 : 55.1%) due to the soft exchange rate of Thai Baht compared to the US Dollar.

### Selling Expenses

In Q2/2024, the sales expenses were THB 78.0 mm or 25.3% of sales (Q2/2023 27.4% of sales), indicating that the Company managed to invest in selling activities more effectively compared to last year.

### Administrative Expenses

The administrative expenses in Q2/2024 were THB 33.5 mm or 10.9% of sales (Q2/2023 12.3% of sales), indicating that the Company managed to spend in administrative activities more effectively compared to last year. The amount of administrative expenses increased in personnel both at our head office and warehouse given the growth of business in general.

### Net Profit

The Company's net profit Q2/2024 was THB 38.7 mm, growing 23.3% YoY with net profit margin at 12.5% to sales (Q2/2023 11.5%). The improved net profit margin indicated that the Company managed selling and administrative expenses more effectively. The Company is committed to maintaining efficiency of expenses for the rest of the year.

**Table 2: Statement of Comprehensive Income for 6-month period**

(Unit: Million Baht)

Statement of Comprehensive Income for 6-month period	6M 2567	%	6M 2566	%	%YoY
Revenue from sales and service	521.5	100.0	445.6	100.0	17.0
Cost of sale and service	(248.3)	(47.6)	(205.8)	(46.2)	20.7
<b>Gross Profit</b>	<b>273.2</b>	<b>52.4</b>	<b>239.8</b>	<b>53.8</b>	<b>14.0</b>
Other Income	3.9	0.8	1.5	0.3	(98.4)
Selling expenses	(116.7)	(22.4)	(102.9)	(23.1)	13.4
Administrative expenses	(64.9)	(12.4)	(47.5)	(10.7)	36.8
Gain (Loss) from foreign exchange rate	(0.5)	(0.1)	(1.2)	(0.3)	(54.5)
<b>Total expenses and other income</b>	<b>(178.2)</b>	<b>(34.2)</b>	<b>(150.0)</b>	<b>(33.7)</b>	<b>18.7</b>
<b>Profit before finance cost and tax</b>	<b>95.1</b>	<b>18.2</b>	<b>89.7</b>	<b>20.1</b>	<b>6.0</b>
Finance cost	(2.7)	(0.5)	(1.6)	(0.4)	69.4
<b>Profit before income tax expenses</b>	<b>92.3</b>	<b>17.7</b>	<b>88.1</b>	<b>19.8</b>	<b>4.8</b>
Income tax expenses	(21.5)	(4.1)	(15.9)	(3.6)	34.7
<b>Profit for the year</b>	<b>70.9</b>	<b>13.6</b>	<b>72.2</b>	<b>16.2</b>	<b>(1.8)</b>
- Attributable to the owner of the company	69.7	13.4	54.4	12.2	28.2
- Non-controlling interests	1.1	0.2	17.8	4.0	(93.6)

### Performance Summary Half Year 2024

- **Revenue from sales** amounted to THB 521.5 mm with 17.0% YoY growth. As previously mentioned, sales of our core business of Beauty care, along with marketing supports and new product launches, contributed significantly to the business growth. All channels facilitated the growth, resulting in a comprehensive 37.1% increase in our Beauty sales. However, sales of nasal spray products declined by 81.2% YoY as expected.

In terms of the region's expansion compared to previous year, our domestic sales increased by 39.8%, with modern trade channel growth 34.9%, general trade channels 24.2%, and e-commerce channels significant growth 235.6% YoY. In the interim, the revenues of overseas businesses experienced a 25.8% decline. The company is currently in the process of revising the strategic plan for the subsequent two years.

- **Cost of Sales and Gross Profit** The company's gross profit margin was 52.4% (2023: 53.8%), a minor decrease from the previous year. This is a consequence of the baht's declining exchange rate with the US currency.
- **Selling Expenses** were THB 116.7 mm, a 13.4% increase from the previous year. The primary cause of this increase was the rise in marketing and promotional expenses, aimed at boosting sales growth. Nevertheless, the selling expense to sales ratio for the six-month period was 22.4%, a decrease from 23.1% in the previous year, which indicates that the company is more efficient in managing its expenses.
- **Administrative Expenses** totaled THB 64.9 mm, 36.8% increase from 2023. The increase in administrative expenses occurred from the reversal of the allowance for doubtful debts of "Sis2Sis" consulting services in sales and marketing in Indonesia, which amounted to THB 9 mm baht in the first half of 2023 while there was no such item in 2024. As a result, the ratio of administrative expenses to sales for the six-month period increased from 10.7% to 12.4% compared to the same period last year. However, eliminating the expenses associated with uncertain debt estimates in the first half of 2024 and 2023 would result in administrative expenses of THB 61.9 mm and THB 55.5 mm, respectively. These figures represent 11.9% and 12.5% of sales for the first half of 2024 and 2023, respectively.
- **Net Profit** was THB 70.9 mm, down 1.8% from the previous year. The total net profit margin was 13.6%, a 16.2% decrease vs. the previous year from the reversal of the provision for doubtful accounts in the first half of 2023, along with increased selling and administrative expenses, contributed to this decline. The net profit of the owner's equity was THB 69.7 mm, representing a 28.2% increase for shareholders. The net profit margin improved from 12.2% to 13.4% in the first quarter of 2024, primarily due to the Company's acquisition of 100% of the common shares of HIB, a subsidiary, which resulted in a decrease in non-controlling interests.

**Statement of Financial Position as of 30 June 2024**
**Total Assets**

List of assets	30 June 2024		31 December 2023	
	Million Baht	%	Million Baht	%
Cash and cash equivalents	422.6	30.9	477.5	34.0
Financial assets	102.0	7.5	101.5	7.2
Trade and other current receivables	330.7	24.2	395.9	28.2
Current contract assets	205.1	15.0	152.6	10.9
Inventory	236.4	17.3	189.5	13.5
Other assets	71.2	5.2	85.6	6.1
<b>Total assets</b>	<b>1,368.5</b>	<b>100.0</b>	<b>1,402.6</b>	<b>100.0</b>

As of 30 June 2024, the Company's total assets were THB 1,368.5 mm, which decrease of THB 34.1 mm from the end of 2023.

- The decrease of THB 54.9 mm in cash and cash equivalents was caused by the Trust Receipt (TR) refund of THB 30.5 mm in Q2/2024 and the expenditure on the returned amount of the HIB's preferred stocks as well as the acquisition in HIB's common shares, totaling THB 30.3 mm in Q1/2024.
- The decrease of THB 12.7 mm in aggregate value of trade and other receivables, and contract assets.
- The increase of THB 46.9 mm in inventory of new products for sales.

**Liability and Shareholder's Equity**

Liability and Shareholder's Equity	30 June 2024		31 December 2023	
	Million Baht	%	Million Baht	%
Trust Receipt	83.3	6.1	113.8	8.1
Trade and other payables	152.5	11.1	146.1	10.4
Other current liabilities	36.4	2.7	37.8	2.7
Non-current liabilities	11.2	0.8	12.3	0.9
<b>Total Liability</b>	<b>283.4</b>	<b>20.7</b>	<b>310.0</b>	<b>22.1</b>
Paid-up registered capital	300.0	21.9	300.0	21.4
Retained Earnings – Appropriated Legal reserved	30.9	2.3	30.9	2.2
Retained Earnings – Unappropriated	177.5	13.0	161.8	11.5
Other components of Equity	576.8	42.1	523.9	37.4
Equity attributable to owner of the parent	1,085.2	79.3	1,016.6	72.5
Non-controlling interests	-	-	76.0	5.4
<b>Total Equity</b>	<b>1,085.2</b>	<b>79.3</b>	<b>1,092.6</b>	<b>77.9</b>
<b>Total liabilities and Equity</b>	<b>1,368.5</b>	<b>100.0</b>	<b>1,402.6</b>	<b>100.0</b>

As of 30 June 2024, the Company total liabilities were THB 283.4 mm, decreased by THB 26.6 mm from December 2023 with the detail as below:

- The decrease of THB 30.5 mm in Trust Receipt (import loan)
- The increase of THB 6.4 mm in trade and other payables

### Shareholder's Equity

As of 30 June 2024, the Company's equity was THB 1,085.2 mm, increasing THB 7.5 mm from December 2023 with the detail as below:

- The decrease of THB 76 mm in Non-controlling interests as the Company acquired all common shares of HIB in Q1/2024 for 100% ownership.
- The increase of THB 52.8 mm in Other components of Equity, as a result of THB 46.9 mm increase from premium on share capital in HIB (excess capital resulting from a change in shareholding proportion in HIB to 100%).
- Retained earnings increased THB 15.7 mm from net profits in Q1 and Q2/2024 totaling THB 69.7 mm netted 2023 dividend payment THB 54 mm, which were disbursed on May 21, 2024.

### Liquidity and cash flow



From 31 December 2023 to 30 June 2024, the Company received THB 63 mm in cash from its operations. The Company's cash flow from investing decreased by THB 1 mm from reinvesting the funds surplus into financial instruments. The cash flow from financing decreased by THB 117 mm due to the repayment of Trust Receipt (import loans) to reduce the Company's burden of interest expenses. Furthermore, the Company made a payment of THB 30.3 mm to acquire for 100% ownership in HIB and managed to pay THB 54 mm for 2023 annual dividends.

As a result, the Company's cash balance as of 30 June 2024, was THB 423 mm, decreased THB 55 mm from 31 December 2023.

## Executive Summary of 2024

The Company anticipates that the Beauty care market will experience growth in 2024 from Covid-19 recovery after endemic. Nonetheless, the market's expansion remains dependent on the overall economic climate, which is characterized by low GDP growth. The company aims for 15-20% growth in sales compared to previous year with 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.