

AFTER YOU



A N N U A L

report

Annual Report 2019

AFTER YOU PUBLIC COMPANY LIMITED



○ Table of Content

Message from Chairman and Managing Director.....	2
Financial Information Highlight.....	3
Directors and Executives.....	5
General Information and Corporate Profile.....	13
Policy and Overview.....	14
Nature of Business Operation.....	19
Risk Factors.....	38
Shareholding Structure and Management.....	44
Corporate Governance.....	56
Corporate Social Responsibility.....	66
Internal Control and Risk Management.....	75
Related Party Transaction.....	77
Management Discussion and Analysis.....	85
Report of the Board of Directors' Responsibilities for Financial Statements.....	92
2019 Report of the Audit Committee.....	93
Independent Auditor's Report.....	96



○ Message from Chairman and Managing Director



Mr. Premon Pinskiul
Chairman



Mr. Maetup T. Suwan
Managing Director

Dear Shareholders

Over the past 12 years since the Company was established, the Company has grown steadily and is well known as quality dessert cafe. Both large and small entrepreneurs are interested in entering dessert and bakery business, causing high competition. Consumers then have more choices. The Company had to adjust and implement various strategies to increase efficiency and meet the profit target. We managed our business with experience and care as well as improved our skills, knowledge, expertise and technologies to promote efficient system. We also continuously developed our staff and customer service. All these factors allowed the Company to steadily increase branches in the past years. Despite considerably economic slow down in 2020 combined with the spread of the Covid – 19 virus, the Company still commits to develop and maintain quality of the products along with the business plan for sustainable growth.

On behalf of the board of directors, I would like to thank our shareholders, business partners, customers, as well as executives and staff for the support and trust given to our company. We endeavor to maintain and develop our products and service and conduct our business with care to ensure that we grow with strength and sustainability in the years to come.



○ Financial Information Highlight

Income Statement		2019	2018	2017
Revenue from Contracts with Customers	Baht	1,194,315,228	871,088,755	723,963,348
Total Revenues	Baht	1,205,251,388	880,729,949	735,380,397
Gross Profit	Baht	772,539,303	582,117,220	479,628,997
Profit before Finance Cost and Income Tax Expenses	Baht	293,361,427	180,324,923	157,435,052
Profit for the Year	Baht	237,082,948	147,425,816	128,903,062
Total Comprehensive Income for the Year	Baht	236,460,162	147,146,008	128,903,062

Balance Sheet		2019	2018	2017
Total Assets	Baht	1,200,226,663	1,097,421,035	1,033,812,475
Total Liabilities	Baht	161,634,528	140,320,873	101,514,478
Total Shareholders' Equity	Baht	1,038,592,135	957,100,162	932,297,997
Registered and Paid-up Capital	Baht	81,562,356	81,562,356	81,562,356



Financial Ratio		2019	2018	2017
Gross Profit Margin	Percentage	64.68	66.83	66.25
Net Profit Margin	Percentage	19.67	16.74	17.53
Return on Equity	Percentage	23.76	15.61	14.81
Return on Assets	Percentage	20.64	13.83	12.79
Debt to Equity Ratio	Time	0.16	0.15	0.11
Liquidity Ratio	Time	4.40	4.49	6.63

Per Share Data		2019	2018	2017
Par Value	Baht	0.10	0.10	0.10
Earnings per Share	Baht	0.29	0.18	0.16
Dividend per Share	Percentage	99.60	104.90	94.70

○ Directors and Executives



Mr. Premon Pinskul
Chairman of the Board,
Independent Director,
Audit Committee Member and
Chairman of Nomination and
Compensation Committee



Mr. Wiwat Kanokwatanawan
Vice Chairman of the
Board and Nomination and
Compensation Committee



Mr. Piched Bhimayothin
Independent Director,
Chairman of Audit Committee
and Nomination and
Compensation Committee



Dr. Thamnoon Ananthothai
Independent Director and
Audit Committee Member



Mr. Maetup T. Suwan
Director and
Managing Director



Ms. Gulapat Kanokwatanawan
Director and Deputy
Managing Director



Mr. Mill Kanokwatanawan
Director and Assistant
Managing Director



Ms. Uraiwan Samanwong
Director of Manufacturing



Mr. Songpon Tasnasathienkij
Director of Operations



Ms. Chamaiporn Tungkittisuwan
Director of Finance
& Accounting



Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ^{/1}	Family relationship between management	Work Experience		
					Period	Position	Company
1. Mr. Premon Pinskul Chairman of the Board / Independent Director / Audit Committee / Nomination and Compensation Committee Latest Board member appointment date: 29 April 2019	64	○ Master of Arts (Economics), University of Detroit, USA ○ Master of Business Administration, University of Detroit, USA ○ Bachelor of Accounting, Thammasat University ○ IOD Program, Thai Institute of Director - Directors Certification Program (DCP) - Audit Committee Program (ACP) - Monitoring Fraud Management (MFM) - Monitoring Fraud Management (MFM) - Monitoring of the Quality of Financial Reporting (MFR) - Monitoring the Internal Audit Function (MIA) - Monitoring the System of Internal Control & Risk Management (MIR)	562,500 shares or 0.07%	-None-	2015 - Present	Chairman of the Board / Independent director / Audit committee	After You Pcl.
					2017 - Present	Nomination and Compensation Committee	After You Pcl.
					<u>Other</u> 2016 – Present	Chief Financial Officer	Impact Electrons Siam Co., Ltd. (Energy Business)
					2016 – Present	Director	Impact Solar Ltd. (Alternative Energy Business)
					2013 – Present	Independent Director / Audit Committee Chairman	JAS Asset Pcl. (Real Estate Business)
					2011 – 2015	Chief Financial Officer	GMM Grammy Pcl. (Media Business)
					2015	Director	GDC Co., Ltd. (Media Business)
					2015	Director	GMM CJO Shopping Co.,Ltd. (Media Business)
					2015	Director	GMM Z Co., Ltd. (Media Business)
					2015	Director	GMM TV Co., Ltd. (Media Business)
					2015	Director	GMM B Co., Ltd. (Media Business)
					2015	Director	GMM One TV Co., Ltd. (Media Business)
					2015	Director	GMM HD Digital TV Trading Co., Ltd. (Media Business)



Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ^{/1}	Family relationship between management	Work Experience		
					Period	Position	Company
					2015	Director	GMM Channel Co., Ltd. (Media Business)
					2015	Director	GMM SD Digital TV Trading Co., Ltd. (Media Business)
					2015	Director	GS1- Co., Ltd. (Media Business)
					2015	Director	Z Trading Co., Ltd. (Media Business)
					2015	Director	Digital Gen Co., Ltd. (Media Business)
					2015	Director	Digistream Co., Ltd. (Media Business)
					2015	Director	The News TV Co., Ltd. (Media Business)
					2015	Director	3-RD Co., Ltd. (Media Business)
					2015	Director	Teen Talk Co., Ltd. (Media Business)
					2015	Director	Radio Concept Co., Ltd. (Media Business)
					2015	Director	Image Publishing Co., Ltd. (Media Business)
					2015	Director	A Gen Event Agency Co., Ltd. (Media Business)
					2015	Director	A-Time Media Co., Ltd. (Media Business)
					2015	Director	STGMM Co., Ltd. (Media Business)
					2015	Director	GMM Channel Co., Ltd. (Media Business)
					2015	Director	GMM Channel Trading Co., Ltd. (Media Business)
					2015	Director	GMM One TV Trading Co., Ltd. (Media Business)
					2004 – 2011	Deputy Chief Financial Officer	Total Access Communication Pcl. (Telecommunication Business)



Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ^{/1}	Family relationship between management	Work Experience		
					Period	Position	Company
2. Mr. Wiwat Kanokwatanawan ^{/2} Vice Chairman / Nomination and Compensation Committee Latest Board member appointment date: 26 April 2018	65	o Bachelor of Engineering, University of Kentucky, USA	1,875,000 shares or 0.23%	o Father of Ms. Gulapat Kanokwatanawan and Mr. Mill Kanokwatanawan o Uncle of Mr. Maetup T. Suwan	2015 - Present	Vice Chairman of the Board	After You Pcl.
					2017 - Present	Nomination and Compensation Committee	After You Pcl.
					<u>Other</u> 1979 – 2018	Director and Chief Executive Officer	Pakfood Pcl. (Seafood and Frozen Food Business)
					Past – 2017	Director	Okeanos Co., Ltd. (Seafood and Frozen Food Business)
					Past – 2017	Director	Chao Pharya Coldstorage Co., Ltd. (Rental Property Business)
					Past – 2017	Director	Takzin Samut Co., Ltd. (Rental Property Business)
					Past – 2017	Director	Looklarn Charoen Co., Ltd. (Food Business)
					Past – 2017	Director	Kanokthorn Foods Industry Co., Ltd. (Food Business)



Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ^{/1}	Family relationship between management	Work Experience		
					Period	Position	Company
3. Mr. Phiched Bhimayothin Independent Director / Chairman of Audit Committee/ Nomination and Compensation Committee Latest Board member appointment date: 26 April 2018	61	<ul style="list-style-type: none"> ○ Bachelor of Science, Kasetsart University ○ IOD Program, Thai Institute of Directors - Directors Accreditation Program (DAP) 	562,500 shares or 0.07%	-None-	2015 - Present	Independent Director / Chairman of Audit Committee	After You Pcl.
					2017 - Present	Nomination and Compensation Committee	After You Pcl.
					<u>Other</u> 2014 – Present	Advisor	Pakfood Pcl. (Seafood and Frozen Food Business)
					1993 – 2014	Factory Manager	Pakfood Pcl. (Seafood and Frozen Food Business)



Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ¹	Family relationship between management	Work Experience		
					Period	Position	Company
4. Dr. Thamnoon Ananthothai Independent Director and Audit Committee Member Latest Board member appointment date: 27 April 2017	63	<ul style="list-style-type: none"> ○ Ph.D. in International Management, Walden University Naples, Florida, USA ○ Master of Business Administration, The University of Sarasota, Sarasota City, Florida, USA ○ Bachelor's Degree in accountancy & Management, Eckerd College-St. Petersburg, Florida, USA ○ IOD Program, Thai Institute of Directors <ul style="list-style-type: none"> - Directors Certification Program (DCP) - Director Accreditation Program (DAP) - Audit Committee Program (ACP) - The Role of Chairman Program (RCP) - Understanding the Fundamental of Financial Statement (UFS) 	562,500 shares or 0.07%	-None-	2015 - Present	Independent Director and Audit Committee Member	After You Pcl.
					<u>Other</u> 2014 – Present	Executive Director	Merchant Partners Asset Management Ltd. (Financial Business)
					2014 – Present	Executive Director	Merchant Partners Ltd. (Financial Business)
					2007 – Present	Vice Chairman of the Board of Directors and Audit Committee Chairman	Better World Green Pcl. (Service Business)
					2007 – Present	Deputy Chairman of the Board of Directors and Audit Committee Chairman	IFS Capital (Thailand) Pcl. (Financial Business)
					2004 – Present	Executive Director	Merchant Partners Securities Pcl. (Financial Business)
					2004 – Present	Independent Director, Audit Committee Member, and Nomination and Remuneration Committee Chairman	Thai Union Group Pcl. (Seafood-based Food and Frozen Food Business)
					2001 – 2015	Executive Board Member and Clearing House Subcommittee Member	Agricultural Futures Exchange of Thailand
					1997 – Present	Director in Economic Sector Committee	The Federation of Thai Industries
					2009 – 2015	Audit Committee Member	Bangkok University
					2005 – 2015	Independent Director and Audit Committee Member	Property Perfect Pcl. (Real Estate Business)



Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ¹	Family relationship between management	Work Experience		
					Period	Position	Company
5. Mr. Maetup T. Suwan ¹² Director and Managing Director Latest Board member appointment date: 26 April 2018	46	<ul style="list-style-type: none"> ○ Master's degree in industrial design, Pratt Institute, USA ○ Bachelor's Degree in interior design, School of Visual Arts, USA ○ Bachelor's Degree in business administration, St. Thomas Aquinas College, USA ○ IOD Program, Thai Institute of Directors <ul style="list-style-type: none"> - Director Accreditation Program (DAP) 	239,793,750 shares or 29.40%	○ Nephew of Mr. Wiwat Kanokwatanawan	2010 – Present	Director and Managing Director	After You Pcl.
					2015 – Present	Director	Aurum and Aurum Co., Ltd.
					2017 – Present	Director	After You Hong Kong Limited
					2019 – Present	Director	M & M 2007 Co., Ltd.
					<u>Other</u> 2010 – 2019	Deputy Chairman of the Board of Directors and Audit Committee Chairman	M & M 2007 Co., Ltd.
					2004 – Present	Executive Director	Prima Publishing (Publishing business)
6. Ms. Gulapat Kanokwatanawan ¹² Director and Deputy Managing Director Latest Board member appointment date: 29 April 2019	38	<ul style="list-style-type: none"> ○ Bachelor's Degree in business administration (International Program, Marketing) Thammasat University ○ IOD Program, Thai Institute of Directors <ul style="list-style-type: none"> - Director Accreditation Program (DAP) 	259,669,759 shares or 31.84%	<ul style="list-style-type: none"> ○ Daughter of Mr. Wiwat Kanokwatanawan ○ Older sister of Mr. Mill Kanokwatanawan 	2010 – Present	Director and Deputy Managing Director	After You Pcl.
					2015 – Present	Director	Aurum and Aurum Co., Ltd.
					2018 – Present	Director	After You Hong Kong Limited
					2019 – Present	Director	M & M 2007 Co., Ltd.
					<u>Other</u> 2010 – 2019	Director	M & M 2007 Co., Ltd.
					Present	Director	Looklarn Charoen Co., Ltd. (Food business)



Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ¹	Family relationship between management	Work Experience		
					Period	Position	Company
7. Mr.Mill Kanokwatanawan ¹² Director and Assistant Managing Director Latest Board member appointment date: 29 April 2019	33	○ Bachelor of Arts in Economics (International Program), Chulalongkorn University	14,982,187 shares or 1.83%	○ Son of Mr. Wiwat Kanokwatanawan ○ Younger brother of Ms. Gulapat Kanokwatanawan	2015 – Present	Director	After You Pcl.
					2016 – Present	Assistant Managing Director	After You Pcl.
					2017 – Present	Director	After You Hong Kong Limited
					<u>Other</u> 2012 – 2016	Relationship Manager	Siam Commercial Bank PCL. (Financing business)
8. Mr. Songpon Tasnasathienkij Director of Operations	44	○ Bachelor's Degree in accounting, University of Thai Chamber	320,087 shares or 0.04%	-None-	2010 – Present	Director of Operations	After You Pcl.
9. Ms.Uraiwan Samanwong Director of Manufacturing	41	○ Bachelor of Home Economics, Food and Nutrition, Rajamangala University of Technology Krungthep	330,087 shares or 0.04%	-None-	2007 – Present	Director of Manufacturing	After You Pcl.
10. Ms. Chamaiporn Tungkittisuwan Director of Finance & Accounting	41	○ Master of Business Administration, California State Polytechnic University Pomona, USA ○ Bachelor's Degree in accounting (Honors), Chulalongkorn University	320,187 shares or 0.04%	-None-	2013 – Present	Director of Finance & Accounting	After You Pcl.
					<u>Other</u> 2007 – 2013	Chief Accountant	Bumrungrad International Limited (Hospital business)

Remark: ¹ Shareholding information as at 11 March 2020

¹² Authorized Director to sign on behalf of the Company



○ General Information and Corporate Profile

Company Information

Company name	: After You Public Company Limited
Type of business	: Dessert cafe
Head office	: 1319/9 Soi Pattanakarn 25, Pattanakarn Road, Suanluang, Bangkok 10250
Company registration number	: 0107559000109
Telephone	: 0 2318 4488
E-Mail	: contactus@afteryou.co.th
Website/Homepage	: http://www.afteryoudessertcafe.com
Registered capital as at 31 December 2019	: 81,562,500 Baht
Issued and paid-up capital as at 31 December 2019	: 81,562,356 Baht
Type and amount of outstanding shares	: 815,623,561 Ordinary shares at 0.10 Baht per share

References

Securities registrar

Securities registrar	: Thailand Securities Depository Company Limited
Head office	: 93 Ratchadaphisek Road, Dindang, Bangkok 10400
Telephone	: 0 2009 9000
Fax	: 0 2009 9991

Auditor

Auditor	: EY Office Limited
Head office	: Lake Rajada Office Complex 193/136-137, 33rd Floor Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone	: 0 2264 0777
Fax	: 0 2264 0789-90

Internal auditor

Internal auditor	: DIA Audit Company Limited
Head office	: 958 On-Nut Road, Suanluang, Bangkok 10250
Telephone	: 0 2332 9806
Fax	: 0 2311 5567



○ Policy and Overview

Business Vision and Goal

After You Public Company Limited (Hereinafter “the Company”) is committed to be the leader in the dessert business which emphasizes on the standard of quality, and maintain the popularity of consumers by each of the products under the brand name “After You”. With attention to detail, including the continuous creation of new menus, adding variety to novelty and to accommodate the changing of consumer needs, including the development of business opportunities to enhance the competitiveness in the ASEAN Economic Community (AEC). The Company has planned to add more branches to cover the service area throughout Bangkok metropolitan area, and also plans to expand into large cities in different provinces with high potential and purchasing power. In addition, the Company is seeking opportunities to expand the business into the neighboring countries, along with the expanding distribution channels and diversified product lines as well.

Significant Changes and Progression

Year	Significant Development
2005	<ul style="list-style-type: none">- The Company was established as Sea Munch Co., Ltd. by the Kanokwatanawan, T. Suwan, and Kinship family, to operate a restaurant business with the starting capital of Baht 2 million.
2007	<ul style="list-style-type: none">- Increased registered capital from Baht 2 million to Baht 5 million in March.- Changed business line and operated as a dessert cafe, launching under the brand name “After You”, opened its first outlet at J Avenue, Soi Thonglor 13.
2008	<ul style="list-style-type: none">- Changed the Company name into After You Co., Ltd. to be consistent with the brand.
2009	<ul style="list-style-type: none">- Opened the second branch of After You at La Villa, Phaholyothin.
2010	<ul style="list-style-type: none">- The Company has structured a group holding company by establishing After You 2007 Co., Ltd. (“After You 2007”) on 17 March 2010, and transferred all of the assets from Thonglor’s branch into this company.- Opened the new branch at Central World, under the supervision of the Company.- Central World branch was closed down, due to the fire incident at Central World.
2011	<ul style="list-style-type: none">- Opened two new branches; Siam Paragon and Crystal Park, under the supervision of the Company- Added product lines such as cookies and plastic wrapped dessert for take-away and for souvenirs.



Year	Significant Development
2012	<ul style="list-style-type: none"> - The Company has reorganized its structure and purchased all the assets from After You 2007, which previously transferred from Thonglor branch. - Continuity of branch expansion, both in the shopping center and community mall, opening new three branches of After You at Central Ladprao under the supervision of The Company, and at Int-Intersect Rama III and Silom Complex under the supervision of After You 2007. - Expanded distribution channels such as off-site catering services and wholesale products.
2013	<ul style="list-style-type: none"> - Re-opening of After You in the Central World after the fire incident. - The Company has restructured the group again, by purchasing and transferring all the assets of Int-Intersect Rama III and Silom Complex branches from After You 2007, to be the assets of the Company on 1 July 2013.
2014	<ul style="list-style-type: none"> - Increased registered capital from Baht 5 million to Baht 25 million in July, and onto Baht 50 million in December, to support the branch expansion and operations. - Continuity of branch expansion by opening 2 new branches: The Mall Bangkok and Siam Square. - Expanded new product line by opening a home-made ice cream shop, under the “Crumb” trademark at Central Embassy in June. - Started selling souvenirs under After You trademark.
2015	<ul style="list-style-type: none"> - Increased the registered capital from Baht 50 million to Baht 54 million in April to support the expansion of operations and branches. - Opened five more branches at: The Crystal Ratchaphruek, Tha Maharaj Mega Bangna, The Mall Bangkai, and Future Park Rangsit, in order to cover the urban areas. - Established the new factory in Sinsakhon Industrial Estate, Samut Sakhon to support the expansion of business and future growth. - Aurum and Aurum Company Limited, a subsidiary of the Company was registered and established to carry out procurement of raw materials for production to the Company. - Closed the “Crumb” homemade ice cream shop at Central Embassy, in September because the outcomes failed to meet the expectation.



Year	Significant Development
2016	<ul style="list-style-type: none"> - Started production at the new factory in Sinsakhon Industrial Estates, Samut Sakhon in January. - Continuously expanded After You branch. There were 3 new branches opened at Terminal 21, Seacon Square and Central Pinklao. - Expanded new product line: The ice shave shop “Maygori” was debuted at The Commons, Soi Thonglor 17 in February and its 2nd branch at Siam Square in June. - The Company was transformed into a public company and changed its name to After You Public Company Limited in March. - Changed par value from Baht 100 per share, into the value of Baht 0.10 per share and increased the registered capital from Baht 54 million to Baht 56 million in April. - Increased registered capital from Baht 56 million to Baht 72.50 million, offering 1.50 million shares to the Company’s directors, executive and/ or employees for 1.91 million shares and 161.59 million shares to the public. - The Company offered 165 million shares at a par value of Baht 0.10 per share to the public (IPO), including offering to the directors, executive and/ or employees of the Company on 14 - 16 December 2016. - The Company was listed on the MAI on 23 December 2016. - Started construction of new office building to use as an office, employee training facility, and distribution center, to support future business expansion of the Company.
2017	<ul style="list-style-type: none"> - Opened 7 new branches in Bangkok & Vicinities, which were Muang Thong Thani, Bangkok Hospital, Esplanade Rachada, MBK, The Promenade, Central Bangna, and Central Westgate. - Opened the first branch in up-country at the Mall Korat (Nakorn Rachasrima). - Introduced new product line “After You Durian” at Paragon Shopping Centre in May 2017. - The Factory passed and received the certificate of Good Manufacturing Practice (GMP) and Hazard Analysis and Critical Control Points (HACCP) in June. - First time overseas catering at Singapore in September and Malaysia in December. - Started Co-Branding scheme with other companies. - After You Pcl. received a certificate of honor as an outstanding factory according to Plant Governance via 2017 Community Participation Project.
2018	<ul style="list-style-type: none"> - Opened 2 new branches in Bangkok: Offices at Central World and Central Rama 2. - Opened 3 new branches in 3 provinces: Central Festival Chiang Mai, Central Plaza Udonthani and Terminal 21 Pattaya.



Year	Significant Development
2018	<ul style="list-style-type: none"> - Developed packaging to increase the delivery channel by the product will prepared by hand in freshly made desserts from the nearest branch of destination with specially developed packages suitable for the dishes. This helped increasing branches' sales without additional sales space or cafe worker. - Launched new take-home products (bun category) which were “Kanom Pang Noey Sod” (Butter bun with butter filling) and “Kanom Pang Nom Sod” (Butter bun with milk filling). - The factory received the Halal standard in dessert and beverage products with Registration number I 420 / 2018 in October.
2019	<ul style="list-style-type: none"> - Opened 4 new branches in Bangkok: Icon Siam, 101 The Third Place, The Market Bangkok and Eleven Bangkok. - Opened 2 new branches in up-country: Central Pathong and Central Festival Had Yai. - Additional investment in machinery to enable the factory to support the increased production capacity for the take-home products, especially the bread which has more new flavors including the production for OEM. - Expanding sales channels especially focusing on the Pop-up Store. Pop-up stores have been set up in 2 different models. The first model is a semi-permanent store where dining areas are available, and the menus offered are closely similar to menus offered in After You dessert cafe. The second model is a small kiosk where to-go products are mainly sold and setting up areas are usually in a high traffic location. - Started the construction of a new factory building to support the growth in the future, especially exports and overseas. - Continuously develop new business idea and concept to be launched in 2020.



Company's Structure and Subsidiary

As at 31 December 2019, the Company has three subsidiaries under its supervision, from which the following business structure implemented.





○ Nature of Business Operation

Revenue Structure

Revenue structure of the Company and its subsidiaries varied in each of the following types of business:

Business Type	Operated by	2019		2018		2017	
		Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
<u>Sale revenue</u>							
1. Dessert cafe	Company	1,111.13	92.19	832.23	94.49	704.29	95.77
2. Sale of goods and raw materials	Company	46.68	3.87	24.84	2.82	13.59	1.85
3. Catering and events	Company	35.60	2.96	14.02	1.59	6.08	0.83
4. Franchising	Subsidiary	0.90	0.07	-	-	-	-
Total sale revenue		1,194.31	99.09	871.09	98.90	723.96	98.45
Other income		10.94	0.91	9.64	1.10	11.42	1.55
Total		1,205.25	100.00	880.73	100.00	735.38	100.00

Remark: Other revenues includes interests, profit from investment, material leftovers, incentive from book sales, revenue recognition from unused gift vouchers, and the other compensation.

Services and Product Lines

1) Dessert cafe

1.1) After You

The Company operates a dessert cafe under the brand name “After You”, which offers a warm, family-like atmosphere, decorated with the concept of a casual restaurant which easily accessed by customers, all of the features thus create a wide range of customer's genders and ages, or from kids to the elders. At present, therefore, the Company releases more than 100 dessert and beverage products, divided into the following main categories:

- Dessert consists of freshly prepared desserts, served hot with ice cream. The main menu which has been popular among customers are such as Shibuya honey toast, Chocolate lava, and Kakigori, including the breakfast menu made from pancakes, ice cream, cakes.
- Beverages such as tea, coffee, chocolate, fruit juices.
- Souvenirs such as shirts, books, glasses, dessert tools.
- Take-home products and products to be purchased as souvenirs such as cookies, bread, toffee cake, to-go drinks.



Shibuya honey toast



Strawberry cheesecake
kakigori



Hot latte



To-go drinks



Chocolate lava



Pancake with sausage
and fried egg



Boba caramel milk tea



Souvenirs



As at 31 December 2019, After You operated in 37 branches as follows;

No.	Branch	Province	Type of location of branches	Operation time
1	J Avenue Thonglor 13	Bangkok	Community mall	11.00 – 24.00
2	La Villa Paholyothin	Bangkok	Community mall	11.00 – 23.00
3	Siam Paragon	Bangkok	Shopping center	9.30 – 22.30
4	Crystal Park	Bangkok	Community mall	11.00 – 23.00
5	Central Ladprao	Bangkok	Shopping center	10.00 – 22.00
6	Int-Intersect Rama 3	Bangkok	Community mall	11.00 – 23.00
7	Silom Complex	Bangkok	Shopping center	10.30 – 22.00
8	Central World	Bangkok	Shopping center	10.00 – 22.00
9	The Mall Bangkapi	Bangkok	Shopping center	Mon-Thu. 10.30 – 21.30 Fri. 10.30 – 22.00 Sat. 10.00 – 22.00 Sun. 10.00 – 21.30
10	Siam Square One	Bangkok	Shopping center	12.00 – 24.00
11	Crystal SB Rajapruek	Nonthaburi	Community mall	11.00 – 22.00
12	Tha Maharaj	Bangkok	Community mall	10.00 – 22.00
13	Mega Bangna	Samut Prakan	Shopping center	10.00 – 22.00
14	The Mall Bangkae	Bangkok	Shopping center	Mon-Fri. 10.30 – 22.00 Sat-Sun. 10.00 – 22.00
15	Future Park Rangsit	Pathum Thani	Shopping center	Mon-Thu. 10.30 – 21.30 Fri. 10.30 – 22.00 Sat-Sun. 10.00 – 22.00
16	Terminal 21	Bangkok	Shopping center	10.00 – 22.00
17	Seacon Square	Bangkok	Shopping center	Mon-Fri. 10.30 – 21.30 Sat-Sun. 10.00 – 21.30
18	Central Pinklao	Bangkok	Shopping center	Mon-Thu. 10.30 – 21.30 Fri. 10.30 – 22.00 Sat. 10.00 – 22.00 Sun. 10.00 – 21.30
19	Muang Thong Thani	Nonthaburi	Exhibition hall	10.00 – 22.00



No.	Branch	Province	Type of location of branches	Operation time
20	Bangkok Hospital	Bangkok	Hospital	7.30 – 21.30
21	Esplanade Rachada	Bangkok	Shopping center	10.00 – 22.00
22	MBK Center	Bangkok	Shopping center	10.00 – 22.00
23	The Promenade	Bangkok	Shopping center	10.00 – 22.00
24	Central Bangna	Bangkok	Shopping center	Mon-Thu. 10.30 – 21.00 Fri. 10.30 – 22.00 Sat-Sun. 10.00 – 22.00
25	The Mall Korat	Nakhon Ratchasima	Shopping center	Mon-Thu. 10.00 – 21.00 Fri-Sun. 10.00 – 21.30
26	Central Westgate	Nonthaburi	Shopping center	Mon-Thu. 10.00 – 21.30 Fri-Sun. 10.00 – 22.00
27	Offices at Central World	Bangkok	Office building	Mon-Fri. 8.00 – 20.00 Sat. 11.00 – 18.00 Sun. Closed
28	Central Festival Chiangmai	Chiangmai	Shopping center	Mon-Thu. 11.00 – 21.30 Fri. 11.00 – 22.00 Sat-Sun. 10.00 – 22.00
29	Central Plaza Udonthani	Udonthani	Shopping center	Mon-Fri. 10.30 – 21.00 Sat-Sun. 10.00 – 21.00
30	Central Rama 2	Bangkok	Shopping center	Mon-Thu. 11.00 – 21.00 Fri. 11.00 – 22.00 Sat. 10.00 – 22.00 Sun. 10.00 – 21.30
31	Terminal 21 Pattaya	Chonburi	Shopping center	11.00 – 23.00
32	Icon Siam	Bangkok	Shopping center	10.00 – 22.00
33	101 The Third Place	Bangkok	Community mall	Mon-Thu. 10.00 – 22.00 Fri-Sun. 10.00 – 23.00
34	Central Patong	Phuket	Shopping center	10.30 – 24.00
35	The Market Bangkok	Bangkok	Shopping center	10.00 – 22.00
36	Eleven Bangkok	Bangkok	Community mall	12.00 – 24.00
37	Central Festival Hadyai	Songkla	Shopping center	Mon-Thu. 11.00 – 21.00 Fri-Sun. 10.00 – 21.30

1.2) Maygori

In 2015, the shave ice menu called 'Kakigori' which served in After You Dessert café received popularity and a very good response from consumers, and therefore in 2016, the Company envisioned a business opportunity to expand its consumer base. Consequently, the Company expanded the product line to ice shave shop under the name “Maygori”. The decoration of this shop aims at comfortable atmosphere and makes the customer feel at home, with the menu concept of Thai traditional dessert, i.e. shave ice topping with tropical fruits. The regular customers for this menu are diverse, not just students, but also women and the elderly. There are also variety of shave ice menus such as Ichigo and yogurt, Mont Blanc Chestnut, Hojicha, Ume, etc.



Ichigo and Yogurt



Mont Blanc Chestnut



Hojicha



Ume

As at 31 December 2019, Maygori operated in 1 branch as follows:

Branch	Province	Type of location of branches	Operation time
Siam Square One	Bangkok	Shopping center	Mon-Fri. 12.00 – 22.00 Sat-Sun. 11.00 – 22.00

2) Sale of goods and raw materials and OEM

The Company produces products under the Company's trademark for various groups of customers such as banks and financial institutions, airline operators and restaurants. Main products are such as pie, cookie, bread, and snack box for customers on various occasions. The Company also sells raw materials and products, both normal and customized products to meet the need of each customer.



Products under the Company's trademark for various customers



3) Catering and events

The Company has expanded its distribution channel into the off-site catering services such as party, wedding and events. Main products offered are such as Shibuya honey toast, Chocolate lava, Strawberry crumble, etc. In addition, to meet the need of consumers, the Company has expanded its distribution channels by focusing on selling through pop-up stores which have been set up in 2 different models. The first model is a small kiosk where To-Go products are mainly sold and are usually located in a high traffic location such as BTS and MRT. The second model is a semi-permanent store where dining areas are available and are usually located in various department stores. Menus offered are closely similar to menus offered in After You dessert cafe. Pop-up stores have benefited the Company in many ways, including market trial in various areas. Due to small amount of time and money invested, the Company has flexibility to expand the area to reach potential customers.



Events and Pop-up stores



Catering service



Market and Competition

Making a Difference in Products and Services

Factors that affect the Company's steadily growth in the dessert and bakery business are the variety of our products and services which differentiate us from other operators, in the following aspects.

1) Brand Awareness

Since the opening of the first branch of dessert and bakery cafe under the brand name “After You” in 2007, the Company has been well recognized by consumers, either via the word of mouth or social network communication, about the quality of our products and services, resulting in the popularity among the consumer which increase rapidly and continuously until present. After You Dessert Cafe started with the passion for sweet dessert in the childhood of Ms. Gulapat Kanokwatanawan, a major shareholder of the Company, coupling with her long time experience of making desserts, including the writing of “May Made” dessert recipe book, all of which making “After You” well known among people who love to make and eat desserts. Assembled with the identity of the cafe is a dessert served hot, plus the attention to detail, and the continuity of new menus, combining with the cozy and friendly decoration concept, all are factors which make After You maintains popularity among people of all ages, from children, students, workers, to the elders.

2) Quality and Taste

The Company has a policy of focusing on inventing new products continuously and offering products which are different from competitors, in the aspect of quality, and the freshness of raw materials used, including a variety of products, to the customers. The Company first started with the menu presentation of ice cream topling with freshly made desserts, which was a different practice from the general dessert cafe at that time, until being recognized as the first leading café of freshly cooked desserts. Furthermore, the Company emphasizes on quality control, i.e. raw material supply, the selection of good quality ingredients, and nutritional standards. We always implement the quality inspection of raw materials before the production process begins. The process is operated by the Company's own central kitchen and there is a transportation system for the raw materials and foods, transported from the central kitchen to the branches, including the use of standard shipping companies. These processes enable the control of the quality of raw materials and products sent to various branches. Products that are cooked at the branch will also be subject to quality checks before serving to customers, which maintains the Company's product quality and standard equally in all branches.

In addition, the Company usually develops and invents new products, offering a special menu to customers during major festivals such as Halloween and Valentine's Day. Generally, the new menus will be introduced



every 2 months to create options for customers, as well as a difference from the competition. It also promotes and increases the frequency of dessert meal among customers. Those menus are mostly popular and well recognized by customers, and the more popular menus would be listed as a regular menu to add variety to the service.

When home delivery or Food Delivery becomes popular, the Company has launched more new take-home products. The Company also develops special packaging for fresh products previously sold only in the store to ensure that those fresh products can be delivered through Food Delivery with the same quality and taste as eating in the store. With the Food Delivery channel, products are prepared from a branch near the customer's destination in order to keep good condition of desserts. Selling through Food Delivery channel enhances sales per branch without additional sales space or cafe worker.

3) Excellent Service

The Company emphasizes on the quality of service and maintains impression among consumers every time they have dessert or served by us. The customers will be greeted by employees with a cheerful smile, friendly, and courteous, while recommending the products. Fast service and cleanliness are also important factors in our food and dessert business, and therefore, the standard control manager, will randomly run the quality check of service for all employees, ranging from kitchen staff, waiters, and cashier, to ensure that all employees follow the practices of the Company, as well as to improve the quality and skills of the regular staff. In addition, the Company also randomly surveys the customer satisfaction about the dessert at the cafe through the questionnaire, in order to make some improvement.

4) Consumer Satisfaction

The Company attaches great importance to creating and maintaining the satisfaction of customers. We give a concern to every suggestions, feedback, and comments. In addition, the Company has the policy of encouraging the staff to ask about the level of satisfaction from the customers on a regular basis.

5) Maintaining and Expansion of Customer Base

The Company arranges point accumulation for customers. As at 31 December 2019, there were approximately 370,000 members. The rule is member will get 1 point from 100 Baht purchase which can be redeemed for the prize within the following year. Moreover, the Company usually releases new menus or newsletters available through member information such as email, etc., to create awareness of the Company's trademarks. In addition, the customer memberships can be used to collect statistics and to analyze statistic data to better understand the customer behaviors.



6) Social Marketing

The Company focuses on social media marketing through various channels.

- Facebook of the Company (<https://www.facebook.com/afteryoufanpage>)
- Instagram of After You (<https://www.instagram.com/afteryoudessertcafe>)
- Instagram of Maygori (<https://www.instagram.com/maygori>)
- Instagram of Ms. Gulapat Kanokwatanawan (<https://www.instagram.com/mayafteryou>)
- Line@ of the Company (@afteryoucafe)

All of the above marketing channels give access to new generation lifestyles and target customers of the Company. Most of them are teenagers who like to share the meal with friends or take their family to dessert cafe. Marketing through such channels has created incentives for repurchase of repeat customers and expansion of new customer base, as well as foster the strength of the brand. In addition, the Company resorts to the email channel as a way to present new products. The Company believes that the viral marketing or a buzz through online society is a marketing strategy that suits the business of the Company which can increase the sales and proved to be high efficiency, because it can spread more quickly and influent the decision of the customer, while maintaining the low cost of marketing.

7) Strategic Location

The Company expands the branch from a central area with a population density of its target customers and extends its branches every year to cover all the target area in Bangkok and metropolitan areas as well as major cities in upcountries. As at 31 December 2019, the Company had 37 branches of After You and 1 branch of Maygori located in the leading shopping centers and community malls.

8) Sale Promotion Service for Corporate Clients

The Company is engaged in the manufacturing of products under and not under the Company's trademark for various groups of customers both restaurant operators and not restaurants. The products sold are products normally sold by the Company and also made to order products to serve various customers' need and to ensure the highest customer satisfaction.

Distribution Channels

The Company has 7 channels of distribution: 1) Dessert cafe in Bangkok, suburban area and upcountries 2) Take-home 3) Catering and events 4) Original Equipment Manufacturing 5) Gift card sales (gift voucher) 6) Sale online via the Company's website and 7) Food Delivery



Pricing Policy

The Company has a pricing policy that takes into account key costs and expenses such as raw material costs, operating expenses, rental and personnel expenses, including the current market prices and the level of acceptability from customers. Products that the Company manufactures and sells are the premium grades, with the quality ingredients and attention to detail in every step, therefore the price is considered medium to high. Nevertheless, the Company believes that the pricing of the Company's products is reasonable compared to the quality.

Store type / Brand	Target group	Pricing
1. After You dessert cafe (including After You Durian)	Students, adolescence, adult, and elders, who have medium-to-high income and who likes to have a meal with friends and/or families	Dessert price per menu Baht 125 - 345 Beverage price per menu Baht 80 - 155 Take-home product Baht 22 – 175
2. Maygori shave ice cafe	Students, teenager, and adolescence, adult who have medium-to-high income	Price per menu Baht 75 - 245

Industry conditions and competition

According to the analysis of Kasikorn Research Center on 9 March 2020, estimated total revenue of the restaurant business in Thailand in 2020 will be Baht 4.02 – 4.12 hundred billion, decreasing from 2019 total revenue which is about Baht 4.31 hundred billion or representing 4.41% – 6.73% decrease due to the outbreak of Covid-19 virus. This crisis has reduced the number of foreign tourists. Thai people also avoid eating outside the house to keep themselves away from crowded area. Besides, the economic slowdown and the risk of layoff make domestic consumers be more cautious and reduce spending. Kasikorn Research Center has evaluated the impact on each type of restaurants as follows.

- 1) The restaurant which will be affected the most is full-service restaurants and restaurants which have the revenue from the store only. Full-service restaurants serve meals at the restaurant, and focus on serving food rather than drinks. It is expected that sales in 2020 will be at Baht 1.64 hundred billion.
- 2) The restaurant which will be moderately impacted is restaurants with limited services where customers have to order food at the counter and partially self-service (Self-Service Cafeterias),



and restaurants that also have Food Delivery channel. 2020 sales are expected to be at Baht 0.65 hundred billion.

- 3) The restaurant that has the least impact is restaurants with 100% home delivery / takeaway, drive-through and small restaurants (Street Stalls / Kiosks). Sales in 2020 are expected to be at Baht 1.79 hundred billion.

The Company is considered to have moderate impact because the company is a restaurant with limited service and various distribution channels such as Food Delivery, online sales through the Company's website, Original Equipment Manufacturing (OEM), sales through Pop-up Store and catering.

Supply of Products or Services

The supply of products and services is divided into two main sections: a central kitchen and a dessert cafe. The details are as follows.

Central Kitchen

In January 2016, the Company moved its production line from the original 700 square meters central kitchen plant on Pattanakarn Road, Bangkok, onto the new plant located at Sinsakhon Industrial Estate, Samut Sakhon with the usable area of 5,000 square meters, to expand production capacity and raise production level to meet international standards and support the future business growth. This new central kitchen plant can accommodate up to 40 - 45 branches in one shift. If there is an increase in number of branches or demand of products, the central kitchen can increase overtime hours or increase work shift without any additional investment cost.

During the year 2018, the Company started construction of the new building at the central kitchen to use as a production site and storage to support future growth, especially export and overseas work. The building was partially completed and started to use in August 2019. The Company plans to invest more in machinery and equipment to increase production efficiency. Complete construction and fully usage of this new building are expected in mid year 2020 with the total usable area of approximately 5,200 square meters.

The central kitchen is the unit for raw material supply, quality control, dessert preparation and production for the best taste. It provides clean and safety environment, for storing raw materials and goods, in order to maintain the quality of raw materials and goods, before distributing them to various branches. The steps to procure products and services in a central kitchen plant can be divided into six steps.



1) Raw material procurement

The main raw materials for dessert are flour, sugar, egg, chocolate, butter, milk and fruit, all of which are supplied by both domestic and foreign suppliers. The production department will plan the production based on the sales estimates data that each branch manager inputs into the warehouse department to evaluate the quantity of raw materials and send the purchase requisition to the purchasing department.

Purchasing Department will have a process and procedure for selecting suppliers of these raw materials, by comparing at least 2 - 3 characteristics of the manufacturers and consider both features and qualities in each one of them, including their offering price and services. For raw materials that are regularly ordered, prices and quality will be reviewed at least twice a year, except for items with frequent price changes such as fresh or agricultural produce, then prices are reviewed at least every three months.

For raw materials with large quantities of orders or regular orders, the Company managed to contract with manufacturers and distributors of such items, in order to control the volume and pricing, for cost effective and to mitigate the risk of raw material shortages. In 2019, the Company Group placed orders for goods and raw materials from the first 10 major manufacturers and suppliers at 49 percent of the overall order value, and does not solely rely on any single manufacturer or supplier for more than 30%.

2) Quality Inspection

When raw materials are delivered to the central kitchen, the warehouse department will be responsible for inspecting all raw materials received as accurate and complete. The raw materials will be randomly inspected, to check the date of manufacture and expiry, packaging, freshness, color, odor, size and weight as prescribed, etc. Then the raw materials will be stored in the freezer, refrigerator or storage room temperature, depending on the type of raw materials, in order to maintain the quality of raw materials as always fresh. Under the First In First Out (FIFO) system, the raw materials will be circulated regularly and the rate of lost from expired goods will be reduced.

3) Preparation and Production

The central kitchen is the center of raw materials processing and arrange them as cooked foods (Food which has been prepared and packed in a container, ready to be cooked for a certain menu such as Shibuya honey toast or Kakigori, which prepared and cooked over 80 percent in advance) and instant foods (Ready-to-eat foods which packed in ready-to-use containers, such as cakes, bread, cookies and desserts in plastic wrappers) The production department will use the sales forecasts of each manager to plan production, estimate the use of raw materials and pick up raw materials from the warehouse. In production planning,



production department will be assigned a stock inventory (Safety Stock) to prevent the shortages. After processing and production finished, warehouse department will distribute raw materials and goods to various branches, to cook or sell in the cafe or stores.

The production process of the production department is divided into production lines according to the type of product, such as cakes, bread, shave ice, cookies, drinks, preparation, ingredients and packaging, starting by mixing the ingredients in proportion, according to the formula invented by product development department. The factory will further research on the production side, such as adjusting the ingredients or the method of production, calculating the appropriate storage life and delivery method. The employees are required to follow the procedures used to prepare and cook the desserts to get the same quality and standard products. After production, the quality control department will check the quality of the product in terms of production process and quality control before stocking or distributing to the branches.

The Company is committed to the development of its operations to be highly effective. Thus, some advanced technology will be procured to support the production process and the standard of quality control during production in order to obtain products quality in accordance with the standards set. In June 2017, the Company received the certified in GMP (Good Manufacturing Practice) and HACCP (Hazard Analysis and Critical Control Point) certificate in food production. In October 2018, the Company received Halal accreditation from the Office of the Central Islamic Committee of Thailand by certifying that the process has been carried out correctly according to Islamic principles.

4) Storing of raw materials and goods

Warehouse will store raw materials and goods in the room at the appropriate temperature to maintain the quality of the products to be fresh. Each item has a label that specifies the date of manufacture and expiry dates clearly. The Company uses FIFO management system to keep raw materials flowing regularly and reduce damage from expired goods.

5) Inventory Control

Warehouse and purchasing department or departments who request the order jointly check raw materials or goods ordered and recorded into the system. When the production needs, the quantity will be calculated according to the formula ingredients and prepare the relevant documents, along with picking raw materials from the warehouse to use. After production is completed, each item is packed into a box or bag or container and put in the warehouse, along with the relevant documentation. Then the logistic department will arrange the documentation before picking items from the warehouse and distribute to the branches.



In addition, in order to effectively control the inventory, the Company requires the warehouse and the production department to perform stock count at the end of each month which will be randomly checked by the accounting department.

6) Distribution of raw materials and goods

The Company distributes raw materials and products to various branches everyday, through the Company's cold storage and van, as well as transportation services from standard carriers. This enables the Company to control the quality of raw materials and goods well, and assure for the cleanliness, freshness, and hygienic, and also efficiently distribute within the time limit according to the delivery plan of the Company, which emphasizes on the cost management. Additionally, the Company also uses GPS tracking systems for efficient transportation management.

Dessert Cafe

Each of the Company's branches is responsible for the supply of raw materials and products from the central kitchen, storing system at the branches, preparation and cooking, customer service, payment collection process and inventory control, by the procedures as follows.

1) Procurement of raw materials and goods

Each branch of the dessert cafe will make 5 - 7 days sales forecasts according to the sales statistics of each period, to ensure that the amount of raw materials and goods ordered is the right amount, and consistent with the behavior of customers who access the site at each period of time, enabling the inventory management to be effective and raw materials to be still fresh. The central kitchen will process and deliver the products to each branch. For the short-lived raw materials which easily deteriorated and do not go through the production process at the factory, such as milk and fruits, branch managers will notify the purchasing department to process. Manufacturers and distributors will send raw materials and products directly to the branch to reduce delivery time and to ensure that raw materials and products are still fresh.

2) Storage of raw materials at the branches

Branch staff will be responsible for any goods received from the central kitchen, or from manufacturers and suppliers of raw materials that must be checked for accuracy and completion. Raw materials received from manufacturers and suppliers will be subject to a thorough quality inspection before recording the amount of raw materials in the sales system of the branch. Then raw materials will be stored in the freezer, refrigerator or storage room temperature, depending on the type of raw materials, in order to maintain the quality and



freshness of the products by the FIFO management system to circulate the raw materials effectively and reduce the rate of lost from expired goods.

3) Preparation and cooking desserts

When customers order and pay for the desserts and beverages at the cashier counter, their orders will be sent directly to the kitchen via online system and monitored by the checker and quality controller before serving to the customers. The preparation process is divided into two main lines: desserts and beverages. All employees will follow the kitchen operation procedures to prepare and cook desserts and beverages as specified by the Company, and to verify the authenticity of the items, including the aesthetics and standardization of each menu prior to serving, in order to obtain the same quality and standard of goods, the district manager and the quality control (QC) manager will randomly check the work procedures of all branches on a regular basis.

4) Customer Service

The staff and employees at each branch, from waiters, kitchen hands, cashier, steward or maids, are around 15 - 25 people per branch depending on the size of the branch. All staff must undergo training at the head office, and coaching on site, including tested for the skill and knowledge, prior to being a regular employee of the Company, in order to ensure that they have an understanding of the product, how it works, and the culture of the organization. In the aspect of customer service, the Company uses the course syllabus, instructional process and scoring to control their standard of works.

In addition, Quality Control Department will randomly check the quality of goods and service level of employees, including the overall cleanliness of facilities in each branch on a monthly basis, to ensure the quality of food and service is in accordance with the standards set by the Company. Moreover, the Company attaches great importance to the use of information from the customer feedback form to improve the service of the Company, regularly and continuously.

5) Payment Collection Process

Customers can pay at the store in many ways, including cash, credit cards, QR codes, Wechat, AliPay, gift vouchers of the Company, gift cards or e-vouchers of companies or operators who paid for products to the Company in advance for their customers. Branch managers count the cash and reconcile sale at the end of the day and send to the head office. Branch manager together with assistant manager or senior staff bring the cash from the sales to deposit into the bank account. There will be random check for the cash counting and handling procedures twice a month, once by the quality control manager and another



from the district manager to ensure that every branch follows the steps that the Company set forth strictly.

6) Inventory Control

The Company implements the waste control system, by requiring branch staff to record waste amount in the waste report before dumping it in the bin and there will be a check for the waste in the bin by the manager team 2 - 3 times a day. To effectively control the inventories, the Company requires every store to count 35 large items at the end of the day, and count all inventory at the end of the month. Furthermore, the operations and accounting team will randomly count the inventory at the end of each month.

Procurement of branch locations

Choosing the location and size of a branch is essential to the success of the dessert business, as it has a direct impact on earnings, market share, marketing plans, and the expenses incurred by the management and investment. The Company, therefore, weighs much importance of the location of the dessert cafe and set a strict procedure for any new branch opening as follows.

- 1) The Company has a research team to study and explore potential areas, either screened by the team or offered by shopping center, community mall, office building, hospital and others. The main factors that the Company considers for the decision to open the branch are detailed as follows.
 - (1) The location of the branch is in a very busy area both on weekdays and holidays, having high population density and high economic growth potential. The location is clearly visible, unblocked by anything, easy to access, resulting in a clear view of the storefront, as well as being a popular place for people when they plan to have a meal. It must also have the convenient transportation or means of traveling for the target customers to easily reach, either by private car or public transport, including sufficient parking area to facilitate the customer.
 - (2) The size of the rental area and layout of the shop fit the operation plan of the dessert cafe. In each branch, the Company prefers the medium-sized space of approximately 75 – 120 square meters, with an average seating of about 15 - 30 tables in order to streamline and effectively manage the business operation. For small branches focusing on selling take-home products, store area is approximately 30 - 45 square meters. In addition, the Company takes into account the appropriateness of the rental rates, contract terms, including utilities, all of which affect the investment payback period as well as the business outcomes of each branch.



- (3) The availability of shopping centers and department stores, such as good supermarkets, sufficient usable space and adequate parking lot, full of high quality restaurants in the shopping mall, and operating by the effective and experienced management team.
 - (4) Population in the area observed by the number of shelters or residences, educational institution, office building, the various type of community, all of which are taken into account for the business opportunities, growth of sales, and the acquisition of market share in the dessert business.
- 2) The Company's team will collect the data from the studies and surveys to analyze and convene, in order to assess the possibility of branch opening in such a location. Both the layout and size of the area of the branch, including the marketing plan will be taken into account, for the assessment of the accessibility for targeted customers, in parallel with the feasibility of investing according to the Company policy, respectively prior to proceeding to the approval process.

The Company has set the policy on investment framework, return on investment, and the payback period, as follows.

Investment Framework: The Company will use initial investment of approximately Baht 3.50 – 7.50 million. The investment will depend on the size and the cost of construction such as design and decoration, infrastructure systems (electricity, water, telephone and collection), and equipment.

Return on investment: Return on investment of a branch must not be less than the required rate which depends on the working capital such as the cost of raw materials, packaging fee, employee wages, rent, space, electricity, selling and administrative expenses, etc.

Payback Period: Not to exceed 1 - 2 years depending on the location, size, area and purchasing power of the consumer in the area, including relevant factors and elements.

- (3) The Company coordinates with the owner regarding the space rental, the offer or the respond to offers of locations, space and rental fee to the owner of the area.
 - (4) The Company designs and defines the service model of the new branch, either by the Company's team or external experts, before selecting the contractor whose performance is acceptable in accordance with the selection process of the Company. Furthermore, the Company is responsible for the documentation and paperwork in the process of construction



permits to relevant authorities.

- 5) After obtaining the permission of the relevant agencies, the Company's team will monitor and control all stages of construction, to prevent the mistakes, and also to control the budget. Additionally, the Company will monitor closely to ensure that construction period is in line with the initial plan and that the qualities of new branch comply with the standards set by the Company.



○ Risk Factors

Risk factors in the business operation and the hedging approach can be summarized as follows.

Business Risk

1) Risk of raw material procurement and rising prices

The main raw materials for the desserts and beverages are flour, egg, butter, milk, sugar, fruits such as strawberry, banana, and seasonal fruit such as marian plum, mangosteen etc., which can be volatile in price and quantity, depending on the demand and supply according to the current quantity of output entering the market, which relates to weather conditions each year. As a result, the cost of supply may be high. However, it may not be possible to immediately change the price of desserts and beverages according to the price of raw materials that may increase in any given time or unable to store the raw materials sufficiently, the Company will then lose the opportunity to generate sales.

However, the Company has collected information on sales of desserts and beverages from each branch which can be used to analyze and predict the amount of sales of desserts and beverages. It can also estimate and evaluate the quantity of raw materials to be used and can be ordered appropriately. For certain types of raw materials that are highly volatile or in high demand, the Company will enter into contracts to determine the quantity or prices that suppliers will have to sell to the Company. The sales contract is based on the principle of fairness for all parties and focuses on building good relationships with the sellers. In addition, the Company is also creating new products to take advantage of the good price and quality to compensate the cost. The procurement department also always recruits potential suppliers and manufacturers of raw materials.

2) Risk of high competition in the industry and the counterfeiting

At present, consumers in Thailand are more popular eating out and eat dessert after main course, or even eat as a snack. The competition is therefore high, and there is also the issue of counterfeiting and the emerging of new entrepreneurs in the dessert and foods industry. There are also dessert and beverage cafes from foreign countries, such as Korea and Japan, which run by both Thai and foreigners in the industry which may affect the market share, growth and performance of the Company.

For solving this problem, the Company focuses on maintaining outstanding product standards and services, including the launching of new products. Moreover, the Company provides the excellent quality and unique service to customers in order to continuously and consistently maximize the level of customer's satisfaction.



The taste of each menu is very unique that no other entrepreneur can imitate, leading to competitive edge against other entrepreneurs in this industry.

3) Risk in recruiting personnel in each branch

Recruiting and resigning problems are major problem in the restaurant industry and directly affect the cost of operation. Due to the Company's business and service which is dessert and beverage distribution, the personnel, is therefore, an important mechanism to drive the operation. It is also crucial to plan for new employee recruitment and ongoing training to support the opening of new branches and replace the employees who may resign in the field of service.

However, the Company cares for all levels of employees, and therefore uses the interpersonal system to get to know every employee, through a simple and effective training system. Continuous training includes career path and opportunities for talented employees to grow steadily. They can also be promoted to the level of branch manager or district manager in the future. Furthermore, the Company provides fair and appropriate allowances, compensation, and welfare. The Company continuously concerns about the appropriate welfare and problems solving approach. In the future, the Company will initiate the project in collaboration with the vocational training institutions, offering the students with practical or on-the-jobs training at the Company's branches. This is another channel for recruiting qualified employee who ready to work with the Company.

4) Risk of cash storage and management at branches

The Company accepts payment at the storefront of each branch in cash, credit card, QR code, gift voucher or e-voucher. Therefore, if the Company has higher sales per day, the increased cash in the care of employees will make higher risk of lost and cannot reconcile cash sales on that day.

However, the Company is aware of such risk and has taken measures to control the cash generated from the distribution of confectionery in each branch to reduce such risk by (1) setting minimum value for the cashier employees to be operated, and appoint the branch manager or team manager to monitor the balance and store the stock immediately. (2) Having the branch manager or manager team count and reconcile sale at the end of the day to head office. (3) requiring the branch manager to accompany the assistant manager or senior staff, to lead the cash from daily sales to bank accounts; and (4) Randomize cash counting and cash handling procedures twice a month, once by quality control manager and once from the district manager to ensure that every branch has followed the steps that the Company set forth strictly.

Furthermore, the Company encourages customers to make payment in non-cash method. In addition, the Company is in the process to launch the Company's application, which is expected to be complete in mid



year 2020. This application allows customers to make payment via E-Wallet, which will help to reduce the amount of cash in each branch.

5) Risk of the increase in rental fee, and the inability to find space, renew the lease, or to open new branches in department stores and community malls

Most of the Company's branches for desserts and beverages cafes are located in the department store and community mall, to which the Company leases space, with a lease term of approximately 3 - 6 years. Thus, the lease must be renewed after the contract expires. Nowadays the competition in this industry; food, desserts and beverages, is quite high. There is new outlet with dessert and beverage styles similar to the Company's products opening continuously. There is competition between entrepreneurs to get a location that is outstanding in the department stores, and therefore many department stores and community malls have bargaining power with entrepreneurs. This may cause department stores and community malls to hesitate to renew the lease with the Company if there are other operators willing to pay a higher rent, or maybe rent up when the contract is renewed. So, the Company is at risk of unable to find a rental area to open a new branch at the right rental rate. In other words, if there is any rent increase in the same area or the Company is required to pay a high rent for opening a new branch, thus affect the Company's performance significantly in terms of cost of rental premises.

However, the Company is a business partner of various leading department stores and community malls and maintains a good relationship with the landlord for a long time, including good rental history and performance. The Company never had any dispute with the landlord. Therefore, the past leases have been renewed throughout the terms at a reasonable price. Furthermore, since the Company is also a leading dessert and beverage service operator, being popular for any consumer products which attract consumers in department stores and community malls, therefore it is believed that this kind of risk is reduced.

In addition, the company is also looking for rental space with good location and potential besides the department store and community mall to open its branch. Examples are such as office buildings, hospitals, educational institutions or other locations with the possibility of opening a cafe as well as increasing off-site sales in form of Pop-up Store.

6) Risk of centralization of the Company's branches

In 2019, 93 percent of the Company's revenue comes from the sales of desserts and beverages through its 38 branches, of which 32 branches are located in Bangkok and its vicinity. If there are unforeseeable events such as political crisis, political demonstrations, or other events that may cause damages to those branches or cause them to close, the Company's performance and financial status may be affected significantly. In



addition, some ingredients stocked at those branches may be expired and must be thrown out. This will significantly affect the financial position and profitability of the Company.

However, the company plans to expand its branches into potential provinces where there is high purchasing power. In addition, all 32 branches in Bangkok and metropolitan area are distributed in various areas which will reduce the risk of branch centralization of the Company.

7) Risk of changing in consumer behavior

Considering the statistic from the past to the present, consumers have changed their eating habits and desserts all the time. They may have originally eaten only Thai desserts, but recently this trend has been changed to eat bakery or ice cream, or a combination of bakery and ice cream, etc. The Company may face the risk of changing in consumer behavior due to age, economic conditions, and social trends. These trends include the trend of the health-conscious consumer. If a large number of customers change their behaviors towards new trends, the Company's performance may be affected.

However, due to the Company focusing on customer's need and satisfaction, the Company emphasizes on research and development of its products to be always innovative. Research and development include healthy food to ensure that it can create new products that will be well received by the customers.

8) Risks in Information Technology System

The Company implements information technology system in the work of various departments such as accounting systems, raw material procurement, cost calculation, inventory management including point-of-sale system, member point collection. In addition, the Company is in process of developing its own application. Therefore, if the information technology system is malfunctioned or cannot be used normally, it may affect the Company's operation.

In order to reduce the information technology system risk, the Company has continually developed information technology system by preparing manual procedure to cover various work systems, backup and disaster recovery plan to ensure that the Company can continue its business in case of malfunction. In addition, the Company regularly educates employees regarding cyber attack to make them aware and be careful when working with information technology system.

9) Risk of Decrease in Number of Foreign Tourists

Restaurant business is one of the businesses related to tourism. After You is also one of the restaurants



which is the foreign tourist destination, leading to a lot of foreign customers especially in the branches in downtown area. So, any situation causing decrease in number of tourists may affect the volume of foreign customers of the Company and then impact to the Company's financial status and performance.

However, according to the Company's statistical data, more than 80 percent of the Company's customers are Thai and only a few branches in downtown area have high number of foreign customers. Thus, it is believed that reduction of number of foreign tourists would not significantly affect the company's financial status and operating results.

10) Risk from Epidemic

In the past when an epidemic occurred, there was an impact to business in several sectors including restaurant business. As the outbreak affects people's confidence in going to crowded places and in which the restaurant is considered one of the crowded places and almost all of the Company's branches are located in department stores or community malls where there are many people, the occurrence of an epidemic may cause the number of the Company's customers to decrease and then significantly affect the revenue of the Company.

However, due to an increase in the popularity of consumers in Food Delivery and the Company also has developed special packaging for products in the shop so that they can be delivered via Food Delivery channel with the same quality and flavor as eating in the store, it is believed that some customers will turn to use food delivery service instead of eating at branches. This will help reduce the impact on the Company's revenue. In addition, the Company always has high concern about cleanliness of the store because it is the important factor for food business. So, the Company has quality control department to check the Company's branches regularly for cleanliness and safety to make customers feel confident going to the store for service.

Management Risk

1) Risk of Major Shareholders Exceed 50 Percent

As of 31 December 2019, Ms. Gulapat Kanokwatanawan's group ("Kanokwatanawan Group") and Mr. Maetup T. Suwan's group ("T. Suwan Group") hold 37.07% and 31.77% of the total shares sold by the Company respectively and both groups have relative relationship. Therefore, they are likely to vote in the same direction. If the proportion of shares is combined, it will become a largest group of shareholders or holding more than 50% which can control the Company and has influence on the decisions that needed to be resolved at nearly every shareholder meeting except the vote for laws or regulations which requires three-fourths of the shareholders in the meeting. Therefore, other shareholders of the Company are at risk



of not being able to collect the votes to check and balance the matters proposed by the major shareholders to the meeting for further consideration.

However, the Board of Directors consists of 7 directors, of which 3 are independent directors. The chairman of the audit committee and the chairman of the board are also the independent director. They can check for counterbalance decision and approve before presenting the topic to the shareholders meeting. In addition, in the case that there is transaction relevant to the directors, then major shareholders, the key authority, and related parties who may have conflict of interest, all of them will not have the right to vote for approval of the transaction. Additionally, in the case of shares offering that affect the shareholders, all minor shareholders will have the right to vote and the objection requires only 10% of the shareholders attending the meeting. With all that being stated, all the approval of the transaction is subject to the rules and regulations of the Office of the Securities and Exchange Commission ("SEC") and the Stock Exchange of Thailand. ("SET").

2) Risk from Management that Relies on Executives or Major Shareholders

Since Mr. Maetup T. Suwan ("Mr. Maetup") and Ms. Gulapat Kanokwatanawan ("Ms. Gulapat") are the two co-founders of the Company, as well as being the major shareholders, executives, and directors, they are the key person for the Company management, who establish good reputation and recognition among consumers. They have also built up the financial strength and encouraged good performance of the Company all these years. Specifically, Mr. Maetup is in charge of the Company's management as a whole, i.e. the branch operation and expansion, while Ms. Gulapat is mainly responsible for the product development, including dessert recipes and menus released by the Company, and supervise marketing and advertising of the Company products. If the Company loses such key executives, the management, operation, and overall performance of the Company may be significantly affected.

However, the management structure of the Company is decentralized, and the scope of responsibilities is diversified into various lines. The executives and supervisors in various departments of the Company all have the knowledge, ability, and experience in the related field, including the long time work experiences with the Company. In addition, the Company has set a good management structure which consists of the plans to expand the Company's branches, business operations, and the annual budget management. Therefore, the supportive management structure for the decentralization of operations and the preparation of the above-mentioned plans will help reduce the risk of reliance on the two major shareholders/ executives as such.



○ Shareholding Structure and Management

The top 10 shareholders showed in book closing at 11 March 2020 were as follows:

	Shareholders	Number of shares	Percentage
1	<u>Ms. Gulapat Kanokwatanawan' s group</u> ^{/1}		
	Ms. Gulapat Kanokwatanawan	259,669,759	31.84
	Mr. Pruitt Kanokwatanawan ^{/2}	19,403,437	2.38
	Mr. Mill Kanokwatanawan ^{/2}	14,982,187	1.83
	Mrs. Uraiwan Kanokwatanawan ^{/3}	6,440,037	0.79
	Mr. Wiwat Kanokwatanawan ^{/4}	1,875,000	0.23
	Total of Ms. Gulapat Kanokwatanawan' s group	302,370,420	37.07
2	<u>Mr. Maetup T. Suwan' s group</u> ^{/1}		
	Mr. Maetup T. Suwan	239,793,750	29.40
	Ms. Kaniittha-Viriya T. Suwan ^{/5}	19,328,125	2.37
	Total of Mr. Maetup T. Suwan' s group	259,121,875	31.77
3	UBS AG Singapore Branch	31,798,991	3.90
4	Thai NVDR Co., Ltd.	17,123,445	2.10
5	Morgan Stanley & Co. International Plc.	7,792,700	0.95
6	Mr. Wirat Tanupran	5,754,800	0.71
7	Mr. Samraan Kanokwatanawan	5,000,000	0.61
8	Ms. Piyawan Phinidwararak	4,898,000	0.60
9	Tisco Mid/Small Cap Equity Fund	4,552,700	0.56
10	Mr. Atthawatt Sirisitthithongchai	4,400,000	0.54
11	Others	172,810,630	21.19
	Total	815,623,561	100.0

Remark: ^{/1} Ms. Gulapat Kanokwatanawan's group is a relative with Mr. Maetup T. Suwan's group

^{/2} Mr. Pruitt Kanokwatanawan and Mr. Mill Kanokwatanawan are younger brothers of Ms. Gulapat Kanokwatanawan

^{/3} Mrs. Uraiwan Kanokwatanawan is mother of Ms. Gulapat Kanokwatanawan

^{/4} Mr. Wiwat Kanokwatanawan is father of Ms. Gulapat Kanokwatanawan

^{/5} Ms. Kaniittha-Viriya T. Suwan is older sister of Mr. Maetup T. Suwan



Dividend Policy

Dividend policy of the Company

The Company has a policy to pay dividends to shareholders at the rate of not less than 50% of net income from the separate financial statements after deduction of corporate income tax and all reserves under the laws and the regulations of the Company. However, the dividend payment may be subject to change depending on the necessity and other suitability as the Board of Directors deems appropriate. The annual dividend payment must be approved by the shareholders' meeting, except for interim dividend payment where the Board of Directors may authorize the interim dividend to be paid from time to time if there is sufficient profit to do so, and the interim dividend payment will be reported to the next shareholders' meeting.

Dividend payment policy of subsidiaries

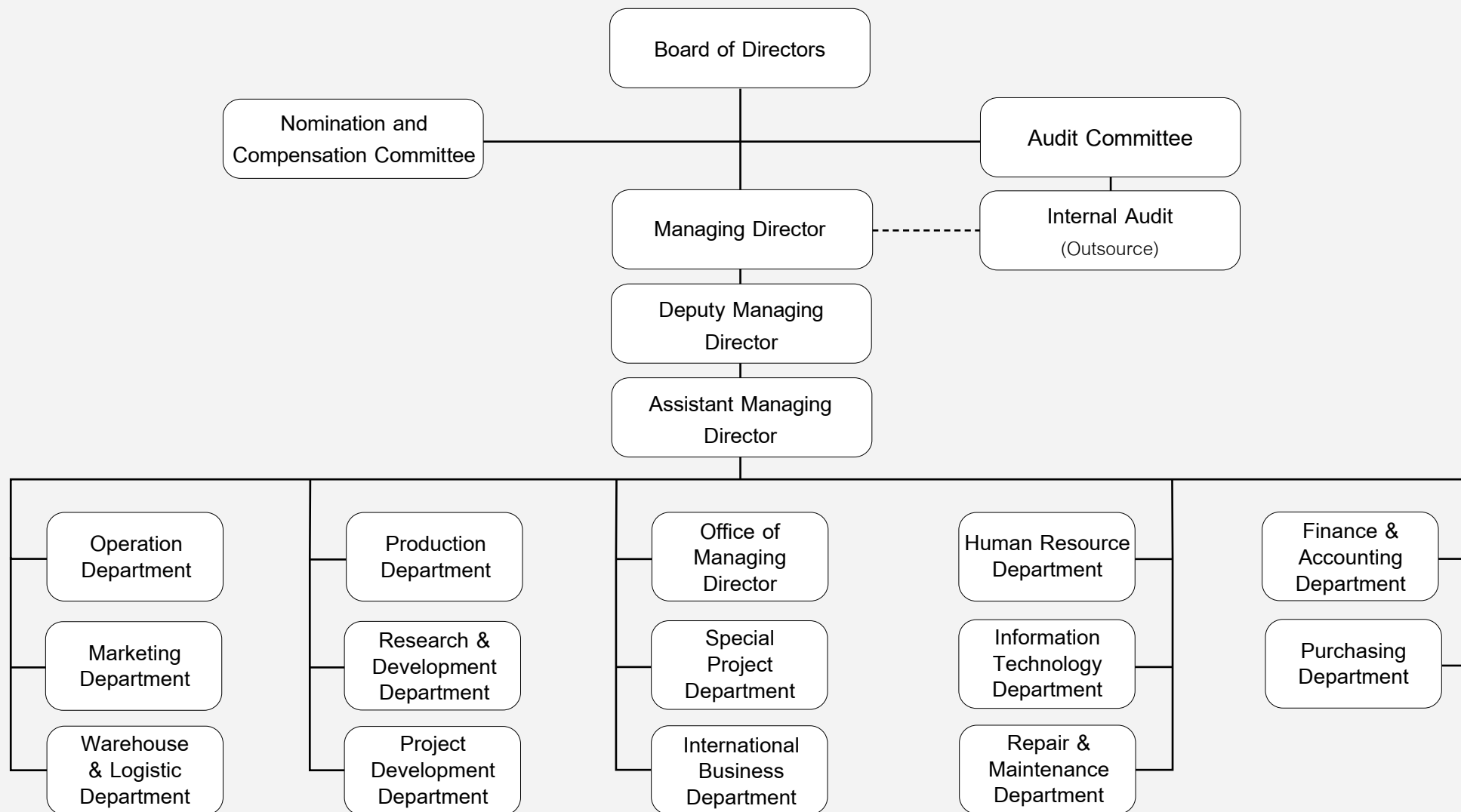
The dividend payment of the subsidiary will be subject to approval authority of the Board of Directors and shareholders' meeting of each subsidiary, while the liquidity, cash flow and financial position, the investment plans of each subsidiary must be taken into account, including other factors. In order to practice good corporate governance and transparency, when a subsidiary has a dividend payment, the board of directors of each subsidiary will report to the Board/ Audit Committee in the next meeting. Currently, Aurum and Aurum Co., Ltd., one of the subsidiaries of the Company, has a policy to pay dividends to shareholders at the rate of not less than 50% of net income from the separate financial statements after deduction of corporate income tax and other reserves as defined in the laws and the regulations of the Company.

The Board of Director has approved dividend payment to shareholders from the Company's financial statement for the period ended 31 December 2019, on the basis of THB 0.29 per share in total amount not exceeding Baht 236,530,832.69 or 99.60% of net profit after deduction of corporate income tax from the Company's separated financial statement. This is in line with the Company's dividend policy (not less than 50% of profit after tax from the Company's separated financial statement) while such payment will still need approval from 2020 Annual General Meeting of Shareholders.



Company's Structure

The Company had the structure as at 31 December 2019 as follows.





Management Structure

As at 31 December 2019, the Company had 3 committees; The Board of Directors, Audit Committee, and Nomination and Compensation Committee

Board of Directors

The Board of Directors of the Company as at 31 December 2019 consists of 7 members as follows:

Name-Surname	Position	Board meeting	
		Number of meeting	Number of attendance
1. Mr. Premon Pinskiul	Chairman of the Board, Independent Director, Audit Committee, and Chairman of Nomination and Compensation Committee	5	5
2. Mr. Wiwat Kanokwatanawan	Vice Chairman of the Board, Nomination and Compensation Committee	5	5
3. Mr. Piched Bhimayothin	Independent Director, Chairman of Audit Committee and Nomination and Compensation Committee	5	5
4. Dr. Thamnoon Ananthothai	Independent Director and Audit Committee	5	5
5. Mr. Maetup T. Suwan	Director	5	5
6. Ms. Gulapat Kanokwatanawan	Director	5	5
7. Mr. Mill Kanokwatanawan	Director	5	5

Secretary to Board: Ms. Chantanee Tantasuralerk



Authorized directors to sign on behalf of the Company according to the Company registration

The authorized directors of the Company are Mr. Wiwat Kanokwatanawan, Mr. Maetup T. Suwan, Ms. Gulapat Kanokwatanawan, and Mr. Mill Kanokwatanawan. Two of these four directors jointly sign with the Company's seal affixed.

Scope of authority, duties, and responsibilities of the Board of Directors

At the 2016 Annual General Meeting of Shareholders on 23 March 2016, the scope of authority, duties and responsibilities of the Board of Directors were determined as follows.

- (1) Performs duties and supervise the Company's operation to be in accordance with the laws, objectives, regulations, resolutions of the Board of Directors' meeting and resolutions of the shareholders' meeting, with accountability, prudence, and integrity, to protect the Company's interests.
- (2) Sets policies, visions, strategies, business directions, goals, business plans, budgets, management structure and approval authority of the Company and its subsidiaries as proposed by the management team. Supervise the management and performance of the subcommittee of the Company or any person assigned to perform the said duties to comply with the specified policies with efficiency and effectiveness in order to maximize value for the company and shareholders.
- (3) Establish risk management policy and consider important risk factors that may occur. Set guidelines for managing such risks and follow up the operations in accordance with those risk prevention guidelines.
- (4) Monitor and evaluate the performance of management team and / or sub-committees of the Company continuously and consistently in order to achieve the strategy and in accordance with the plan and budget.
- (5) Ensure that the Company and its subsidiaries have suitable and efficient accounting system, reliable financial report and audit, including having adequate and appropriate internal control and internal audit system.
- (6) To consider and approve the selection and appointment of the auditors and the appropriate remuneration proposed by the Audit Committee before submitting them to the shareholders for approval.



- (7) Determine a framework and a policy for salary structure, salary increase, bonus payment, remuneration, and rewards for the management team and also ensure that the remuneration system for the management team is appropriate.
- (8) Acknowledge audit reports of the Audit Committee.
- (9) Consider and approve any acquisition or disposal of assets (in the case where the size of the transaction does not require consideration of the shareholders' meeting), any investment in new businesses, and any operations according to relevant laws, notifications, rules, and regulations.
- (10) Consider, approve, and provide opinions for any related party transaction (in the case where the size of the transaction does not require consideration of the shareholders' meeting) of the Company and its subsidiaries according to relevant laws, notifications, rules, and regulations.
- (11) Consider and approve interim dividend payment to the Company's shareholders.
- (12) Review the risk management process and policy and monitor the operational result.
- (13) Ensure that there is no conflict of interest between the stakeholders of the Company and its subsidiaries. In the case where any director has any beneficial interest in any transaction with the Company or has his/her shares in the Company and/or its subsidiaries increased or decreased, that director shall inform the Company of the matter without delay.
- (14) Review the Company's policy on corporate governance, corporate social responsibility, and anti-corruption issue. Also consider and approve the annual report on the result of corporate governance, corporate social responsibility, and anti-corruption prepared by the assigned subcommittees.
- (15) Appoint subcommittees to assist and support the Board's duties as appropriate.
- (16) Appoint company secretary and/or secretary to the Board of Directors to assist the Board of Directors in performing various tasks to ensure that the Company's business operations comply with relevant laws and regulations.
- (17) Hire consultant or independent party to provide comment or recommendation as needed.
- (18) Prepare annual report and take responsibility for the preparation and disclosure of financial statements to reflect the Company's financial position and result of operation of the previous year to propose to



the shareholders' meeting.

- (19) Hold the annual general meeting of shareholders within 4 months from the end of the Company's fiscal year.
- (20) Consider and approve any matter by taking into consideration the interests of all shareholders and stakeholders of the Company, appropriately.
- (21) Establish succession plan for top executives of the Company.
- (22) Review and amend the Charter of the Board of Directors in accordance with the situation.
- (23) Authorize one or several directors or any other person to perform any tasks on behalf of the Board of Directors.

In this regard, the assignment of authority, duties, and responsibilities of the Board of Directors through empowerment of attorney-in-facts or substitute attorney-in-facts shall not enable the Board of Directors or its authorized persons to approve transactions that may lead to conflicts of interests (as defined in relevant rules and regulations), beneficial interests, all forms of benefits, or other kinds of conflicts of interests with the Company or its subsidiaries. An exception applies to the case of approval for transactions as per policies and regulations being considered and approved by the shareholders' meetings or the Board of Directors.

Audit Committee

The Audit Committee of the Company as at 31 December 2019 consists of 3 members as follows:

Name-Surname	Position	Board meeting	
		Number of meeting	Number of attendance
1. Mr. Piched Bhimayothin	Independent Director and Chairman of Audit Committee	4	4
2. Mr. Premon Pinskul	Independent Director and Audit Committee	4	4
3. Dr. Thamnoon Ananthothai	Independent Director and Audit Committee	4	4

Secretary to Audit Committee: Ms. Chantane Tantasuralerk



The Audit Committee held meeting with the auditor without Management joining the meeting 1 time. In addition, the Company hired DIA International Auditing Co., Ltd as an outsource internal auditor who reported directly to the Audit Committee.

Mr. Premon Pinskul and Dr. Thamnoon Ananthothai are the audit committees who have knowledges and experiences enough to review the Company's financial statement's reliability. The details of qualification and experience of all 3 audit committes are shown in Detail of Directors and Executives.

Scope of authority, duties and responsibilities of the Audit Committee

At the 2016 Annual General Meeting of Shareholders on 23 March 2016, the scope of authority, duties and responsibilities of the Audit Committee were determined as follows.

- (1) Review for the accuracy of financial report and adequate disclosure of information of the Company.
- (2) Review that internal control and audit system are appropriately and effectively in place, and ensure independence of the internal audit unit as well as approve the appointment, transfer, and dismissal of the chief of the internal audit unit or any other agency responsible for internal audit.
- (3) Review the Company's annual audit plan and evaluate the audit result with the Company's internal auditors.
- (4) Review the business operation of the Company to comply with the Securities and Exchange Act, Regulations and Notifications of Stock Exchange of Thailand, including any relevant laws that apply to the business operation of the Company.
- (5) Consider, screen, and nominate an independent person to serve as the Company's auditor, including the remuneration for such position. Also, attend the meeting with the auditors without the presence of executives at least once a year.
- (6) Consider related party transaction or any transaction that may lead to conflict of interest to be in accordance with the Securities and Exchange Act, including Regulations and Notification of the Stock Exchange of Thailand and relevant laws which apply to the business operation of the Company, to ensure that the transaction is reasonable and of utmost benefit to the Company.
- (7) Prepare the report of the Audit Committee, to be disclosed in the Company's Annual Report. The report must be signed by the Chairman of the Audit Committee and contain at least the following



information:

- (a) Opinion on the accuracy, completeness and reliability of the Company's financial report.
 - (b) Opinion on the adequacy of the Company's internal control system.
 - (c) Opinion on compliance with the Securities and Exchange Act, Regulations and Notifications of SET and other relevant laws and regulations applicable to the business operation of the Company.
 - (d) Opinion on the appropriateness of the auditor.
 - (e) Opinion on transactions that may lead to conflicts of interest or related party transactions.
 - (f) Number of Audit Committee Meetings and the attendance of each member of the Audit Committee.
 - (g) Overall opinion or observation that the Audit Committee has received from the performance of its duties under the Charter.
 - (h) Any other items that the shareholders of the Company and investors are entitled for acknowledgment under the scope of authority, duties and responsibilities assigned by the Board of Directors.
- (8) Review and propose to the Board of Directors to revise the scope of authority, duties and responsibilities of the Audit Committee in accordance with the situation.
- (9) Monitor relevant persons under the scope of authority of the Audit Committee and entitle to hire or bring specialists to assist in the audit.
- (10) If there is any concern about the following items or transactions which may have a significant impact on the Company's financial status and performance, the Audit Committee shall report to the Board of Directors for rectification within the time that the Audit Committee deems appropriate.
- (a) Transaction with Conflict of Interest.
 - (b) Fraud or abnormalities or significant defects in the internal control system.
 - (c) Violations of the Securities and Exchange Act, Regulations and Notifications of the Stock Exchange of Thailand or other applicable laws and regulations applicable to the business operation of the Company.

If the Board of Directors or the Management fails to do so within the above time frame, one of the Audit Committee members may report that the above transactions or actions have been made to the Securities and Exchange Commission or the Stock Exchange of Thailand.



- (11) Advise management on the appointment, termination, performance, budget and rate of the internal audit department or any other agency responsible for internal audit.
- (12) Prepare report on the performance of the Audit Committee to the Board of Directors at least once a year.
- (13) Review and comment on corporate governance, corporate social responsibility, and anti-corruption practices of the Company.
- (14) Review the process regarding corporate governance, corporate social responsibility, and anti-corruption practices of the Company.
- (15) Review and give opinion on the annual evaluation of the Company's corporate governance, corporate social responsibility, and anti-corruption practices.
- (16) Consider, evaluate and review the risk profile that the Company is experiencing or anticipating to occur and affect the Company (Identification of Risk), specify acceptable risk level of the Company (Risk Appetite), as well as specify internal and external risk management policies to comply with the strategy and direction of the business, in at least covering these 4 aspects of risk:
 - (a) Financial Risk
 - (b) Operational Risk
 - (c) Strategic Risk
 - (d) Compliance Risk
- (17) Define the strategy, structure and resources used to manage the risk of the organization in accordance with the risk management policy as well as the business strategy and direction of the Company.
- (18) Perform any other act as assigned or appointed by the Board of Directors with the approval of the Audit Committee.



Nomination and Compensation Committee

The Nomination and Compensation Committee of the Company as at 31 December 2019 consists of 3 members as follows:

Name-Surname	Position	Board meeting	
		Number of meeting	Number of attendance
1. Mr. Premon Pinskul	Chairman of Nomination and Compensation Committee	1	1
2. Mr. Piched Bhimayothin	Nomination and Compensation Committee	1	1
3. Mr. Wiwat Kanokwatanawan	Nomination and Compensation Committee	1	1

Secretary to Nomination and Compensation Committee: Mr. Maetup T. Suwan

Remuneration for Directors and Executives

The Company has clearly and transparently set the remuneration for directors in consistent with the role and responsibility to supervise the work of the Company, and through the appropriate consideration, by considering the utmost benefit to the Company. Remuneration for directors and executives are as follows.

Directors' Remuneration

In 2019, the Company paid directors' remuneration in the amount of Baht 580,000. The executive directors shall receive compensation as executives only and will not receive remuneration as a director.



Table of 2019 directors' remuneration

Name-Surname	Position	2019 Remuneration
1. Mr. Premon Pinskiul	Chairman of the Board, Independent Director, Audit Committee, and Chairman of Nomination and Compensation Committee	220,000
2. Mr. Wiwat Kanokwatanawan	Vice Chairman of the Board, Nomination and Compensation Committee	40,000
3. Mr. Piched Bhimayothin	Independent Director, Chairman of Audit Committee and Nomination and Compensation Committee	180,000
4. Dr. Thamnoon Ananthothai	Independent Director and Audit Committee	140,000
5. Mr. Maetup T. Suwan	Director	-None-
6. Ms. Gulapat Kanokwatanawan	Director	-None-
7. Mr. Mill Kanokwatanawan	Director	-None-
Total (Baht)		580,000

Executives' Remuneration

In 2019, the Company paid salary, bonus, contribution to the provident fund, retirement of post-exit, and other long-term benefit and compensation, to 6 executives, totaling Baht 17.43 million.

Other Remuneration

None



○ Corporate Governance

Corporate Governance Policy

The Board of Directors operates with compliance to the laws, objectives, Articles of Association and resolutions of the shareholders' meeting of the Company. The Company has also adhered to and complied with the Principles of Good Corporate Governance of Listed Companies in accordance with the guidelines set by the Stock Exchange of Thailand to guide the Company's operations and subsidiaries to achieve operational efficiency as well as to give transparency to investors, which in effect will elicit trust in any company's business from outsiders. The Company's good Corporate Governance Policy covers 5 categories as follows.

Section 1: Rights of Shareholders

The Company recognizes and values the basic rights of its shareholders, both as securities investors and owners of the Company, such as the rights to purchase, sell, and transfer their securities. Also, the right to receive a share of profits from the Company, the rights to receive sufficient information, the rights of shareholders meeting, including the right to comment and make important decisions about the Company, such as the allocation of dividends, appointment or removal of director, appointment of auditors, approval of major or significant transactions of business operation of the Company, including amendments to the Memorandum and Articles of Association of the Company.

Specifically, the Company has a mission to promote and facilitate the exercise of the rights of shareholders as follows:

- (1) The Company will send the invitation letter together with supporting information for each agenda, to the shareholders prior to the meeting date not less than 7 days or any other period as required by the relevant laws or regulations. In addition, the information will be posted on the Company's website before the shareholders' meeting.
- (2) If the shareholders cannot attend the meeting on their own, the Company will allow the shareholders to appoint an independent director or other person to attend the meeting by using a proxy form as the Company delivers along with the notice of meeting.
- (3) In the shareholders' meeting, the Company will use the premise which is convenient for travelling and transportation, and also provide the map showing the location of the shareholders' meeting or attached in the invitation letter. The Company will select the appropriate date and spare sufficient time allocated to the meeting in order to comply with the policy to facilitate the shareholders of the Company.



- (4) Before the shareholders' meeting, the Company will allow shareholders to send their comments, suggestions or questions in advance of the meeting in accordance with the Company's rules or regulations.
- (5) At the shareholders' meeting, the Company will give all shareholders equal rights to express their opinions. Any suggestions or questions in the relevant agendas freely before voting for the resolution on any agenda, and there will be directors and management of the Company involved in the shareholders meeting to answer questions.
- (6) The Company will encourage the use of ballots on every agenda, for transparency and verification of vote counting.
- (7) After completion of the shareholders' meeting, the Company will prepare the minutes accurately and completely. Important issues, questions, comments and suggestions will also be recorded in the minutes. In addition, the Company will have the voting results for each agenda item and the minutes posted on the Company's website for shareholders to consider. The minutes of such meeting shall also be sent to the Stock Exchange of Thailand within 14 days from the date of the meeting which is in accordance with the requirements of the Securities Exchange Commission and the Stock Exchange of Thailand.
- (8) The Company will facilitate the shareholders to receive dividends and pay dividends by way of transferring money to the bank account to ensure the shareholders receive dividends on time and prevent the problem of paycheck, damaged, lost or delayed.
- (9) The Company gives shareholders the opportunity to receive the current information of the Company through the Company's website on a regular basis.

Section 2: Equitable Treatment of Shareholders

The Company treats all shareholders equitably, whether it is major or minor shareholders, executive or non-executive shareholders, Thai or foreign shareholders. The details of practices are as follows.

- (1) The Company will inform the schedule the shareholders' meeting, including agenda to the Stock Exchange of Thailand and also publish the schedule of meetings via the Company's website. The invitations in Thai and English languages will be published and distributed on the Company's website as well.



- (2) The Company will facilitate minor shareholders to nominate directors or propose additional agendas prior to the shareholders' meeting. The Company will set clear rules in advance on how to provide minority shareholders, to nominate a director, and the criteria to determine whether the Company agenda will be added as proposed by minority shareholders.
- (3) In conducting each shareholder meeting, the Company will provide equal opportunity for all shareholders. At the beginning of the meeting, the chairman of the meeting will explain the procedure for voting and counting the vote on each agenda item as well as give the opportunity for all shareholders and proxies to express their opinions, suggestions, and questions in each agenda item in a timely and adequate manner. The Chairman will proceed with the meeting according to the agenda, without allowing management to add unnecessary agendas that fails to give notice to the shareholders in advance, particularly the important agenda where the shareholders may need time to study further information before making a decision.
- (4) For the election of directors, the Company will encourage the election for one individual each time.
- (5) The Company has required the directors to report any interest in any agenda at least prior to the consideration of the related agenda item in the Board of Directors' meeting and to record such interest in the minutes of the Board of Directors meeting. Also, directors who have a significant interest or unable to freely express their views on the agenda are prohibited from participating in the meeting.
- (6) The Company has set guidelines for keeping and preventing the use of inside information of the Company by prohibiting persons or entities who know the inside information to disclose such information to other agencies or outsiders. In case any person discloses such information or uses it for the benefit of himself or others, or conduct transactions that may cause conflict of interest shall be deemed faulty and subjected to disciplinary action. In addition, all directors and executives who are required to report their legal holdings are required to submit such reports to the Company Secretary on a regular basis to the Company Secretary and also disclose the information in the Annual Report of the Company.

Section 3: Role of Stakeholders

The Company attaches importance to the rights of all stakeholders, whether the internal stakeholders such as the shareholders and employees of the Company or external stakeholders such as business partners or customers. The Company recognizes that support and comments from all stakeholders will be beneficial for the Company's business and development. Therefore, the Company will comply with the laws and regulations, and the relevant requirements for the rights of such stakeholders are also taken into account, along with the



rights of all stakeholders set forth in these guidelines.

- Shareholders** : The Company will operate its business with transparency and efficiency, by striving to build good performance and stable growth, and also to maximise shareholder benefits in the long run, including transparent and reliable disclosures of information to shareholders.
- Employees** : The Company will treat all employees equally, fairly and with reasonable compensation. The Company will support for employees' knowledge, abilities and potential, such as training, seminars and training, etc., and provide an opportunity to all employees, along with the motivation for highly skilled employees to stay with the Company. To develop the organization further, the Company also sets out guidelines for anti-corruption, encouraging all employees in compliance with relevant laws and regulations, such as strictly prohibiting internal information.
- Business Partners** : The Company has a process for selecting partners by providing partners with equal information. Besides, the Company has developed appropriate and fair contract forms for all parties and provided a tracking system to ensure that the terms of the contract are fully complied with. The Company also prevents fraud and misconduct at every stage of the procurement process. The Company will purchase goods and raw materials from business partners based on trading conditions and strictly follow the contract with every business partner.
- Customers** : The Company is responsible for the customer by maintaining the quality and standards of products and services, including the response to customer needs as complete and comprehensive as possible. To focus on long-term customer satisfaction, the Company also takes into account the hygiene and health of customers in consuming the Company's products and to provide accurate and complete information about each of the products to customers. The Company also provides channels for its clients to report inappropriate products or services, and use that information in order to prevent and solve problems related to products and services of the Company. Customers can report problems through various channels easily and promptly, either by the phone or the Company's online channels such as Website, Facebook and Instagram.
- Creditors** : The Company will comply with the terms and conditions of the agreement with creditors as well as repay principal, interest, and security of collateral under the relevant contracts.



Competitors : The Company thrives in good competitive environment, Code of Conduct and also support and promote fair competition policy.

Society and public sector : The Company cares and pays attention to social security, environment, and quality of life of people involved in the Company's operations, and encourages employees of the Company to be consciously responsible for the environment and society as well. In addition, the Company strives to participate in activities that create and maintain the quality of environment and society.

Stakeholders can also ask for details and complaint for legal clues or offenses, inaccuracy of financial reports, inadequate internal control system, or the unethical business operation of the Company, through independent directors or the Audit Committee of the Company. The information and complaints to the Company shall be kept confidential and the independent directors or the audit committee will conduct the investigation and find solutions (if any) and will report to the Board of Directors. Finally, the Company will disclose the processes and outcomes of any issue on the Company's website or Annual Report.

Section 4: Disclosure and Transparency

- (1) The Board of Directors attaches importance to the disclosure of accurate, complete, adequate, transparent and timely information, for financial and general information, as well as any other information that may affect the operation or affect the price of the Company's stock that will affect the decision making process of investors and stakeholders. The Company will disclose such information in accordance with the regulations of the Office of the Securities and Exchange Commission, The Capital Market Supervisory Board, and the Stock Exchange of Thailand.
- (2) The Company appoints the staff in Investor Relation Department to communicate with investors or shareholders. The Company will arrange a meeting to analyze the result of operation regularly and review the Company's information, financial information, and general information for the shareholders, securities analysts, credit rating agency, including relevant government agencies through various channels, i.e., reporting to the Securities and Exchange Commission and Stock Exchange of Thailand. In addition, the Company also makes regular disclosures in both Thai and English, for shareholders to receive regular news through the Company's website. The information on the Company's website is always updated, includes vision, mission statement, financial statements, press releases, annual report, company structure and management, as well as shareholding structure and major shareholders, invitation letters, company registration documents, Charters, etc.



- (3) The Company attaches importance to the financial statements and the financial information appearing in the Annual Report. The Audit Committee will review the quality of financial reports and internal control system, including adequate disclosure of material information in the notes to the financial statements and report to the Board of Directors. The Board of Directors' responsibility for the financial statements is presented alongside the auditor's report in the Annual Report. In addition, the Board encourages the preparation of the management discussion and analysis as a part of quarterly disclosure of financial statements.
- (4) The Company will disclose information about each director, roles and duties of the Board of Directors and its subcommittees. Number of meetings and attendance in the past year and commentary from acting, along with the continuing professional training and development are also present in the annual report and the Company's annual registration statement, including disclosure of compensation policy, the nature and details of the remuneration of directors and top executives in the Company and also its subsidiaries (if applicable).
- (5) The Company will disclose the auditor's fees and other service fees provided by the auditor.
- (6) The Company will provide a report on corporate governance policy, business ethic, risk management policy, and corporate social responsibility and environment policy, which have been approved in summary, including the result of such policy implementation, as well as the failure to comply with such policy, with reason. The report will be present through various channels such as annual report and the Company's website, etc.

Section 5: Responsibilities of the Board of Directors

1. Structure of Board of Directors and Committees

The Board of Directors consists of personnel who are knowledgeable, capable and experienced in working beneficially to the Company. They are key players in policy formulation and corporate overview, and also play an important role in overseeing, monitoring and evaluating the Company's performance according to the plan.

As at 31 December 2019, the Board of Directors consisted of 7 members:

- (1) Three executive directors; Mr. Maetup T. Suwan, Ms. Gulapat Kanokwatanawan and Mr. Mill Kanokwatanawan.



- (2) One non-executive director; Mr. Wiwat Kanokwatanawan
- (3) Three independent directors, in accordance with the rules as specified by the SEC; Mr. Pichet Bhimayothin, Mr. Premon Pinsakul and Dr. Thamnoon Ananthothai

Independent Directors are not less than one-third of the total number of directors of the Company, which will result in proper balance of consideration and vote on matters. The Board of Directors has a term of office of not more than 3 years in accordance with the relevant law. An independent director shall hold a term of office for not more than 9 years, unless the Board of Directors deems that the person deserves to be an independent director for the utmost benefit of the Company. In addition, the Company's directors and management can be director or executive of affiliated companies or other companies. However, it must meet the requirements of the Securities and Exchange Commission, The Capital Market Supervisory Board, Stock Exchange of Thailand, and related agencies, the detail of which shall be submitted to the Board of Directors for acknowledgment.

In addition, the Board of Directors has appointed an Audit Committee to assist in the governance of the Company. The Audit Committee consists of 3 members to assist the Board of Directors in overseeing and monitoring the administration, internal control, and compliance with relevant laws, including the preparation of financial reports, to make the operation and disclosure of the Company transparent and reliable.

The Board of Directors has appointed Mr. Mill Kanokwatanawan as the Company secretary, to perform the functions related to the Board of Directors' meetings and shareholder meetings, and also support the work of the Board by providing advice on legal and regulatory requirements which related to the duties of the board, including coordination to comply with resolutions of the Board of Directors.

2. Roles and Responsibilities of the Board of Directors

The Board of Directors is responsible to the shareholders regarding the business operation of the Company, and also has the duty to set policies and directions for the Company's operations, include management to meet goals and guidelines, for long-term benefit to the shareholders under the framework of the law and the Code of Business Conduct, whereas, consideration is given to the interests of all stakeholders, as detailed in the Charter of the Board of Directors.

(1) Corporate Governance Policy

The Company has established written policy of corporate governance to be submitted to the board of directors for approval. Written corporate governance guidelines are intended to guide directors, management and



employees to follow such policy. The policy is reviewed annually.

(2) Code of Business Conduct

The Company is committed to conduct its business with transparency, morality, accountability to its stakeholders, and responsibility to social and environment. The Company has set a written code of conduct for the Board of Directors, management and employees to strictly observe the following practices:

- (a) Code of ethics for shareholders responsibility
- (b) Code of ethics on customer relationships
- (c) Code of ethics on relation with business partners, competitor, and creditor
- (d) Code of ethics for employee responsibility
- (e) Code of ethics for social and environmental responsibility

The Company has announced and notified all employees to strictly adhere to and abide by them.

(3) Conflict of Interest

The Company has a policy to carefully eliminate conflicts of interest, with honesty, reason, and independence, under a good ethical framework for the benefit of the Company. It is important that the personnel involved or related to the transaction disclose information about their interests to the Company and not participate in the consideration process, or without authority to approve such items.

The Company has a policy to conduct related transactions and transactions with conflict of interest in accordance with the law, as well as the regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, and Stock Exchange of Thailand. This information will also be included in the annual report and annual registration statement (Form 56-1)

(4) Internal Control

The Company has established the internal control system both at the management level and the operation level, by employing an internal auditor, to assess the adequacy of the internal control system and report the result to the Audit Committee in accordance with the audit plan. The Company promotes the disclosed opinion of the Board of Directors or the Audit Committee on the adequacy of the internal control system in the Company's annual report.



(5) Risk Management

The Board of Directors establishes corporate risk management policies that cover the entire organization. It also regulates the risk management system and processes to minimize the impact on the Company's business operation. The management is responsible for compliance with the policy and regularly reports to the Board of Directors, including review of the risk management system or process annually.

(6) Report of the Board of Directors

The Audit Committee is responsible for reviewing financial reports, whereas the accounting department and the auditor work collaboratively to submit the financial report to the Board of Directors quarterly. The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries, including the financial information appearing in the annual Report.

3. Board Meetings and Self Assessment

The Company arranges meetings of the Board of Directors at least quarterly and special meetings are added as needed. The agenda is clearly defined in advance. The Company has sent a notice of the meeting together with the agenda and supporting documents to all directors at least 7 days in advance of the meeting date, in order for the Board to have sufficient time to study the information before attending the meeting, unless there is an urgent need case. The minutes of the meeting and the collection of certified documents are documented for reference and verification. At every meeting, the Company arranges for the management and related parties to attend the meeting to provide accurate and timely information and details.

At the Board of Directors' meeting, the Company holds the majority vote. One member has one vote. Directors who have conflict of interest in any agenda will not attend the meeting and will not exercise their right to vote on that agenda. In the case of equal votes, the chairman of the meeting shall have one more vote as the deciding vote.

In addition, the Board encourages the performance evaluation at least once a year to improve and correct the operations. The topic of the meeting will be clearly defined before the evaluation is implemented, in order to gather comments and present to the meeting, including the rules, procedures and evaluation results as an overview in the annual report.

4. Compensation



Directors' remuneration is quarterly paid, the rate of which is on average compared to the same industry, by taking into account the adequacy of the duties and responsibilities of the Board of Directors. The executives, on the other hand, will receive the annual salary and bonus. The annual remuneration of the Board of Directors and the executives together shall not be abnormally high compared to the average remuneration of directors and management in the same industry, and taking into account the maximum benefit of the shareholders. The Nomination and Compensation Committee determines method and criteria for the payment of the directors' remuneration and proposes to The Board of Directors and shareholders for approval respectively.

5. Development of Directors and Executives

The Board of Directors has a policy to promote and facilitate the training and education to personnel related to the corporate governance system of the Company such as directors, audit committee, management, and company secretary for continuous work process improvement. Training and education can be done either within the Company or use the services of external institutions.

In the event of a change of director or a new director, management team will provide useful documentation and information on how to perform the duties of the new director, including the introduction of the nature of business and the business conduct of the Company to the new director.

The Board of Directors will arrange the rotation of assigned tasks by the management and employees, based on the suitability of work and time. The managing director will set the time frame and consider the performance as a development and succession plan of the Company in order to develop the efficacy of executives and employees to be more knowledgeable and able to work on their behalf.



○ Corporate Social Responsibility

The Company is aware of the corporate social responsibility as a part of the business operation for sustainable growth, and therefore implements it with the ethic and moral concerns for every stakeholder, economic and social sector, as well as environment. The Company believes that operating business with social responsibility shall encourage the growth of the Company in parallel with the prosperity of the society at large.

The board of directors has issued the corporate social responsibility policy, which is designed in accordance with the corporate social responsibility practices, resulting in the 8 modules as follows.

1) Good Governance

The Company is committed to operating its business with honesty, fairness, ethics, and commitment to competition in accordance with the code of conduct on trade, law and fair competition rules. It also denies any behavior that obstructs fair competition, such as the pursuit of confidentiality of competitors or the receipt of and the absence of any interest. In addition, the Company respects the intellectual property rights of others. The Company has a policy to comply with the laws or regulations on intellectual property rights, such as the use of computer programs, and also initiates a campaign to promote and cultivate a subconscious mind for its personnel at all levels for social responsibility.

2) Anti-Corruption

The Company operates its business on the basis of transparency, ethics, adherence to the principles of corporate governance, and comply with the laws relating to the prevention and fight against corruption and bribery in government officials or the private sector. The Company has set up a corporate structure to share responsibilities, work process, and the chain of command in each unit to be transparent, in order to balance the power and to tighten the appropriate cross-examination.

In addition, since the Company gives the importance to anti-corruption, the Company has applied to join the Anti-Corruption Network on 16 May 2016 to jointly announce its intention to become a Collective Action Coalition of Thai private sector in anti-corruption. The project is co-organized by 8 leading organizations: the Thai Institute of Directors Association, the Thai Chamber of Commerce, the International Chamber of Commerce, Thai Listed Companies Association, Thai Bankers' Association, The Thai Capital Market Federation, The Federation of Thai Industries, and lastly the Tourism Federation of Thailand.



The Company also sets guidelines for directors, executives and employees of the Company and subsidiaries as follows.

1. Directors, executives and employees, including all relevant parties of the Company are prohibited to commit or accept corruption in any form, either directly or indirectly, and the Company regularly reviews the compliance with this anti-corruption corruption policy.
2. Directors, executives and employees of the Company are obliged to report to the Company, whenever they are aware of corruption-related actions involving the Company activity, by informing the supervisor or responsible person and provide cooperation in the investigation of facts.
3. The Company will ensure fairness and protect complainants who report corruption, including persons who cooperate in reporting and in the investigation of corruption.
4. The Board of Directors and management must act as role models in the fight against corruption and is responsible for promoting and supporting anti-corruption policy, by mean of communication to all employees and related parties and also review the appropriateness of policies and measures to suit changing business conditions, regulations, and legal requirements.
5. Persons who commit corruption shall be subjected to disciplinary action in accordance with the regulations prescribed by the Company and may be subject to legal penalty, if the action is illegal.
6. The Company provides training and dissemination of knowledge to directors, executives and employees of the Company to have an understanding of the implementation of the anti-corruption corruption policy and promote moral, honesty, responsibility and obligations.
7. The Company encourages the business partners or any personnel who perform duties related to the Company, to report a violation of the Company's Anti-Corruption Policy.
8. The Company has a fair policy on recruiting the personnel, jobs promoting, training, performance evaluation, and the remuneration of employees of the Company, which sufficient to prevent corporate corruption and also creates collateral for employees at all level of the Company.
9. For the clarification in dealing with the high risk of corruption in the following matters, the



directors, executives and employees of the Company must be cautious on;

- 9.1 Giving or receiving gifts, and entertainment activity must be transparent, legal and according to traditionally normal trade with appropriate value.
- 9.2 Giving or receiving donation or money must be transparent and legal, and ensure the act of such giving or receiving shall not be deemed bribery.
- 9.3 The conduct of business, dealing, negotiating, bidding and other actions with the government or private sector must be transparent. In addition, directors, executives, and employees of the Company must not give or accept bribes at all stages of the operation.

3) Respect for Human Rights

The Company has a policy of supporting and respecting the protection of human rights by treating those involved, whether employees, community or society, with respect for the values of humanity, taking into account equality and freedom, neither violate basic rights nor discriminate on the basis of race, nationality, religion, language, skin color, sex, age, physical condition or social status. The Company also takes care of the business operation or transaction, not to be involved in human rights abuses such as child labor. In addition, the Company promotes the observance of human rights compliance, by providing participation in the forum and channels of complaint for those who have been damaged by the violation of the rights caused by the business of the Company, and willing to take appropriate remedies for the victim.

Furthermore, in order to effectively respect human rights, the Company has built up the human rights knowledge and awareness of its personnel, to always abide by human rights principles.

4) Fair Labor Practices

The Company recognizes the importance of human resources development and treats employees fairly. This is a factor that will increase the Company's value and enhance the Company's competitiveness and sustainable growth in the future, by set forth the policy and practice as follows.

1. Respect the rights of employees according to human rights principles and comply with labor laws.
2. Provide employment process with fairly conditions, and providing compensation by considering



under the fair evaluation system.

3. Promote personnel development, by providing training, seminars, and sending personnel to attend seminars or any training related to the development of knowledge, capability, good attitude, ethics, and teamwork of personnel.
4. Provide welfare for employees as required by law, such as social security and other legal requirements such as health and accident insurance, including various types of grants to employees, such as scholarships to children, funeral expenses, etc.
5. Provide annual health check-up to all levels of the Company, taking into account the risk factors based on age, gender, and working environment of each employee.
6. Make sure employees are safe, and work in good hygienic workplace, by providing preventive measures and empowering employees to have a sense of security, include training management and also encourage employees to have good hygiene, and always keep the workplace in safe conditions.
7. Allow employees to express their opinions or complaints about unfair practices or wrongful acts in the Company, including the protection of employees who report such matters.

5) Customer Responsibility

The Company and its affiliates are committed to developing their products and services, for the utmost satisfaction and benefit of the customer, and adhering to the customer responsibly. The practices of honesty and care for customers, as a family member of the Company, are as follows.

1. The Company regards the quality and standard of products and services by focusing on the use of quality raw materials and standard of production, to provide customers with quality and hygienic products. In addition, the Company pays the importance of providing information about products by having the Company's employee provide accurate and useful product information.
2. The Company has a project to develop new products continuously, to meet the needs of customers, to provide customers with a variety of quality products and services, and to meet the demand for consumption.



3. The Company adheres to fair market. The policy is to provide customers with information about the Company's products and services that are accurate, not distort, obscure or over-advertised, and to provide customers with accurate and sufficient information in order to make a decision.
4. The Company takes into account customer safety and is committed to provide its customers with quality and safe products and services in accordance with international standards and safety regulations and as required by law, including designing, creating, and developing process of products and services, in order to ensure confidence in the quality, standards and safety of its products and services.
5. The Company provides a customer relationship system to communicate with customers, including efficiently complaints channel about the quality of goods and services, through the Company's website and social media, in order to quickly respond to the needs of customers.
6. The Company will keep confidential customer information and will not use such information in the wrong way.
7. The Company provides activities to strengthen customer relationship, promoting sustainable relationship between customers and the Company.

6) Environmental Protection

The Company attaches importance to corporate social responsibility for environmental protection by conducting and controlling the production of goods and services of the Company and its subsidiaries to be in compliance with environmental laws. The Company also operates under the concept of environmental awareness and protection, by focusing on the care and development of the production process and the use of eco-friendly materials. In addition, the Company focuses on reducing waste from the production process, based on the principle of minimum use or use as necessary, with the purpose of optimizing the sharing of resources, to maintain and avoid environmental damage, beginning with an eco-friendly product design, where material is not wasteful and can be recycled several times, and searching for any environment preserving system, to use either as a practice or an operation equipment. In addition, the Company has started to use sunlight as an alternative energy to save electricity by installing solar roof on the roof of a new factory building and began the trial in August 2019.



7) Community / Social Development

The Company is aware of the community and social responsibility to strengthen the community and give back to society with the purpose of creating knowledge and empowering people. The Company, therefore, has a policy to support and develop society, focusing on donation and educational support, cooperating with the community around the area where the Company operates, including responding to events that affect the community, society, and environment due to the Company's operations. In addition, the Company encourages employees' awareness and responsibility for environment and society. In 2019, the Company organized the following social activities.

- In May 2019, the Company organized luncheon and dessert for children at Foundation for Slum Child Care, Baan Sau Yai (Ratchada).
- In June 2019, the Company together with Chakdaeng Temple in Samut Prakan province gathered disposable plastic water bottles to be woven into tri-woven fabric or the robe.
- In September 2019, the Company organized activities with the elderly at Baan Bangkae Social Welfare Development Center for Older Persons and also donated money and necessary supplies as well as provided lunch and snack for the elderly.
- In September 2019, the Company donated computers to Buacharoen Witthaya School in Srisaket province.
- In October 2019, the Company donated computers and sports equipment to Bansrakan School in Maha Sarakham province.
- In October 2019, the Company released new product, "Carbonara Bun" and donated part of revenue from sale of this product to the "Limited Education" Project organized by Yuvabadhana Foundation.
- In October 2019, the Company organized the "Sharing your belongings for education of children" project. Donated items from the Company's employees were sold in Pankan stores to use as scholarship for underprivileged children in Yuvabadhana Foundation.
- In November 2019, the Company organized 9 cattle and buffalo life redemption activity at Roongroj Farm in Phra Nakhon Sri Ayutthaya province.



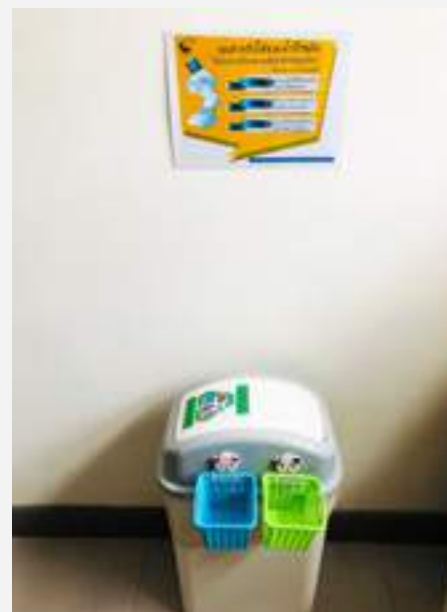
Luncheon and dessert for children at Foundation for Slum Child Care, Baan Sau Yai (Ratchada)



Lunch and snack for the elderly at Baan Bangkae Social Welfare Development Center for Older Persons



Donated items were sold in Pankan stores to use as scholarship for underprivileged children in Yuvabadhana Foundation



Gathered disposable plastic water bottles to be woven into tri-woven fabric or the robe with Chakdaeng Temple



Part of revenue from sale of “Carbonara Bun”
was donated to the “Limited Education” Project

In addition, the Company has signed a memorandum of understanding (MOU) for cooperation in bilateral vocational education program with more than 10 colleges. This program allows students both studying in educational institution and on-the-job training in the workplace so that after graduation, they will acquire practical knowledge, ability and qualification required by entrepreneurs.

In 2019, the Company recruited 35 students in bilateral vocational education program from Charan Sanitwong Technology College and provided training for them including pre-work training, professional skill and other various useful training courses.



Participate in bilateral vocational education program



8) Promote and Use Innovation Derived from Operations That Concern for Environment, Society, and Stakeholders

The Company encourages innovation at the organizational level of the work process and at the level of cooperation between organizations. Innovation means initiation for creating things in a new way and could also mean a change in thinking or production to add value to the business. The goal of innovation is creating the positive change or to change something for the better. As such, to produce more products in order to maximize social benefits, the Company operates by the following guidelines.

- (1) Explore the various processes of the Company's business that is currently operating, to find out whether there is any risk or negative impact on society or the environment, and how to find solutions to mitigate such impacts, in order to create an opportunity for advancing to the discovery of business innovation.
- (2) Reveal innovations that benefit the society and environment, in order to encourage business sectors and other field of operators to follow the practices.
- (3) Analyze solutions to problems as well as innovate regularly and continuously. This creates opportunities for new products and for the growth of the Company, and also meets the needs of consumers.

Innovation sharing is a kind of social responsibility, by communicating and disseminating to stakeholders, both directly and indirectly, through a variety of communication channels, to ensure that the Company's information reaches the group of stakeholders of the Company thoroughly.



○ Internal control and risk management

The Company attaches great importance to the internal control system, internal audit, and risk management, because the Company realizes that good internal control system can reduce business and operational risk to an acceptable level, and it helps to discover the shortcomings at the right time. It also helps to make the Company's financial reports accurate and reliable, and helps the Company achieve its defined goals efficiently. The Company has adopted the framework of the internal control guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to apply into the business operation as follows.

(1) Control Environment

The Company has a business policy which respects for honesty and ethics and express it through joining with the Collective Action Coalition in the private sector in the Thai anti-corruption campaign, including clearly defined business goals in both short and long term. In addition, the Company has set up a corporate structure and regulations that help to ensure the management of the Company is strict and to prevent the misappropriation use of the Company's assets.

(2) Risk Assessment

The Company assesses the risk factors in conducting business both from external and internal factors. This includes risks that may cause fraud or improper actions. In addition, the Company has set clear objectives for its operations, reporting both financial and non-financial information, including compliance with applicable laws and set acceptable risk tolerance levels appropriately.

(3) Control Activities

The Company has a written internal control measures which cover the various processes, to reduce the potential risk to an acceptable level. This includes preventive controls, segregation, access control of the Company's assets, and appropriately setting the monetary and authority limitation of each executive.

(4) Information & Communication

The company shall report any important information to the board, sufficiently for decision-making. There are channels and processes for communicating internal information between executives and employees, such as email, bulletin board, or even informing in person, depending on the suitability of each subject or situation.



(5) Monitoring Activities

The Company has hired DIA Audit Company Limited to monitor compliance with the internal control system. It also reviews and evaluates the efficiency and effectiveness of the internal control system and the information system of the Company. The results of monitoring and evaluating are reported to the Audit Committee on a quarterly basis.

Board of Directors has assigned the Audit Committee to consider the adequacy of the Company's internal control and internal audit systems, including review and control of compliance with all applicable laws, regulations and policies associated. The Audit Committee is initially established for the benefit of good management in accordance with good governance principles, including an assessment of the adequacy of the Company's internal control system.

In 2019, the Audit Committee held 4 meetings, one of which is the meeting with the Company's auditor without the attendance or presence of executives.

At the Board of Directors' Meeting No. 4/2019 held on 11 November 2019, where the Audit Committee attended, Board of Directors has evaluated the Company's internal control system, by interviewing the management team and reviewing the Audit Committee's report on the adequacy of the internal control system developed by the management. The conclusion was that from the assessment of the Company's internal control system in 5 areas, i.e. control environment, risk assessment, control activities, information & communication, and monitoring activities, the Board of Directors viewed that the Company's internal control system was adequate and appropriate to the size and the current situation of the Company. The Company arranged sufficient staffs to follow per schedule efficiently. There were also the internal control system for monitoring the operation in subsidiaries in order to protect the Company and its subsidiaries' assets from improper use or in unauthorized manner. This also covered the transactions conducted with people in conflicting interest or related parties. The Board also considered and approved internal control evaluation form of the Company.



○ Related Party Transactions

Description of stakeholders who had inter-relationship as at 31 December 2019

Relevant parties and business types	Relationship as of 31 December 2019
1. Ms. Gulapat Kanokwatanawan ("Ms. Gulapat")	<ul style="list-style-type: none"> Directors, executives and major shareholders of the Company
2. Mr. Maetup T. Suwan ("Mr. Maetup")	<ul style="list-style-type: none"> Directors, executives and major shareholders of the Company
3. MayMing Ordinary Partnership ("MayMing") Operate building lease business	<ul style="list-style-type: none"> Major Shareholders, Ms. Gulapat, held 31.84 percent of the Company and owned 55 percent of MayMing, whereas Mr. Maetup held 29.40 percent of the Company and owned 45% of MayMing
4. Prima Publishing Company Limited ("Prima") Operate printings and publishing	<ul style="list-style-type: none"> Major Shareholder, Mr. Maetup, held 29.40% in the Company and 50% in Prima Mr. Maetup, an executive and major shareholder of the Company, was the director of the Company and Prima
5. Mr. Wiwat Kanokwatanawan ("Mr. Wiwat")	<ul style="list-style-type: none"> Director of the Company Father of Ms. Gulapat who was director, executive and major shareholder of the Company
6. Mr. Paiboon Kanokwatanawan ("Mr. Paiboon")	<ul style="list-style-type: none"> Brother of Mr. Wiwat, a director of the Company
7. Mr. Pruitt Kanokwatanawan ("Mr. Pruitt")	<ul style="list-style-type: none"> Brother of Ms. Gulapat who was director, executive and major shareholder of the Company



Detail of related party transactions in 2019 and 2018 and will continue in the future

Related parties	Description	Value (Million Baht)		Reason and necessity of transactions
		31 December 2019	31 December 2018	
1. MayMing Ordinary Partnership	<p><u>Rent commercial buildings</u></p> <p>The Company leased two commercial buildings with a height of 5 floors and a roof deck with an area of 240 square meters per building, located at 338, 338/1 Soi Pattanakarn 30, Pattanakarn Road, Suanluang, Bangkok, to serve as the Company's office. The rental rate was Baht 65,000 per month, or approximately Baht 135 per square meter. The lease term was 1 year and could be renewed in accordance with terms and conditions as specified in the agreement. The Company commenced lease of such office from 1 January 2014.</p> <p>In June 2017, the Company moved to new head office and rented these commercial buildings as temporary accommodation for employees of up-country branches when they came to the head office for training</p> <p>- Rent</p>	0.78	0.78	<p>The Company leased two commercial buildings from MayMing Ordinary Partnership to use as temporary accommodation for employees of up-country branches when they came to the head office for training. The rental rate was approximately Baht 135 per square meter. It was comparable to the rental rates nearby which ranged from Baht 125 – 156.25 per square meter per month. The settlement terms were in line with the normal commercial terms as with outsiders.</p> <p><u>Comments from the Audit Committee</u></p> <p>Such transaction is reasonable. It is beneficial for the business of the Company. The location of the rental area is nearby the Company's head office. The rental rate compared to the market price is the same and the terms of payment are in line with commercial rental business in general. This operation will therefore continue in the future.</p>



Related parties	Description	Value (Million Baht)		Reason and necessity of transactions
		31 December 2019	31 December 2018	
2. Mr. Paiboon Kanokwatanawan	<p><u>Rent commercial buildings</u></p> <p>The Company rented two commercial buildings, one four-story and high-rise building with an area of 288 square meters per building, located at 324, 326 Soi Pattanakarn 30, Pattanakarn Road, Suanluang, Bangkok, to use as the office and distribution center of the Company. The rental price, paid monthly, was Baht 66,250 per month or approximately Baht 115 per square meter. The contract could be renewed under the conditions and details specified in the agreement. The rental started 15 August 2014 and was renewed indefinitely. In case the Company, would like to terminate the terms, written notice must be given at least 90 days prior to termination.</p> <p>In June 2017, the company moved its head office and distribution center to newly built building. The Company then used such commercial buildings to conduct some production line which was not manufactured from the factory. In September 2018, the Company transferred some productions to Aurum and Aurum Co., Ltd., the Company's subsidiary. Thus, Aurum and Aurum rented such commercial buildings in place of the Company</p> <p>- Rent</p>	0.80	0.80	<p>The Company leased two commercial buildings from MayMing Ordinary Partnership to use as temporary accommodation for employees of up-country branches when they came to the head office for training. The rental rate was approximately Baht 135 per square meter. It was comparable to the rental rates nearby which ranged from Baht 125 – 156.25 per square meter per month. The settlement terms were in line with the normal commercial terms as with outsiders.</p> <p><u>Comments from the Audit Committee</u></p> <p>Such transaction is reasonable. It is beneficial for the business of the Company. The location of the rental area is nearby the Company's head office. The rental rate compared to the market price is the same and the terms of payment are in line with commercial rental business in general. This operation will therefore continue in the future.</p>



Detail of related party transactions in 2019 and 2018 and will not continue in the future

Related parties	Description	Value (Million Baht)		Reason and necessity of transactions
		31 December 2019	31 December 2018	
1. Prima Publishing Company Limited	<p><u>Consigned book selling</u></p> <p>The Company introduced the “May Made” and “Sweeter Tokyo”, dessert recipe books, to be one of the Company’s products, in the type of consignment. These two books were written by Ms. Gulapat Kanokwatanawan, printed and distributed by Prima. These books were copyrighted by Ms. Gulapat who started writing since 2006 before establishing After You. May Made Books was a collection of general dessert recipes. They were not secret formula of the Company. Examples of formula in the books were such as soft chocolate cake, prune cake, brownie cheesecake. The book Sweeter Tokyo was a guidebook for 40 dessert cafes in Tokyo, Japan which presented 7 recipes collected and derived from the Tokyo trip and not the secret formula of the Company such as raspberry meringue tart. For accounting record of consignment sale, the Company recognized income and payable on the date of sale.</p>			<p>Since there was selling area for souvenir and gifts available in the Company’s stores, dessert recipe books were sold in form of consignment. Discounts and terms of payment which the Company and Prima were mutually agreed, could be comparable to the discounts and conditions Prima offered to third parties. This related party transaction was therefore necessary and reasonable.</p> <p><u>Comments from the Audit Committee</u></p> <p>Such transaction was reasonable. The product was sold in accordance with the Company’s store and it was a business supporting item of the Company. Discounts on book and trade terms were in line with general commercial consignment business. Such transaction was therefore necessary and reasonable. However, since the Company ceased selling all books in the Company’s stores in May 2018, this transaction would not continue in the future.</p>



Related parties	Description	Value (Million Baht)		Reason and necessity of transactions
		31 December 2019	31 December 2018	
	<p>In May 2018, the Company ceased selling all books in the Company's stores</p> <ul style="list-style-type: none"> - Comission from consignment - Trade accounts payable 	-	0.01	
		-	-	
			(Value from 1 January to 31 May)	
2. Pakfood Public Company Limited	<p><u>Purchase of raw materials</u></p> <p>The Company purchased some raw materials to be used as a part of one product. In June 2018, a director of the Company resigned from Pakfood Pcl. Board. Thus, transactions between the Company and Pakfood Pcl. occurred after June 2018 would not be counted as related party transaction.</p> <ul style="list-style-type: none"> - Purchase of raw materials 	-	1.25	<p>The Company purchased some raw materials to be used as a part of one product because the price was lower than other vendors in the same quality. Such transactions had same conditions for other vendors. Therefore, this related party transaction was necessary and reasonable.</p> <p><u>Comments from the Audit Committee</u></p> <p>Such transaction was reasonable and useful for the Company's operation. However, since a director of the Company resigned from Pakfood Pcl. Board in June 2018. Therefore, transactions between the Company and Pafood Pcl occurred after June 2018 would not be counted as related party transaction.</p>
			(Value from 1 January to 30 June)	



Related parties	Description	Value (Million Baht)		Reason and necessity of transactions
		31 December 2019	31 December 2018	
3. Mr. Pruitt Kanokwatanawan	<p><u>Rent a building</u></p> <p>The Company's subsidiary rented a building with a space of about 450 square meters to produce products sold to the Company. The rent was Baht 10,000 per month, or about Baht 22 per square meter, the contract was valid for 2 years starting 1 January 2016 and could be renewed under the terms and conditions specified in the agreement.</p> <p>In September 2018, the Company's subsidiary had rented the building belonging to Mr. Paiboon Kanokwatanawan in place of the Company due to larger space and closer to head office. Because it is more convenient and suitable for business operation, the Company stopped rental from Mr. Pruitt since September 2018.</p> <p>- Rent</p>	-	0.06 (Value from 1 January to 30 June)	<p>The Company's subsidiary rented a building from Mr. Pruitt to use as a building for production at the rate of about Baht 22 per square meter which was much lower than market price. Thus, the transaction was necessary and reasonable.</p> <p><u>Comments from the Audit Committee</u></p> <p>Such transaction was reasonable. It was beneficial to the business operation of the Company's subsidiary. However, the Company's subsidiary stopped renting from Mr. Pruitt since September 2018. This transaction would not happen in the future.</p>



Measures or procedures for approving related party transactions

According to the resolution of the Board of Directors of the Company No. 3/2016 held on 28 March 2016, the measures and procedures for the approval of related party transactions between the Company, subsidiaries, and any party with potential conflict of interest with the Company in the future, such as major shareholders, directors, executives, controlling persons, the Company must comply with the Securities and Exchange Act, regulations, notifications and orders of the Capital Market Supervisory Board. The stakeholders will not be able to participate in the approval process.

In case that the law requires related party transactions to be approved by the Board of Directors, the Company will arrange for the Audit Committee to attend the meeting to consider and comment on the necessity and reason of entering into the transaction. The transaction which entails to trade agreement with the general commercial terms and conditions as well as trade agreement that is not subject to general commercial terms, both of the transactions shall be proceeded by the following principles.

Transaction of commercial agreement with the general commercial terms and conditions

The Board of Directors approves as the principle that management can approve related party transactions which have commercial terms in accordance with general commercial conditions between the Company and subsidiaries with directors, executives or related persons if the transactions have trade agreement in the same way that a layperson will do in the same situation with the bargaining power of the trade, without influence from the status of a director, executive or related person. (As the case may be).

The Company will prepare a summary report of such transactions and report to the Audit Committee and the board meeting every quarter.

Transaction of commercial agreement other than the general commercial terms and conditions

Transaction of commercial agreement other than the general commercial terms and conditions shall be considered and commented upon by the Audit Committee before being presented to the Board of Directors or shareholders meeting (As the case may be) for further consideration and approval to comply with the Securities and Exchange Act Including the regulations, announcements and orders of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including compliance with the disclosure requirements of related party transactions.

In the event that the Audit Committee is unqualified to consider the related party transactions, the Company may appoint independent experts or the Company's auditors to comment on such related party transactions



for the Audit Committee so that Board of Directors or shareholders (as the case may be) shall use information for the decision-making to ensure that the transaction is necessary and reasonable considering the Company's utmost benefit. The Company will disclose the related transactions in the annual registration statement and notes to financial statements audited by the Company's auditor.

Policy for future related party transactions

Related party transactions that may occur in the future require Board of Directors to comply with the Securities and Exchange Act including the regulations, announcements and orders of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including compliance with the disclosure requirements of the related party transaction of the Company or subsidiaries in accordance with accounting standards prescribed by the Federation of Accounting Professions under the Royal Patronage.

Tendency of related party transactions

The Company expects that general merchandise or regular business support items of the Company such as, the rental of office space and facilities for the production of the Company's products will continue. The Company will ensure that the price and terms of payment are in accordance with normal commercial terms and conditions.

In addition, the Company group may consider revising the prices and conditions associated with using the facility to ensure that the price and terms of payment are reasonable and comply with relevant rules and regulations.



○ Management Discussion and Analysis

Significant Events in 2019

Pop-up stores are more in focus

Responding to the moderate economic situation in Thailand in 2019, the Company has slowed down branch investments and shifted focus toward opening pop-up stores where costs of investment and associated risks are relatively lower. The launch of the pop-up stores has also provided agility and flexibility for After You to explore potential demand in untapped locations (e.g. shopping malls in 2-tier or 3-tier cities and office building) where our major outlets could not cover demand. Throughout 2019, 25 pop-up stores together with catering events, generate revenue of total Baht 35.58 million. Pop-up stores have been set up in 2 different models. The first model is a semi-permanent store where dining areas are available, and the menus offered are closely similar to menus offered in After You dessert cafe. The second model is a small kiosk where to-go products are mainly sold and setting up areas are usually in a high traffic location.

Summary of new products in 2019

Through consistent research and development effort, the Company continues to develop both in-store and to-go menus as well as initiating pancake mix product and new year gift to enhance customer experience. In 2019, the Company launched 4 new flavors and 2 seasonal flavors of kakigori, Bonchon chicken toast, salted egg toast, soft cookie, and 3 new beverages. The Company also added to-go products which were souffle cheesecake, eclair, toffee cake, mooncake, strawberry bun, carbonara bun, salted egg nuggets and pancake mix.



Analysis of Statement of Income

Revenue

Product line / Type of business	2019		2018		Change Percentage
	Million Baht	Percentage	Million Baht	Percentage	
<u>Sale revenue</u>					
Dessert cafe	1,111.13	92.19	832.23	94.49	33.51
Sales of goods and raw materials	46.68	3.87	24.84	2.82	87.92
Catering and events	35.60	2.96	14.02	1.59	153.92
Franchising	0.90	0.07	-	-	100.00
Total sale revenue	1,194.31	99.09	871.09	98.90	37.11
Other revenue	10.94	0.91	9.64	1.10	13.49
Total	1,205.25	100.0	880.73	100.0	36.85

Key Drivers	2019	2018	% Change
Number of branches as at 31 December	38	32	18.75%
Same store sale growth (SSSG)	8.91%	(5.03%)	13.94%

In 2019, total operating revenue was Baht 1,194.31 million which increased by Baht 323.22 million or 37.11% from 2018, as the total operating revenue from each of the all four quarters rose from the same period last year. The increase was mainly due to the following reasons.

- Revenue from dessert cafe in 2019 increased by Baht 278.90 million or 33.51% from 2018 as more branches were opened, together with the improvement in same store sale growth.
- Revenue from sales of goods and raw materials in 2019 increased by Baht 21.84 million or 87.92% from 2018 due to the higher OEM order volumes in early 2019.
- Revenue from catering and events in 2019 increased by Baht 21.58 million or 153.92% as more teams were available to set up pop-up stores.

Gross Profit and Gross Profit Margin

Cost of sales mainly consists of cost of raw materials, packages, supplies, salary of production unit's staff, depreciations. Major part of cost of sales is raw materials.



In 2019, gross profit was Baht 772.54 million which increased by Baht 190.42 million or 32.71% from 2018. The increase reflected the accumulated impacts of the increase in gross profit each of the all four quarters compared to the same period of last year. The increase was mainly attributed to 6 additional branches in 2019 together with the continuous launch of take-home products, new menus and seasonal menus.

Gross profit margin in 2019 was 64.68% which decreased by 2.15% from 2018. The decrease was mainly attributed to the higher portion of take-home sales which yielded lower gross profit margin.

Selling Expenses

Selling expenses mainly consist of salaries of dessert cafe's staff, space and equipment rental expenses, utility expenses, and other selling expenses such as marketing and promotional expenses, and depreciation of asset in each branch.

In 2019, selling expense was Baht 328.58 million, increased by Baht 57.55 million or 21.24% from 2018, due to the increase in selling expenses regarding new additional 6 branches opened in 2019.

Selling expense to total revenue in 2019 was 27.26% which improved by 3.51% from 2018. The decrease was mainly from significant increase in sales from dessert cafe in every quarter of 2019, while store-related expenses did not increase significantly.

Administrative Expenses

Administrative expenses mainly consist of salaries of back office staff, utility expenses, and depreciation of property, plant, and equipment in the back office.

In 2019, administrative expense was Baht 161.54 million which iBaht 21.13 million or 15.05% from 2018. The increase reflected the accumulated impacts of the higher administrative expenses each of the four quarters compared to the same period last year, due to the higher back office salary expenses as a result of business expansion.

Administrative expense to total revenue in 2019 was 13.40% which improved by 2.54% from 2018 due to better control on the back-office expenses.

Net Profit and Net Profit Margin

In 2019, net profit was Baht 237.08 million which increased by Baht 89.66 million or 60.82% from 2018, due



to operational efficiency and economies of scale of operating 38 branches.

Net profit margin in 2019 was 19.67% which increased by 2.93% from 2018 as the operating revenue increased, while selling and administrative expenses did not increase significantly as the Company had better expense control.

Analysis of Statement of Financial Position

Assets

As of 31 December 2019, the total assets of the Company were Baht 1,200.23 million, increased by Baht 102.81 million or 9.37% from 31 December 2018. Significant changes are from land, property, and equipment which increased by Baht 92.56 million or 18.33% because of the plant expansion and the opening of new branches.

Liabilities

As of 31 December 2019, the total liabilities of the Company were Baht 161.63 million, increased by Baht 21.31 million or 15.19% from 31 December 2018. The increase was mainly due to Baht 12.90 million increase in other non-current liability as a result of unearned revenue from initial franchise fee received in advance. (The unearned franchise revenue will be recognized as revenue over the 5-year period) and the increase in the provision for long-term employee benefits and the provision for decommissioning.

(Remark : Unearned revenue from initial franchise fee is recorded as both non-current liability and current liability, the portion that is subjected to be recognized as revenue within 1 year is classified as current liability)

Shareholders' Equity

As of 31 December 2019, the total equity of the Company was Baht 1,038.59 million, increased by Baht 81.49 million or 8.51% from 31 December 2018. The increase was due to the increase in retained earning.



Analysis of Cash Flow

Unit: Million Baht	2019	2018
Net cash flows from operating activities	337.00	209.48
Net cash flows used in investing activities	(160.46)	(73.01)
Net cash flows used in financing activities	(155.10)	(122.55)
Decrease in translation adjustment	(0.05)	-
Net increase (decrease) in cash and cash equivalents	21.39	13.92
Cash and cash equivalents at beginning of year	62.55	48.63
Cash and cash equivalents at end of year	83.94	62.55

Cash flows from operating activities

In 2019 and 2018, the Company had net cash flow from operation activities of Baht 337.00 million and Baht 209.48 million respectively. The increase of Baht 127.52 was attributed to increase in cash received from operation Baht 142.92 million and increase in other working capital Baht 1.63 million deducted by cash payment for income tax Baht 17.03 million.

Cash flows from investing activities

Net cash flows used in investing activities in 2019 and 2018 were Baht 160.46 million and Baht 73.01 million respectively. Most cash outflows were for acquisition of investments in securities held for trading and held-to-maturity investments, construction of new plant and branches as well as purchase of equipment for branches.

Cash flows from financing activities

Net cash flows used in financing activities in 2019 and 2018 were Baht 155.10 million and Baht 122.55 million respectively. The majority of cash outflow was for dividend repayment.



Analysis of Financial Ratio

	Unit	2019	2018
Liquidity Ratio			
Liquidity Ratio	Time	4.40	4.49
Quick Ratio	Time	4.09	4.20
Account Receivables Turnover Ratio	Time	104.20	79.56
Average Collection Period	Day	4	5
Inventory Turnover Ratio	Time	11.68	9.93
Average Sale Period	Day	31	37
Profitability Ratio			
Gross Profit Margin	Percentage	64.68	66.83
Operating Profit Margin	Percentage	24.34	20.47
Net Profit Margin	Percentage	19.67	16.74
Return on Equity	Percentage	23.76	15.61
Efficiency Ratio			
Return on Assets	Percentage	20.64	13.83
Return on Fixed Assets	Percentage	43.01	31.31
Asset Turnover Ratio	Time	1.04	0.82
Fixed Asset Turnover Ratio	Time	2.17	1.85
Leverage Ratio			
Debt to Equity Ratio	Time	0.16	0.15

Liquidity Ratio

The Company had strong liquidity ratio at 4.40 times as at 31 December 2019 despite of slightly decrease from 4.49 times in 2018 since most customers at the Company's branches made the payment in cash. Average sale period decreased from 37 days in 2018 to 31 days in 2019 due to an increase in take-home products. In addition, new take-home products launched in 2019 had average shelf life period shorter than



products in the same category sold in 2018.

Profitability Ratio

Gross profit margin in 2019 decreased 2.15% from 2018 by decreasing from 66.83% to 64.68% due to the increase in the higher portion of take-home products and OEM which yielded lower gross profit margin than products sold in the branches. However, the Company had an increase in operating profit margin, net profit margin, and return on equity due to an increase in 2019 sale and better cost and expense control.

Efficiency Ratio

Return on assets increased from 13.83% in 2018 to 20.64% in 2019 while return on fixed assets increased from 31.31% in 2018 to 43.01% in 2019 because net profit increased in the higher proportion than increase in assets and fixed assets.

Leverage Ratio

As at 31 December 2019, the Company's debt to equity ratio was 0.16 time which was not much significant changed from 2018 since the Company had no loan from financial institution and still had cash surplus from IPO.

2020 Outlook

In 2020, the Company will continue to expand branches in major cities together with pop-up stores to increase awareness and accessibility of the brand. The Company also has the plan to launch the application developed by the Company to enhance customer experience. The application will bring in new loyalty program to collect points, get informed about attractive promotions and redeem significant rewards. In addition, the application will help to speed up the branch operation where customers can order in advance, therefore, spending less time in queuing and payment.

Regarding overseas franchise business, due to on-going political unrest in Hong Kong, the Company has responded to such conditions by postponing the first franchisee store that was expected to start operation within the fourth quarter of 2019 to the second or third quarter of 2020.



○ **Report of the Board of Directors' Responsibilities for Financial Statements**

The Board of Directors of After You Public Company Limited is responsible for the disclosure and presentation of the consolidated financial statements of the Company and subsidiaries, including information that appears in the Annual Report. The financial statements are prepared in accordance with the financial reporting standards by careful consideration, regarding to the appropriateness of accounting policies and financial forecasts, the practices of which the Company always takes into account.

The Board has established effective internal control systems to ensure that the accounting information is accurate and complete, including the prevention of fraud or unusual transaction which deemed to be significant.

The Board of Directors has an opinion that the Company has a good, adequate, and appropriate internal control system, which leads to the conviction that the Company's financial statements for the year ended 31 December 2019 are reliable and in accordance with financial reporting standards, including the legal practice and the relevant regulations.

Mr. Premon Pinskiul
Chairman of the Board

Mr. Maetup T. Suwan
Managing Director



○ 2019 Report of the Audit Committee

The Audit Committee of After You Public Company Limited consists of independent directors who meet the requirements and guidelines of the Audit Committee of the Stock Exchange of Thailand, and appointed by the Board of Directors for 3 persons as follows:

- | | | |
|----|--------------------------|---------------------------------|
| 1) | Mr. Pichet Bhimayothin | Chairman of the Audit Committee |
| 2) | Mr. Premon Pinskul | Member of the Audit Committee |
| 3) | Dr. Thamnoon Ananthothai | Member of the Audit Committee |

Whereas, Miss Chanthanee Tantasuralerk acts as Secretary to the Audit Committee.

In 2019, the Audit Committee held four meetings, all of which were attended by all members of the Audit Committee. The Audit Committee has performed its duties in accordance with the Charter of the Audit Committee in its entirety. In the year 2019, the Audit Committee held a meeting with the external auditor without the management team, for once, including other meetings held with the executives, auditors, and the internal auditors, as appropriate.

The performance of the Audit Committee is summarized below.

1. Review of Financial Statements The Audit Committee reviewed the Company's quarterly and annual financial statements together with the management and auditors including the review of important accounting policies, changes in the past year, potential future impact, and unusual transaction which deemed to be significant, as well as auditor's remarks and agreed with the auditor's opinion that the financial statements were presented fairly in all aspects in accordance with the generally accepted accounting standard.
2. Review of Internal Control System The Audit Committee reviewed the internal control system of the Company to assess the adequacy, suitability, and effectiveness of the internal control system, by considering the review of the result of the internal control assessment, in collaboration with the auditor and the internal auditor and found no significant issues that could affect the Company's business.
3. Review of Internal Audit Work The Audit Committee reviewed performance, responsibility, and independence of DIA Audit Company Limited as the Company's internal auditor, and approved the internal audit program of the year 2019.



4. Review of Connected Transaction The Audit Committee reviewed connected transactions or transactions that may cause conflict of interest of the Company, to determine whether those transactions were reasonable and to ensure that the Company disclosed information in accordance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
5. Consideration of Auditors and Remuneration The Audit Committee considered the auditors based on their independence, knowledge, ability, experience, performance, including the appropriateness of audit fee for the Company and affiliates, and presented to the Board of Directors for consideration and approval of the Annual General Meeting of Shareholders for the year 2019, from which the appointment of the auditors of the Company was approved as follows.
- | | | |
|-----|----------------------------|---------------------------------------------------------------|
| (1) | Ms. Sumalee Reewarabandith | Certified Public Accountant Registration No. 3970
and / or |
| (2) | Mrs. Poonnard Paocharoen | Certified Public Accountant Registration No. 5238
and / or |
| (3) | Ms. Manee Rattanabunnakit | Certified Public Accountant Registration No. 5313 |
6. Review of Legal Compliance The Audit Committee reviewed and supervised the Company's operation to comply with the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and the laws relating to the business of the Company, including compliance with the Company's rules, and as a result, the Audit Committee was of the opinion that the Company complied with the law without any significant defection.
7. Review the Risk Management The Audit Committee reviewed the risk management of the Company to be correlated to the internal control system for overall risk management of the Company, by reviewing the policy, risk factors, risk management approach, including the progress of risk management, the results of which found that risk management was effective and in accordance with the Company's policy and strategy.
8. Reporting on Suspicious Issues The Audit Committee was responsible for reporting to the Board of Directors in case of any suspicious transactions or actions that may have a significant impact on the Company's financial status and performances, the result of which found that in the past year, there was neither transaction nor operation of the Company that indicated as such.

In summary, in the year 2019, the Audit Committee has performed duties as specified in the Charter of the Audit Committee, using knowledge and skill to monitor the operations of the Company and its affiliates independently, and demonstrated that Financial statements of the Company and its affiliates are provided



accurately, reliably and prepared in accordance with the generally accepted accounting standard, with adequate disclosure. Furthermore, in the aspect of connected transactions or transactions that may have conflicts of interest, the Company has complied with the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission, including compliance with all applicable laws, rules and regulations relating to business operations. In addition, the Company has implemented an adequate risk management, performing good corporate governance, and also having both auditor and internal auditor who are independent and qualified, to ensure the efficiency and effectiveness of auditing and internal control system.

Mr. Pichet Bhimayothin
Chairman of the Audit Committee



○ Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of After You Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of After You Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of After You Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of After You Public Company Limited and its subsidiaries and of After You Public Company Limited as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial



Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for are described below.

Revenue recognition

The Group operates business of food and beverage outlets in many branches. Its main revenues are generated from cash sales of foods and beverages (represents approximately 93% of total revenues from sales). Thus, revenues from sales are significant to the financial statements. In addition, the Group has launched a customer loyalty program for registered members, under which customers earn points when making purchases of foods and beverages in specified amounts and can redeem these for gifts in accordance with the conditions set by the Group. The fair value of accumulated points determined based on the estimated customer redemption is presented as a deduction against revenues from sales and recognised as revenues when the customers redeem the points for gifts. The estimation of the fair value of such accumulated points requires the exercise of judgement. There is therefore a risk with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's internal controls with respect to the revenue and cash receipt cycles by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Observing the operations of the internal controls at selected branches.
- On a sampling basis, examining supporting documents for actual sale and cash receipt transactions occurring during the year and near the end of the accounting period.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sale transactions throughout the period, particularly for accounting entries made through journal vouchers.
- Assessing the fair value of accumulated points, estimated based on customer redemption, and testing the calculation.



Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,



they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.



I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

EY Office Limited

Bangkok: 24 February 2020



After You Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	83,934,252	62,545,165	70,110,811	55,968,427
Current investments	8	406,255,067	402,645,626	406,255,067	402,645,626
Trade and other receivables	6,9	12,364,098	13,724,709	19,109,584	18,075,957
Inventories	10	38,494,523	33,721,795	38,907,458	34,367,398
Other current assets	11	8,399,010	9,575,060	8,278,249	9,554,408
Total current assets		549,446,950	522,212,355	542,661,169	520,611,816
Non-current assets					
Restricted bank deposits	12	200,000	3,480,620	200,000	3,480,620
Investments in subsidiaries	13	-	-	1,999,433	1,999,433
Property, plant and equipment	14	597,468,370	504,903,540	596,523,264	504,822,604
Intangible assets	15	13,826,872	17,675,478	13,826,872	17,675,478
Advances for acquisition of assets		338,000	12,565,508	338,000	12,565,508
Rental deposits		33,875,583	32,290,427	33,598,383	32,290,427
Deferred tax assets	24	5,070,888	4,293,107	5,070,888	4,293,107
Total non-current assets		650,779,713	575,208,680	651,556,840	577,127,177
Total assets		1,200,226,663	1,097,421,035	1,194,218,009	1,097,738,993

The accompanying notes are an integral part of the financial statements.



After You Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Baht)

As at 31 December 2019

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	6, 16	72,653,093	82,480,608	74,214,328	83,607,667
Current portion of liabilities under finance lease agreements		-	154,977	-	154,977
Income tax payable		29,379,973	19,436,076	29,052,942	18,984,431
Other current liabilities	17	22,793,298	14,342,365	21,025,512	14,188,865
Total current liabilities		124,826,364	116,414,026	124,292,782	116,935,940
Non-current liabilities					
Provision for decommissioning	18	12,238,226	10,595,612	12,238,226	10,595,612
Provision for long-term employee benefits	19	13,109,045	9,309,457	13,109,045	9,309,457
Other non-current liabilities	20	11,460,893	4,001,778	5,742,231	4,001,178
Total non-current liabilities		36,808,164	23,906,847	31,089,502	23,906,247
Total liabilities		161,634,528	140,320,873	155,382,284	140,842,187
Shareholders' equity					
Share capital					
Registered					
815,625,000 ordinary shares of Baht 0.10 each		81,562,500	81,562,500	81,562,500	81,562,500
Issued and paid-up					
815,623,561 ordinary shares of Baht 0.10 each		81,562,356	81,562,356	81,562,356	81,562,356
Premium on ordinary shares		709,575,820	709,575,820	709,575,820	709,575,820
Retained earnings					
Appropriated - Statutory reserve	21	8,156,250	8,156,250	8,156,250	8,156,250
Unappropriated		239,350,652	157,805,736	239,541,299	157,602,380
Other components of shareholders' equity		(52,943)	-	-	-
Total shareholders' equity		1,038,592,135	957,100,162	1,038,835,725	956,896,806
Total liabilities and shareholders' equity		1,200,226,663	1,097,421,035	1,194,218,009	1,097,738,993



After You Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Revenue from contracts with customers	22	1,194,315,228	871,088,755	1,193,470,701	871,088,755
Dividend income		-	-	3,498,950	3,798,860
Other income		10,936,160	9,641,194	11,757,723	9,677,246
Total revenues		1,205,251,388	880,729,949	1,208,727,374	884,564,861
Expenses					
Cost of sales		421,775,925	288,971,535	426,634,483	293,965,477
Selling and distribution expenses		328,575,602	271,023,275	328,444,676	271,023,275
Administrative expenses		161,538,434	140,410,216	160,710,516	139,943,230
Total expenses		911,889,961	700,405,026	915,789,675	704,931,982
Profit before finance cost and income tax expenses		293,361,427	180,324,923	292,937,699	179,632,879
Finance cost		(221,057)	(230,787)	(221,057)	(230,787)
Profit before income tax expenses		293,140,370	180,094,136	292,716,642	179,402,092
Income tax expenses	24	(56,057,422)	(32,668,320)	(55,240,741)	(31,708,474)
Profit for the year		237,082,948	147,425,816	237,475,901	147,693,618

The accompanying notes are an integral part of the financial statements.



After You Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2019

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other comprehensive income:				
<i>Other comprehensive income to be reclassified</i>				
to profit or loss in subsequent periods				
Exchange differences on translation of financial statements in foreign currency	(52,943)	-	-	-
<i>Other comprehensive income not to be reclassified</i>				
to profit or loss in subsequent periods				
Actuarial losses, net of income tax	(569,843)	(279,808)	(569,843)	(279,808)
Other comprehensive income for the year	(622,786)	(279,808)	(569,843)	(279,808)
Total comprehensive income for the year	236,460,162	147,146,008	236,906,058	147,413,810
Earnings per share	25			
Basic earnings per share				
Profit attributable to equity holders of the Company	0.29	0.18	0.29	0.18

The accompanying notes are an integral part of the financial statements.



After You Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	293,140,370	180,094,136	292,716,642	179,402,092
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	68,556,524	56,527,511	68,530,123	56,513,976
Reversal of allowance for diminution in value of inventories	(175,241)	(282,115)	(175,241)	(282,115)
Obsolete inventories write-off	3,462,691	416,840	3,462,691	416,840
Gain on a bargain purchase of investment in a subsidiary	-	(84,771)	-	-
Unrealised loss (gain) on changes in value of investments				
in securities held for trading	(3,280,131)	1,381,745	(3,280,131)	1,381,745
Gain on sales of investments in securities held for trading	(795,707)	(4,876,940)	(795,707)	(4,876,940)
Loss on sale of equipment	1,318,866	1,092,596	1,318,866	1,092,596
Equipment write-off	81,400	4,451,152	81,400	4,451,152
Reversal of allowance for impairment loss on computer software	-	(780,391)	-	(780,391)
Computer software write-off	3,493,538	777,554	3,493,538	777,554
Loss on decommissioning of assets	-	209,129	-	209,129
Provision for long-term employee benefits	3,983,183	3,758,596	3,983,183	3,758,596
Dividend income	-	-	(3,498,950)	(3,798,860)
Interest income	(3,284,751)	(2,249,515)	(3,267,402)	(2,231,337)
Finance costs	221,057	230,787	221,057	230,787
Profit from operating activities before changes in operating assets and liabilities	366,721,799	240,666,314	362,790,069	236,264,824
Operating assets (increase) decrease				
Trade and other receivables	1,113,762	(2,927,297)	(1,580,386)	(3,413,248)
Inventories	(8,060,178)	(9,370,295)	(7,827,510)	(9,436,074)
Other current assets	1,158,838	(4,363,054)	1,257,199	(4,344,410)
Rental deposits	(1,585,156)	(3,910,778)	(1,307,956)	(3,910,778)
Operating liabilities increase				
Trade and other payables	5,840,764	10,876,842	6,292,291	9,577,771
Other current liabilities	8,450,933	5,729,246	6,836,647	5,697,523
Other non-current liabilities	7,459,115	1,478,741	1,741,053	1,478,741
Cash flows from operating activities	381,099,877	238,179,719	368,201,407	231,914,349
Interest received	3,531,600	2,553,020	3,514,251	2,534,842
Cash paid for decommissioning of assets	-	(410,500)	-	(410,500)
Cash paid for long-term employee benefits	(895,899)	(1,145,809)	(895,899)	(1,145,809)
Cash paid for income tax	(46,731,633)	(29,698,867)	(45,788,590)	(28,743,854)
Net cash flows from operating activities	337,003,945	209,477,563	325,031,169	204,149,028



After You Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Acquisition of investments in securities held for trading and held-to-maturity investments	(720,197,271)	(656,204,378)	(720,197,271)	(656,204,378)
Proceed from sales of investments in securities held for trading and held-to-maturity investments	720,663,668	720,400,000	720,663,668	720,400,000
Decrease (increase) in restricted bank deposit	3,280,620	(3,080,620)	3,280,620	(3,080,620)
Net cash from (paid for) investments in subsidiaries	-	85,681	-	(999,733)
Acquisition of land, buildings and equipment	(159,596,181)	(106,237,261)	(158,752,248)	(106,178,062)
Acquisition of computer software	(1,877,545)	(7,600,976)	(1,877,545)	(7,600,976)
Advances paid for acquisition of assets	(2,904,572)	(20,431,617)	(2,875,375)	(20,431,617)
Proceed from sale of equipment	170,451	55,426	170,451	55,426
Dividend received	-	-	3,798,860	3,998,800
Net cash flows used in investing activities	(160,460,830)	(73,013,745)	(155,788,840)	(70,041,160)
Cash flows from financing activities				
Decrease in liabilities under finance lease agreements	(158,420)	(246,956)	(158,420)	(246,956)
Dividend paid	(154,942,665)	(122,306,819)	(154,941,525)	(122,305,619)
Net cash flows used in financing activities	(155,101,085)	(122,553,775)	(155,099,945)	(122,552,575)
Decrease in translation adjustment	(52,943)	-	-	-
Net increase in cash and cash equivalents	21,389,087	13,910,043	14,142,384	11,555,293
Cash and cash equivalents at beginning of year	62,545,165	48,635,122	55,968,427	44,413,134
Cash and cash equivalents at end of year	83,934,252	62,545,165	70,110,811	55,968,427

Supplemental cash flows information

Non-cash items

Transfer advances for acquisition of assets to buildings and equipment accounts	15,100,080	7,866,109	15,070,883	7,866,109
Transfer advances for acquisition of assets to computer software account	32,000	-	32,000	-
Increase (decrease) in payables for construction and purchase of equipment	(15,693,803)	12,184,847	(15,711,244)	12,184,847
Actuarial losses	712,304	349,760	712,304	349,760
Dividend receivable from a subsidiary	-	-	3,498,950	3,798,860
Increase in dividend payable	25,524	37,024	25,614	37,084

The accompanying notes are an integral part of the financial statements.



After You Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements							
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of equity	Total
				Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	
Balance as at 1 January 2018		81,562,356	709,575,820	8,156,250	133,003,571	-	932,297,997
Profit for the year		-	-	-	147,425,816	-	147,425,816
Other comprehensive income for the year		-	-	-	(279,808)	-	(279,808)
Total comprehensive income for the year		-	-	-	147,146,008	-	147,146,008
Dividend paid		-	-	-	(122,343,843)	-	(122,343,843)
Balance as at 31 December 2018		81,562,356	709,575,820	8,156,250	157,805,736	-	957,100,162
Balance as at 1 January 2019		81,562,356	709,575,820	8,156,250	157,805,736	-	957,100,162
Profit for the year		-	-	-	237,082,948	-	237,082,948
Other comprehensive income for the year		-	-	-	(569,843)	(52,943)	(622,786)
Total comprehensive income for the year		-	-	-	236,513,105	(52,943)	236,460,162
Dividend paid	28	-	-	-	(154,968,189)	-	(154,968,189)
Balance as at 31 December 2019		81,562,356	709,575,820	8,156,250	239,350,652	(52,943)	1,038,592,135

The accompanying notes are an integral part of the financial statements.



After You Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

Separate financial statements					
Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total
			Appropriated - Statutory reserve	Unappropriated	
Balance as at 1 January 2018	81,562,356	709,575,820	8,156,250	132,531,273	931,825,699
Profit for the year	-	-	-	147,693,618	147,693,618
Other comprehensive income for the year	-	-	-	(279,808)	(279,808)
Total comprehensive income for the year	-	-	-	147,413,810	147,413,810
Dividend paid 28	-	-	-	(122,342,703)	(122,342,703)
Balance as at 31 December 2018	81,562,356	709,575,820	8,156,250	157,602,380	956,896,806
Balance as at 1 January 2019	81,562,356	709,575,820	8,156,250	157,602,380	956,896,806
Profit for the year	-	-	-	237,475,901	237,475,901
Other comprehensive income for the year	-	-	-	(569,843)	(569,843)
Total comprehensive income for the year	-	-	-	236,906,058	236,906,058
Dividend paid 28	-	-	-	(154,967,139)	(154,967,139)
Balance as at 31 December 2019	81,562,356	709,575,820	8,156,250	239,541,299	1,038,835,725

The accompanying notes are an integral part of the financial statements.



After You Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

1. General information

After You Public Company Limited (“the Company”) is a public limited company incorporated and domiciled in Thailand. The Company is principally engaged in operation of food and beverage outlets. The registered address of the Company, which is its head office, is at 1319/9 Pattanakarn, Suanluang, Suanluang, Bangkok. Its factory is located at 30/106 Moo1, Tumbon Kokkham, Amphur Muang Samut Sakorn, Samut Sakorn.

As at 31 December 2019, the Company has 38 branches (2018: 32 branches) in Bangkok, Samutprakan, Pathumthani, Nonthaburi, Nakhon Ratchasima, Chiang Mai, Udon Thani, Chonburi, Phuket and Songkla.

2. Basis of financial statement preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of After You Public Company Limited and its subsidiaries (hereinafter called “the Group”) as the following.



Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			(%)	(%)
Aurum and Aurum Company Limited	Distribution of bakery products and equipment	Thailand	100	100
M&M 2007 Company Limited	Distribution of food and beverage	Thailand	100	100
After You Hong Kong Limited	Franchise operation of food and beverage outlet	Hong Kong Special Administrative Region of the People's Republic of China	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary is translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investment in subsidiaries under the cost method.

3. New financial reporting standards

- a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting



standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

Accounting Standards

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue

Standard Interpretations Committee

TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
------------------------	--------------------------------------------------------------

Financial Reporting Standard Interpretations

TFRIC 13 (revised 2017)	Customer Loyalty Programs
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

- b) **Financial reporting standards that will be effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting



standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows.

Financial Reporting Standards

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the entities' business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group believes that the adoption of these standards will not have any significant impact on the financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the



principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 353.8 million (the Company only: approximately Baht 353.8 million) and the Group's liabilities by approximately Baht 359.4 million (the Company only: approximately Baht 359.4 million).

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

The Group has launched a customer loyalty program for registered members, under which the customers earn points when making purchases at the specified amount. The points can be redeemed for rewards in accordance with the conditions set by the Group. Revenue is recognised when control over the future goods is transferred to the customers or when the option to redeem expires.

The Group estimates standalone selling price of the option by allocating the transaction price to the performance obligations by reference to the price of goods expected to be provided to the customer if the customer exercises the option, adjusted for the likelihood that the customer would exercise the option.



An amount of consideration that the Group has received or is entitled to receive from but has obligations to transfer the goods to the customer is presented under the caption of other current liabilities - unearned revenue in the statement of financial position, which is to be recognised as revenue when the Group has fulfilled obligations under the contract.

Franchise initial fee

The Group recognises initial fee income throughout the period of franchise agreement.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (first-in, first out method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost.

Products purchased for sales, raw materials and supplies are valued at the lower of cost (first-in, first-out method) and net realisable value, and are charged to production costs whenever consumed.

4.5 Investments

a) Investments in securities held for trading are stated at fair value. Changes in the fair value of



these securities are recorded in profit or loss.

- b) Investments in debt securities expected to be held to maturity are recorded at amortised cost. The premium/discount on debt securities is presented as interest income.
- c) Investment in subsidiary, presented in the separate financial statements, is stated at cost.

The fair value of unit trusts is determined from their net asset value. The fair value of debt instruments is determined based on yield rates quoted by the issuer of debt instruments.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Property, plant and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). The costs comprise any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating and decommissioning costs obligation associated with a consequence of having used the assets.

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the estimated useful lives as follows.

Buildings and building improvement	2, 5, 10 and 30 years
Utility systems	5, 10 and 25 years
Kitchenware and appliances	2, 5 and 10 years
Furniture and office equipment	5, 8 and 10 years
Motor vehicles	5 and 8 years



Depreciation is included in determining income. No depreciation is provided on land and assets under construction and installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end.

The estimated useful lives of computer software are 5 and 10 years.

The amortisation expense is calculated on the straight-line basis over the estimated useful lives and charged to profit or loss. No amortisation is provided on computer software under installation.

4.8 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

4.9 Long-term leases

Leases of building or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to



profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of building or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on the straight-line basis over the lease term.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange rate are included in determining income.

4.11 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.



4.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

4.13 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.



Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows.



Level 1	Use of quoted market prices in an observable active market for such assets or liabilities
Level 2	Use of other observable inputs for such assets or liabilities, whether directly or indirectly
Level 3	Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Unearned revenue from a customer loyalty program

The Group has launched a customer loyalty program for registered members, under which the customers earn points when making purchases at the specified amount. The points can be redeemed for rewards. The Group estimates standalone selling price of the option by allocating the transaction price to the performance obligations by reference to the price of goods expected to be provided to the customers if the customers exercise the option, adjusted for the likelihood that the customers would exercise the option. This requires management to make subjective judgements.

Provision for decommissioning

The Group is obligated to remove decoration and fixtures and restore the rental spaces before returning them to the lessors at the end of the rental agreements. The Group records a provision



for decommissioning whenever it is highly probable that an obligation will arise as a result of a past event and the amount of the obligation can be reliably estimated. In estimating of decommissioning costs, the management exercises judgement in predicting future decommissioning costs, discount rate and economic useful lives of the assets.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Thousand Baht)

	Consolidated financial		Separate financial		
	statements		statements		Transfer pricing policy
	2019	2018	2019	2018	
Transactions with subsidiaries					
(Eliminated from the consolidated financial statements)					
Purchase of raw materials	-	-	45,270	43,055	Cost plus margin
Sales of goods	-	-	19	-	Cost plus margin
Service income	-	-	861	139	Rate stipulated in agreement
Other income	-	-	67	-	Cost plus margin
Dividend income	-	-	3,499	3,799	As declared
Transactions with related parties					
Purchase of raw materials	-	1,254	-	1,254	Cost plus margin
Other income	-	12	-	12	Agreed upon basis
Transactions with related persons					
Rental expense	1,575	1,635	780	1,310	Rate stipulated in agreement



As at 31 December 2019 and 2018, the balances of the accounts between the Group and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade and other receivables (Note 9)				
<u>Trade receivables - related parties</u>				
Trade receivables - a subsidiary	-	-	21	-
Total trade receivables - related parties	-	-	21	-
<u>Other receivables - related parties</u>				
Advances to subsidiaries	-	-	2,945	451
Other receivables - subsidiaries	-	-	5,136	3,900
Total other receivables - related parties			8,081	4,351
Total			8,102	4,351
Trade and other payables (Note 16)				
<u>Trade payables - related parties</u>				
A subsidiary	-	-	4,636	5,868
Total	-	-	4,636	5,868

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2019	2018
Short-term employee benefits	17,274	17,274
Post-employment benefits	684	684
Other long-term benefits	48	48
Total	18,006	18,006



7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	4,576	4,321	4,560	4,321
Bank deposits	79,358	58,224	65,551	51,647
Total	83,934	62,545	70,111	55,968

As at 31 December 2019, bank deposits in savings accounts of the Group carried interest at rates between 0.10% and 1.26% per annum. (The Company only: between 0.10% and 0.38% per annum) (2018: between 0.10% and 0.40% per annum)

8. Current investments

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2019	2018
Investments in securities held for trading		
Unit trusts - fixed income fund	402,088	301,760
Add: Change in fair value	3,961	681
Total investments in securities held for trading	406,049	302,441
Held-to-maturity investments		
6-month fixed deposits	-	100,000
12-month fixed deposits	206	204
Total held-to-maturity investments	206	100,204
Total	406,255	402,645



9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	11	-
Past due				
Up to 3 months	-	-	10	-
Total trade receivables - related parties	-	-	21	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	7,407	377	7,407	377
Past due				
Up to 3 months	2,669	12,105	2,669	12,105
3 - 6 months	200	-	200	-
6 - 12 months	166	-	166	-
Total trade receivables - unrelated parties	10,442	12,482	10,442	12,482
<u>Other receivables</u>				
Advances to subsidiaries	-	-	2,945	451
Other receivables - subsidiaries	-	-	5,136	3,900
Other receivables - unrelated parties	1,922	1,243	566	1,243
Total other receivables	1,922	1,243	8,647	5,594
Total	12,364	13,725	19,110	18,076



10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	11,090	8,790	-	-	11,090	8,790
Work in process	470	498	-	-	470	498
Raw materials	16,697	17,140	(39)	(138)	16,658	17,002
Supplies	10,480	7,711	(203)	(279)	10,277	7,432
Total	38,737	34,139	(242)	(417)	38,495	33,722

Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2562	2561	2562	2561	2562	2561
Finished goods	11,178	8,790	-	-	11,178	8,790
Work in process	470	498	-	-	470	498
Raw materials	17,059	17,785	(39)	(138)	17,020	17,647
Supplies	10,443	7,711	(203)	(279)	10,240	7,432
Total	39,150	34,784	(242)	(417)	38,908	34,367

During the year 2019, the Group reduced cost of inventories by Baht 0.1 million (2018: Baht 0.4 million) (the Company only: Baht 0.1 million and 2018: Baht 0.4 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 0.2 million (2018: Baht 0.7 million) (the Company only: Baht 0.2 million and 2018: Baht 0.7 million), and reduced the amount of inventories recognised as expenses during the year.



11. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Prepaid expenses	4,611	3,548	4,593	3,544
Undue input tax	1,120	3,401	1,032	3,385
Others	2,668	2,626	2,653	2,625
Total	8,399	9,575	8,278	9,554

12. Restricted bank deposits

The balance as at 31 December 2019 represents cash pledged with a bank as collateral to secure payments due to creditors (2018: as collateral to secure branch rental).

13. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows.

Company's name	Paid-up capital		Shareholding		Cost		Dividend income	
			percentage					
	2019	2018	2019	2018	2019	2018	2019	2018
	(Thou- sand Baht)	(Thou- sand Baht)	(%)	(%)	(Thou- sand Baht)	(Thou- sand Baht)	(Thou- sand Baht)	(Thou- sand Baht)
Aurum and Aurum Company Limited	1,000	1,000	100	100	1,000	1,000	3,499	3,799
M&M 2007 Company Limited	1,000	1,000	100	100	1,000	1,000	-	-
After You Hong Kong Limited	USD 1	USD 1	100	100	Baht 32.50	Baht 32.50	-	-



On 17 May 2018, the Company acquired the ordinary shares of M&M 2007 Company Limited. from existing shareholders who are the shareholders of the Company. This company was incorporated in Thailand with a registered capital of Baht 1,000 thousand. The Company holds 100% interest in this company.

The financial statements of M&M 2007 Company Limited have been included in the consolidated financial statements since the Company gained controlling authority on 17 May 2018 (“acquisition date”). The acquisition cost of investment was Baht 1,000 thousand. The Company assessed the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment was completed in the current year. Fair value of the identifiable assets acquired as at the acquisition date was cash and cash equivalents of Baht 1,085 thousand and the fair value of net assets was Baht 1,085 thousand. The Company recognised gain from bargain purchase of Baht 85 thousand in the consolidated profit or loss for the year ended 31 December 2018.

On 1 October 2018, the Board of Directors’ meeting of the Company approved the establishment of After You Hong Kong Limited. This company was registered in Hong Kong Special Administrative Region of the People’s Republic of China on 15 October 2018 with a registered capital of USD 10,000 and paid-up capital of USD 1. The Company holds 100% interest in this company.



14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land	Buildings and building improvement	Utility systems	Kitchenware and appliances	Furniture and office equipment	Motor vehicles	Assets under construction and installation	
Cost								
1 January 2018	102,743	180,012	50,236	62,149	131,369	13,924	2,586	543,019
Additions	-	704	1,501	16,095	12,338	2,405	93,245	126,288
Cost of assets decommissioning	-	-	-	-	1,461	-	-	1,461
Disposals / write-off	-	-	(1,028)	(2,118)	(13,810)	-	-	(16,956)
Transfer in (out)	1,000	7,281	8,066	2,085	24,379	-	(42,811)	-
31 December 2018	103,743	187,997	58,775	78,211	155,737	16,329	53,020	653,812
Additions	-	1,444	1,492	17,451	9,926	2,122	126,567	159,002
Cost of assets decommissioning	-	-	-	-	1,425	-	-	1,425
Disposals / write-off	-	-	-	(2,685)	(705)	(198)	(16)	(3,604)
Transfer in (out)	-	99,452	39,320	7,540	21,840	-	(168,152)	-
31 December 2019	103,743	288,893	99,587	100,517	188,223	18,253	11,419	810,635



(Unit: Thousand Baht)

	Consolidated financial statements							
	Land	Buildings and building improvement	Utility systems	Kitchenware and appliances	Furniture and office equipment	Motor vehicles	Assets under construction and installation	Total
Accumulated depreciation								
1 January 2018	-	9,493	15,275	22,466	54,424	4,564	-	106,222
Depreciation for the year	-	8,163	7,561	10,434	26,004	1,881	-	54,043
Depreciation on disposals / write-off	-	-	(130)	(1,721)	(9,506)	-	-	(11,357)
Transfer in (out)	-	-		(862)	862	-	-	-
31 December 2018	-	17,656	22,706	30,317	71,784	6,445	-	148,908
Depreciation for the year	-	9,205	9,831	15,329	29,850	2,077	-	66,292
Depreciation on disposals / write-off	-	-	-	(1,295)	(540)	(198)	-	(2,033)
31 December 2019	-	26,861	32,537	44,351	101,094	8,324	-	213,167
Net book value								
31 December 2018	103,743	170,341	36,069	47,894	83,953	9,884	53,020	504,904
31 December 2019	103,743	262,032	67,050	56,166	87,129	9,929	11,419	597,468
Depreciation for the year								
2018 (Baht 16.7 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								54,043
2019 (Baht 22.4 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								66,292



(Unit: Thousand Baht)

	Separate financial statements							
	Land	Buildings and building improvement	Utility systems	Kitchenware and appliances	Furniture and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost								
1 January 2018	102,743	180,012	50,236	62,097	131,369	13,924	2,586	542,967
Additions	-	704	1,501	16,036	12,338	2,405	93,245	126,229
Cost of assets decommissioning	-	-	-	-	1,461	-	-	1,461
Disposals / write-off	-	-	(1,028)	(2,118)	(13,810)	-	-	(16,956)
Transfer in (out)	1,000	7,281	8,066	2,085	24,379	-	(42,811)	-
31 December 2018	103,743	187,997	58,775	78,100	155,737	16,329	53,020	653,701
Additions	-	1,444	1,492	17,313	9,249	2,122	126,492	158,112
Cost of assets decommissioning	-	-	-	-	1,425	-	-	1,425
Disposals / write-off	-	-	-	(2,685)	(705)	(198)	(16)	(3,604)
Transfer in (out)	-	99,452	39,320	7,540	21,840	-	(168,152)	-
31 December 2019	103,743	288,893	99,587	100,268	187,546	18,253	11,344	809,634



(Unit: Thousand Baht)

	Separate financial statements							
	Land	Buildings and building improvement	Utility systems	Kitchenware and appliances	Furniture and office equipment	Motor vehicles	Assets under construction and installation	Total
Accumulated depreciation								
1 January 2018	-	9,493	15,275	22,466	54,424	4,564	-	106,205
Depreciation for the year	-	8,163	7,561	10,421	26,004	1,881	-	54,030
Depreciation on disposals / write-off	-	-	(130)	(1,721)	(9,506)	-	-	(11,357)
Transfer in (out)	-	-	-	(862)	862	-	-	-
31 December 2018	-	17,656	22,706	30,287	71,784	6,445	-	148,878
Depreciation for the year	-	9,205	9,831	15,306	29,847	2,077	-	66,266
Depreciation on disposals / write-off	-	-	-	(1,295)	(540)	(198)	-	(2,033)
31 December 2019	-	26,861	32,537	44,298	101,091	8,324	-	213,111
Net book value								
31 December 2018	103,743	170,341	36,069	47,813	83,953	9,884	53,020	504,823
31 December 2019	103,743	262,032	67,050	55,970	86,455	9,929	11,344	596,523
Depreciation for the years								
2018 (Baht 16.7 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								54,030
2019 (Baht 22.4 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								66,266



As at 31 December 2018, the Company had equipment with net book value of Baht 0.5 million which were acquired under finance lease agreements (2019: None).

As at 31 December 2019, certain items of equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounting to Baht 56.1 million (2018: Baht 33.6 million).

15. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Computer software	Computer software under installation	Total
As at 31 December 2019			
Cost	19,052	762	19,814
Less: Accumulated amortisation	(5,987)	-	(5,987)
Net book value	13,065	762	13,827
As at 31 December 2018			
Cost	21,504	-	21,504
Less: Accumulated amortisation	(3,829)	-	(3,829)
Net book value	17,675	-	17,675

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2019	2018
Net book value at beginning of year	17,675	12,556
Acquisition	1,910	7,601
Amortisation	(2,264)	(2,484)
Write-off	(3,494)	(778)
Decrease in allowance for impairment loss	-	780
Net book value at end of year	13,827	17,675



16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separated	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade payables - related parties	-	-	4,636	5,868
Trade payables - unrelated parties	26,597	33,610	24,020	29,150
Other payables - unrelated parties	12,968	11,000	12,885	10,987
Other payables for construction and purchase of equipment	3,695	19,389	3,678	19,389
Accrued expenses	29,393	18,482	28,995	18,214
Total	72,653	82,481	74,214	83,608

17. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Unearned revenue - customer loyalty program	5,646	5,000	5,646	5,000
Unearned revenue - cash voucher	3,369	1,910	3,369	1,910
Unearned revenue - sales of goods	5,473	1,757	5,473	1,757
Current portion of unearned revenue - franchise agreement	1,809	-	184	-
Withholding income tax payable	781	1,058	761	1,055
Value added tax payable	3,874	2,668	3,760	2,526
Social security fund payable	1,381	1,148	1,375	1,142
Others	460	801	458	799
Total	22,793	14,342	21,026	14,189



18. Provision for decommissioning

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2019	2018
Balance at beginning of year	10,596	9,119
Increase during year	1,425	1,461
Finance cost	217	217
Decrease from actual payment	-	(201)
Balance at end of year	12,238	10,596



19. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Provision for post-employment benefits	Provision for other long-term employee benefits	Total
Provision for long-term employee benefits as at 1 January 2018	881	5,466	6,347
Included in profit or loss:			
Current service cost	430	2,099	2,529
Interest cost	26	110	136
Past service costs and gains or losses on settlement	-	(2,232)	(2,232)
Actuarial (gain) loss arising from			
Demographic assumptions changes	-	(316)	(316)
Financial assumptions changes	-	(508)	(508)
Experience adjustments	-	4,149	4,149
Included in other comprehensive income:			
Actuarial (gain) loss arising from			
Demographic assumptions changes	(54)	-	(54)
Financial assumptions changes	392	-	392
Experience adjustments	12	-	12
Benefit paid during the year	-	(1,146)	(1,146)
Provision for long-term employee benefits as at 31 December 2018	1,687	7,622	9,309
Included in profit or loss:			
Current service cost	773	2,384	3,157
Interest cost	66	110	176
Past service costs and gains or losses on settlement	404	-	404
Actuarial loss arising from			
Financial assumptions changes	-	247	247
Included in other comprehensive income:			
Actuarial loss arising from			
Financial assumptions changes	712	-	7
Benefit paid during the year	-	(896)	(896)
Provision for long-term employee benefits as at 31 December 2019	3,642	9,467	13,109



On 5 April 2019, The Labour Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group had additional long-term employee benefit liabilities of Baht 0.4 million (The Company only: Baht 0.4 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the comprehensive income statement of the current year.

As at 31 December 2019, the Company expects to pay Baht 2.2 million (2018: Baht 2.2 million) of long-term employee benefits during the next year.

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefits is 13 years (2018: 13 years).

Significant actuarial assumptions are summarised below.

(Unit: % per annum)

	Consolidated/Separate financial statements	
	2019	2018
Discount rate	1.19 – 2.50	1.76 – 4.38
Salary increase rate	6.00 – 9.00	6.00 – 9.00
Employee turnover rate	0.00 – 50.00	0.00 – 50.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	Increase 1%		Decrease 1%	
	2019	2018	2019	2018
Discount rate	(809)	(461)	954	536
Salary increase rate	687	308	(575)	(259)
	Increase 20%		Decrease 20%	
	2019	2018	2019	2018
Employee turnover rate	(3,095)	(1,791)	4,729	2,639



20. Other non-current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Unearned revenue - franchise agreement portion recognisable more than one year	6,364	-	647	-
Accrued guarantee deposits	4,017	3,085	4,017	3,085
Others	1,080	917	1,078	916
Total	11,461	4,002	5,742	4,001

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit for the year after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution. As at 31 December 2019, the statutory reserve has fully been set aside.

22. Revenues from contracts with customers

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Type of business				
Dessert cafe	1,111,134	832,231	1,111,080	832,231
Sales of goods and raw materials	46,676	24,837	46,696	24,837
Catering and events	35,606	14,021	35,606	14,021
Franchising	899	-	89	-
Total	1,194,315	871,089	1,193,471	871,089
Timing of revenue recognition				
Revenue recognised at a point in time	1,193,416	871,089	1,193,382	871,089
Revenue recognised overtime	899	-	89	-
Total	1,194,315	871,089	1,193,471	871,089



23. Expenses by nature

Significant expenses classified by nature are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Salaries, wages and other employee benefits	301,045	244,420	300,111	243,820
Depreciation	66,292	54,043	66,266	54,030
Amortisation	2,264	2,484	2,264	2,484
Rental expenses from operating lease agreements	96,027	80,797	95,140	80,472
Raw materials and consumables used	325,092	229,965	331,817	236,005
Change in inventories of finished goods and work in process	(2,272)	(2,977)	(2,360)	(2,977)

24. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax				
Income tax charge for the year	56,692	33,936	55,853	32,984
Adjustment in respect of income tax of previous year	-	8	23	-
Deferred tax				
Relating to origination and reversal of temporary differences	(635)	(1,276)	(635)	(1,276)
Income tax expenses reported in profit or loss	<u>56,057</u>	<u>32,668</u>	<u>55,241</u>	<u>31,708</u>



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax on actuarial losses	(142)	(70)	(142)	(70)

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	293,140	180,094	292,717	179,402
Applicable tax rate	20% and 8.25%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	58,628	36,019	58,543	35,880
Adjustment in respect of income tax of previous year	-	8	23	-
Tax losses for the year which was unrecognised to deferred tax assets	118	1	-	-
Reversal of previously recognised deferred tax assets	-	103	-	103
Effects of elimination	634	792	-	-
Effects of:				
Non-deductible expenses	1,225	494	1,223	474
Additional expense deductions allowed	(3,848)	(3,989)	(3,848)	(3,989)
Exempted revenue	(700)	(760)	(700)	(760)
Income tax expenses reported in profit or loss	56,057	32,668	55,241	31,708



The components of deferred tax assets and deferred tax liability as at 31 December 2019 and 2018 are as follows.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2019	2018
Deferred tax assets		
Provision for decommissioning	1,677	1,315
Provision for long-term employee benefits	2,622	1,862
Unearned revenue - customer loyalty program	1,129	1,000
Adjustment of accrued rental expenses under straight-line method	202	169
Others	233	83
Total	5,863	4,429
Deferred tax liability		
Unrealised gain on changes in value of investments in securities held for trading	(792)	(136)
Total	(792)	(136)
Deferred tax assets - net	5,071	4,293



25. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

26. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Group is principally engaged in operation of food and beverage outlets. Its operations are mostly carried on in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

For the years 2019 and 2018, the Group has no major customer with revenue of 10% or more of the entity's revenues.

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3% of basic salary. The fund, which is managed by Tisco Master Pooled Fund, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to Baht 1.5 million (2018: Baht 1.5 million) were recognised as expenses.

28. Dividends

Dividends	Approved by	Dividend per share (Baht)	Total dividends (Thousand Baht)
Dividend for 2017	Annual General Meeting of Shareholders on 26 April 2018	0.15	122,343
Dividend for 2018	Annual General Meeting of Shareholders on 29 April 2019	0.19	154,967



29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2019, the Group had capital commitments of Baht 11.3 million relating to construction of factory expansion, acquisition of equipment and improvement of new branch outlets (2018: Baht 85.5 million).

29.2 Lease and service agreement commitments

The Group has entered into several operating lease and service agreements relating to the leases of building spaces. The terms of the agreements are generally between 1 to 3 years.

As at 31 December 2019 and 2018, future minimum payments required under the above contracts are as follows.

Payable	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
In up to 1 year	72.4	75.3	71.6	74.8
In over 1 year and up to 3 years	48.4	65.5	48.4	65.5

29.3 Commitment under purchase of raw material agreements

The Company entered into memorandum and agreements to purchase raw materials from several unrelated companies, at prices and per conditions as stipulated in the memorandum and agreements. The terms of the memorandum and agreements are between 1 to 3 years.

29.4 Guarantees

As at 31 December 2019, there were outstanding bank guarantees issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 4.7 million (2018: Baht 1.6 million) to guarantee payments due to creditors.

30. Fair value hierarchy

The Group had the following assets those were measured at fair value as level 2 (The fair values were measured using other observable inputs for such assets, whether directly or indirectly).



(Unit: Thousand Baht)

	Consolidated/separate financial statements	
	31 December 2019	31 December 2018
Assets measured at fair value		
Investments in securities held for trading		
Unit trusts - fixed income fund	406,049	302,441

During the current period, there were no transfers within the fair value hierarchy.

31. Financial instruments

31.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk with respect to trade and other receivables in low level because sales are mostly cash sales. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks and investments in debt securities. Most of the financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.



(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2019

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	More than 1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	78.2	5.7	83.9	0.10 - 1.26
Current investments	0.2	-	-	406.1	406.3	1.05
Trade and other receivables	-	-	-	12.4	12.4	-
Restricted bank deposits	-	-	0.2	-	0.2	0.25
	0.2	-	78.4	424.2	502.8	
Financial liabilities						
Trade and other payables	-	-	-	72.7	72.7	-
	-	-	-	72.7	72.7	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2018

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	More than 1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	57.8	4.8	62.6	0.10 - 0.40
Current investments	100.2	-	-	302.4	402.6	1.05 - 1.70
Trade and other receivables	-	-	-	13.7	13.7	-
Restricted bank deposits	-	-	3.5	-	3.5	0.37
	100.2	-	61.3	320.9	482.4	
Financial liabilities						
Trade and other payables	-	-	-	82.5	82.5	-
Liabilities under finance lease agreements	0.2	-	-	-	0.2	5.30 - 5.70
	0.2	-	-	82.5	82.7	



(Unit: Million Baht)

Separate financial statements

As at 31 December 2019

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	More than 1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	65.0	5.1	70.1	0.10 - 0.38
Current investments	0.2	-	-	406.1	406.3	1.05
Trade and other receivables	-	-	-	19.1	19.1	-
Restricted bank deposits	-	-	0.2	-	0.2	0.25
	0.2	-	65.2	430.3	495.7	
Financial liabilities						
Trade and other payables	-	-	-	74.2	74.2	-
	-	-	-	74.2	74.2	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2018

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	More than 1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	51.3	4.7	56.0	0.10 - 0.40
Current investments	100.2	-	-	302.4	402.6	1.05 - 1.70
Trade and other receivables	-	-	-	18.1	18.1	-
Restricted bank deposits	-	-	3.5	-	3.5	0.37
	100.2	-	54.8	325.2	480.2	
Financial liabilities						
Trade and other payables	-	-	-	83.6	83.6	-
Liabilities under finance lease agreements	0.2	-	-	-	0.2	5.30 - 5.70
	0.2	-	-	83.6	83.8	



31.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair values are not expected to be materially different from the amounts presented in the statement of financial position.

32. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.16:1 (2018: 0.15:1) and the Company's was 0.15:1 (2018: 0.15:1).

33. Events after the reporting period

On 24 February 2020, a meeting of the Company's Board of Directors passed a resolution approving to propose that the Annual General Meeting of Shareholders to be held in April 2020 adopt a resolution to pay a dividend of Baht 0.29 per share, or a total of Baht 236.5 million, to the shareholders in respect of the 2019 profit. The dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2020.

AFTER YOU



HEADOFFICE

1319/9 Pattanakarn Suanluang, Bkk 10250 Thailand
Tel. +66 (0) 2318 4488 | Fax: +66 (0) 2318 1022