

AFTER YOU



ANNUAL REPORT

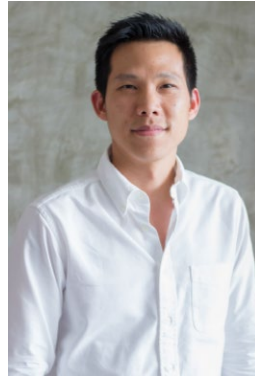
รายงานประจำปี 2563
บริษัท ออฟเตอร์ ยู จำกัด (มหาชน)

after you public company limited

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Message from Chairman and Managing Director



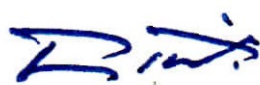
Dear Shareholders

Over the past 13 years, the Company has grown steadily and is well known as quality dessert cafe by providing delicious and good service to all customers. In 2020, the Company faced the unprecedented pressure and challenges from the COVID-19 pandemic. To stop COVID-19 that spread widely and quickly, the government issues several disease control measures and other mandated operational restrictions such as restriction on operating hours, restriction on seating capacity and temporary closure of the store, severely affected the business and operating results of the Company.

To alleviate the impact from the temporary store closures and other restrictions, the Company adapted its marketing strategy to focus more heavily on selling through takeaway and delivery channels by collaborating with third party food delivery service providers. Meanwhile, the Company took strict action in the control of expenses particularly manpower and rent by adjusting manpower allocation to meet the changing condition.

In 2021, the company continues to face ongoing challenges due to the uncertainty surrounding the COVID-19 in the future, and consumers remain concern about safety. However, the company believes that the COVID-19 situation will gradually ease, and the government will have more relaxing measures to control the COVID-19 outbreak. The Company commits to overcome all obstacles to have better operating result in 2021 and will adapt and use various strategies to gain profit as targeted.

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.



Mr. Premon Pinskul
Chairman



Mr. Maetup T. Suwan
Managing Director

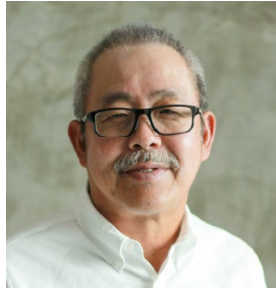
Financial Information Highlight

		2020	2019	2018
Income Statement				
Revenue from Contracts with Customers	Baht	767,937,916	1,194,315,228	871,088,755
Total Revenues	Baht	773,437,818	1,201,966,637	878,482,476
Gross Profit	Baht	467,577,530	772,539,303	582,117,220
Profit before Finance Cost and Income	Baht	74,309,037	290,076,676	178,077,450
Tax Expenses				
Profit for the Year	Baht	55,469,525	237,082,948	147,425,816
Total Comprehensive Income for the Year	Baht	53,882,344	236,460,162	147,146,008
Balance Sheet				
Total Assets	Baht	1,303,219,982	1,200,226,663	1,097,421,035
Total Liabilities	Baht	452,517,507	161,634,528	140,320,873
Total Shareholders' Equity	Baht	850,702,475	1,038,592,135	957,100,162
Registered and Paid-up Capital	Baht	81,562,356	81,562,356	81,562,356
Financial Ratio				
Gross Profit Margin	Percentage	60.89	64.68	66.83
Net Profit Margin	Percentage	7.17	19.72	16.78
Return on Equity	Percentage	5.87	23.76	15.61
Return on Assets	Percentage	4.43	20.64	13.83
Debt to Equity Ratio	Time	0.53	0.16	0.15
Liquidity Ratio	Time	1.75	4.40	4.49
Per Share Data				
Par Value	Baht	0.10	0.10	0.10
Earnings per Share	Baht	0.07	0.29	0.18
Dividend per Share	Percentage	98.06	99.60	104.90

Directors and Executives



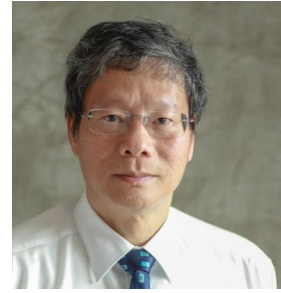
Mr. Premon Pinskiul
*Chairman of the Board,
Independent Director,
Audit Committee Member
and Chairman of
Nomination and
Compensation Committee*



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*



Dr. Chatchai Chantajinda
*Independent Director and
Audit Committee Member*



Mr. Maetup T. Suwan
*Director and Managing
Director*



Ms. Gulapat Kanokwatanawan
*Director and Deputy Managing
Director*



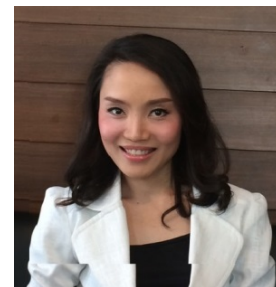
Mr. Mill Kanokwatanawan
*Director and Assistant
Managing Director*



Ms. Uraiwan Samanwong
Director of Manufacturing



Mr. Songpon Tasnasathienkij
Director of Operations



Ms. Chamaiporn Tungkittisuwan
Director of Finance & Accounting

Detail of Directors and Executives

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	65	- 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 <input type="checkbox"/> Directors Certification Program (DCP) <input type="checkbox"/> Audit Committee Program (ACP) <input type="checkbox"/> Monitoring Fraud Management (MFM) <input type="checkbox"/> Monitoring Fraud Management (MFM) <input type="checkbox"/> Monitoring of the Quality of Financial Reporting (MFR) <input type="checkbox"/> Monitoring the Internal Audit Function (MIA) <input type="checkbox"/> 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 Electronics Siam Co., Ltd. (Energy Business)
					2016 – Present	Director	Impact Solar Ltd. (Alternative Energy Business)
					2013 – Present	Independent Director and 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)

Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ^{/1}	Family relationship between management	Work experience		
					Period	Position	Company
					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)
					2015	Director	GMM Channel Co., Ltd. (Media Business)
					2015	Director	GMM SD Digital TV Trading Co., Ltd. (Media Business)
					2015	Director	GS-1 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)

Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ^{/1}	Family relationship between management	Work experience		
					Period	Position	Company
					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: 19 June 2020	66	- Bachelor of Engineering, University of Kentucky, USA	1,875,000 shares or 0.23%	- Father of Ms. Gulapat Kanokwatanawan and Mr. Mill Kanokwatanawan - 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	62	<ul style="list-style-type: none"> - Bachelor of Science, Kasetsart University - IOD Program, Thai Institute of Directors <input type="checkbox"/> 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: 19 June 2020 Date resigned from the Board member: 2 December 2020	64	<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"> <input type="checkbox"/> Directors Certification Program (DCP) <input type="checkbox"/> Director Accreditation Program (DAP) <input type="checkbox"/> Audit Committee Program (ACP) <input type="checkbox"/> The Role of Chairman Program (RCP) <input type="checkbox"/> Understanding the Fundamental of Financial Statement (UFS) 	562,500 shares or 0.07%	-None-	2015 – 2020	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

Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ^{/1}	Family relationship between management	Work experience		
					Period	Position	Company
					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. Dr. Chatchai Chantajinda Independent Director and Audit Committee Member Latest Board member appointment date: 22 December 2020	64	<ul style="list-style-type: none"> - Ph.D. in Political Science, Ramkhamhaeng University - Master of Laws (Finance and Tax Laws), Chulalongkorn University - Master of Public Administration, Chulalongkorn University - Master of Business Administration (Finance), Sripatum University - Bachelor's Degree in Business Administration (Accounting), Ramkhamhaeng University - Bachelor of Laws, Sukhothai Thammathirat Open University - IOD Program, Thai Institute of Directors <input type="checkbox"/> Director Accreditation Program (DAP) <input type="checkbox"/> Audit Committee Program (ACP) 	-None-	-None-	2020 – Present	Independent Director and Audit Committee Member	After You Pcl.
					<u>Other</u> 2018 – Present 2018 – Present 2018 – Present 2014 – 2017 2013 – 2016 2011 2008 – 2011	Director Independent Financial Advisor, Rehabilitation Plan Maker, Business Rehabilitation Plan Administrator Managing Director Deputy Managing Director Chief Executive Officer Liquidator Director	Islamic Bank Asset Management Islamic Bank Asset Management T.S. Granite Co., Ltd. Agrotech Thai Co., Ltd. Phoenix Insurance (Thailand) Pcl. Thai Asset Management Corporation Playingcard Factory, Ministry of Finance

Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ^{/1}	Family relationship between management	Work experience		
					Period	Position	Company
6. Mr. Maetup T. Suwan ^{/2} Director and Managing Director Latest Board member appointment date: 19 June 2020	47	<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 <input type="checkbox"/> Director Accreditation Program (DAP) 	206,793,750 shares or 25.35%	- 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.
					2020 – Present	Director	AU Kitchen Co., Ltd.
7. Ms. Gulapat Kanokwatanawan ^{/2} Director and Deputy Managing Director Latest Board member appointment date: 29 April 2019	39	<ul style="list-style-type: none"> - Bachelor's Degree in Business Administration (International Program, Marketing) Thammasat University - IOD Program, Thai Institute of Directors <input type="checkbox"/> Director Accreditation Program (DAP) 	226,669,759 shares or 27.79%	<ul style="list-style-type: none"> - Daughter of Mr. Wiwat Kanokwatanawan - Older sister of Mr. Mill Kanokwatanawan 	<u>Other</u>		
					2010 – 2019	Director	M & M 2007 Co., Ltd.
					2004 – 2019	Director	Prima Publishing (Publishing business)
					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.
					2020 – Present	Director	AU Kitchen Co., Ltd.
					<u>Other</u>		
					2010 – 2019	Director	M & M 2007 Co., Ltd.
					Present	Director	Looklam Charoen Co., Ltd. (Food business)

Name-Surname / Position / Date appointed	Age (yrs)	Education	Shareholding (%) ¹	Family relationship between management	Work experience		
					Period	Position	Company
8. Mr. Mill Kanokwatanawan ² Director and Assistant Managing Director Latest Board member appointment date: 29 April 2019	34	- Bachelor of Arts in Economics (International Program), Chulalongkorn University	14,982,187 shares or 1.84%	- 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
					2020 – Present	Director	AU Kitchen Co., Ltd.
					<u>Other</u> 2012 – 2016	Relationship Manager	Siam Commercial Bank PCL. (Financing business)
9. Mr. Songpon Tasnasathienkij Director of Operations	45	Bachelor's Degree in accounting, University of Thai Chamber	320,087 shares or 0.04%	-None-	2010 – Present	Director of Operations	After You PCL.
10. Ms. Uraiwan Samanwong Director of Manufacturing	42	- 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.
11. Ms. Chamaiporn Tungkittisuwan Director of Finance & Accounting	42	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 6 January 2021

² 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, Patanakarn 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 2020	: 81,562,500 Baht
Issued and paid-up capital as at 31 December 2020	: 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	- 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	- Increased registered capital from Baht 2 million to Baht 5 million in March. - Changed business line and operated as a dessert café, launching under the brand name "After You", opened its first outlet at J Avenue, Soi Thonglor 13.
2008	- Changed the Company name into After You Co., Ltd. to be consistent with the brand.
2009	- Opened the second branch of After You at La Villa, Phaholyothin.
2010	- 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.

Year	Significant Development
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.
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 Bangkapi 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 Bangkhae, and Future Park Rangsit, in order to cover the urban areas.

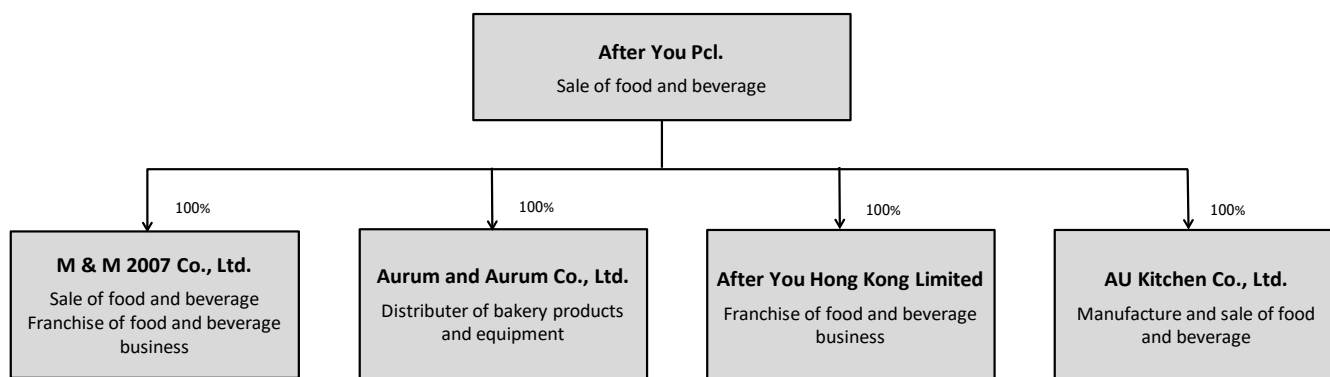
Year	Significant Development
	<ul style="list-style-type: none"> - Established the new factory in Sinsakhon Industrial Estate, Samut Sakhon to support the expansion of business and future growth. - Aurum and Aurum Company Limited, a subsidiary of the Company was registered and established to carry out 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.
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 2016. - 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,

Year	Significant Development
	<p>Bangkok Hospital, Esplanade Rachada, MBK, The Promenade, Central Bangna, and Central Westgate.</p> <ul style="list-style-type: none"> - Opened the first branch in up-country at the Mall Korat (Nakorn Rachasrima). - Introduced new product line “After You Durian” at Siam Paragon in May. - 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. - 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 café 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. - After You Hong Kong Co., Ltd., a subsidiary of the Company was registered and established in Hong Kong to support oversea business expansion.
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.

Year	Significant Development
	<ul style="list-style-type: none"> - 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 café. 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. - Expanded new business by opening the first coffee shop under the “ Mikka” trademark at Pattanakarn 25 and the second branch at Siam Nara Market in late December. This business was operated by M & M 2007 Co., Ltd. (formerly named After You 2007 Co., Ltd.), which was the subsidiary of the Company.
2020	<ul style="list-style-type: none"> - Opened 4 new branches in Bangkok: MRT Jatujak, Zen @ Central World, Samyan Mitrtown and Platinum. - Expanded Mikka coffee shop by opening 44 new branches. 12 branches were operated under the Company’ group and 32 branches were operated under the franchise agreement. - Closed After You Durian at Siam Paragon since the rental agreement was expired and the landlord had the plan to renovate the area. - Started new business model by allocating some part of the store to become like a convenience store. Customers could buy products; both company own and from other manufacturers (consignment), for their daily lives, under the name of “After You Marketplace”. - AU Kitchen Co., Ltd., a subsidiary of the Company was registered and established to manufacturer products for the Company and support oversea sale. - The Company was awarded for the Best Company Performance and the Best CEO for listed company in MAI from SET award 2020 on 14 December 2020.

Company's Structure and subsidiary

As at 31 December 2020, the Company has four 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	2020		2019		2018	
		Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
<u>Sale revenue</u>							
1. Dessert café and beverage shop	Company and subsidiary	699.94	90.50	1,111.13	92.44	832.23	94.73
2. Sale of goods and raw materials	Company and subsidiary	20.39	2.64	46.68	3.88	24.84	2.83
3. Catering and events	Company and subsidiary	44.32	5.73	35.60	2.96	14.02	1.60
4. Franchising	Subsidiary	3.29	0.42	0.90	0.08	-	-
Total sale revenue		767.94	99.29	1,194.31	99.36	871.09	99.16
Other income		5.50	0.71	7.65	0.64	7.39	0.84
Total		773.44	100.00	1,201.96	100.00	878.48	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 and beverage shop

1.1) After You

The Company operates a dessert café 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



*Hazelnut Pancake with
Nutella sauce*



Boba caramel milk tea



Souvenirs

In September 2020, the Company introduced the new business model by allocating some part of the dessert store to features various products for customers to shop within the store under the name of “After You Marketplace”. Products are from the Company’s own and other manufacturers (consignment). The new business model does not only increase the Company’s revenue but also change the look of After You which formerly is a dessert shop that focuses on sitting and eating, into a new store concept that encourage customers to walk around and shop for daily necessities, corresponding to the changing customer behavior. In addition, the new model can serve as an

activity for queuing customers. The Company opened After You Marketplace in 11 branches in 2020.

As at 31 December 2020, After You operated in 41 branches; two of which were temporary closed due to the Covid situation, The Market Bangkok and Central Pathong.

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

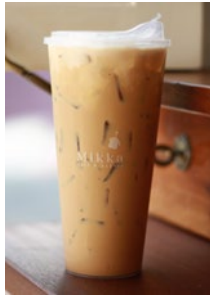


Ume

As at 31 December 2020, Maygori operated in 1 branch but was temporary closed due to the Covid situation.

1.3) Mikka coffee shop

In December 2019, M & M 2007 Co., Ltd., a Company's subsidiary, introduced the small coffee shop under the “Mikka” trademark. The decoration of this shop is in Japanese style with warm and comfortable atmosphere. The shop offers various grab & go products such as coffee, cocoa, tea, soda, desserts and snacks.



Mikka (Coffee with honey)



Noir (Cocoa)



Brick (Thai tea)



Barbie (Pink milk)



Ruby (Red lime soda)



Example of Mikka shop model

As at 31 December 2020, the Company Group operated 12 Mikka branches and 2 temporary shops.

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.

In addition, the Company sells goods and raw materials to After You franchisee in Hong Kong while the subsidiary sells goods and raw materials to Mikka franchisee.



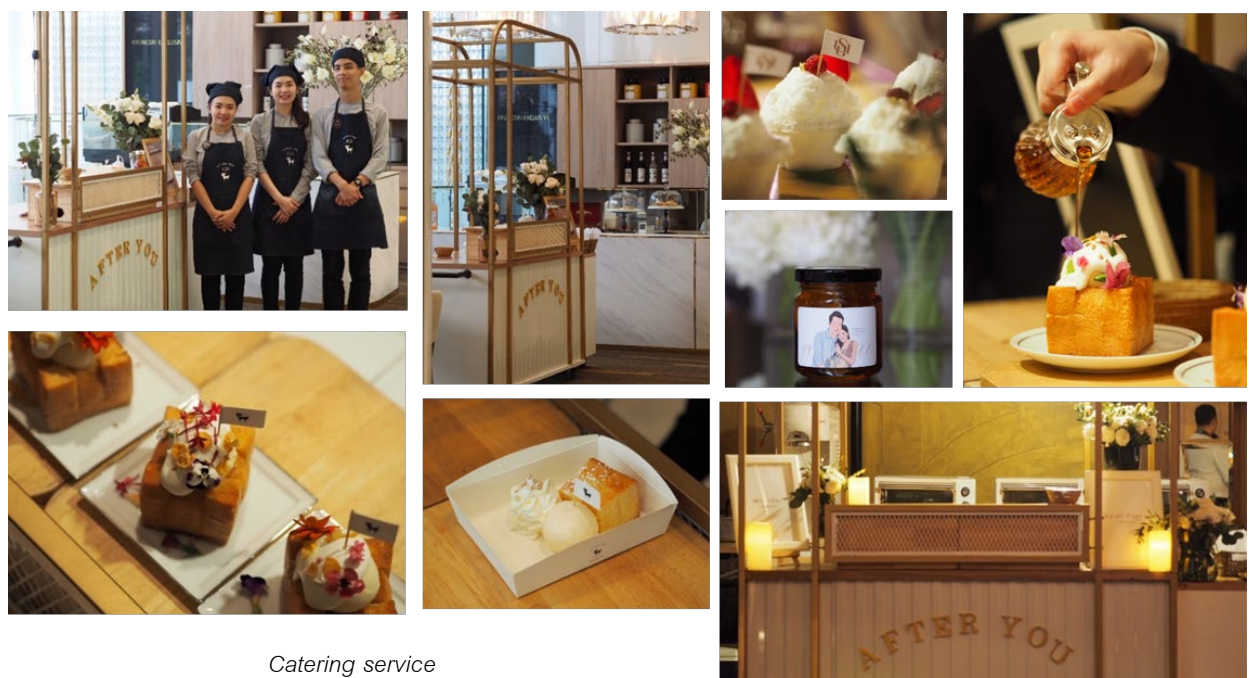
Products under the Company's trademark for various customers

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

4) Franchise

The Company grants the right to After You Hong Kong Co., Ltd., a subsidiary, to operate After You franchise model in overseas. As at 31 December 2020, there was one After You branch in Hong Kong.

In addition, M & M 2007 Co., Ltd., a subsidiary, grants the right to operate Mikka coffee shop to those who are interested in coffee shop business. As at 31 December 2020, there were 34 Mikka branches under the franchise agreement with the Company Group.

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 café 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 café 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 topping with freshly made desserts, which was a different practice from the general dessert café 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 1 - 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 surveyed the customer satisfaction about the dessert at the café 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 suggestion, 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 2020, there were approximately 420,000 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 After You (<https://www.facebook.com/afteryoufanpage>)
- Facebook of Mikka (<https://www.facebook.com/cafemikka>)
- Instagram of After You (<https://www.instagram.com/afteryoudessertcafe>)
- Instagram of Maygori (<https://www.instagram.com/maygori>)
- Instagram of Mikka (<https://www.instagram.com/cafemikka>)
- Instagram of Ms. Gulapat Kanokwatanawan (<https://www.instagram.com/mayafteryou>)
- Line@ of After You (@afteryoucafe)
- Line@ of Mikka (@cafemikka)

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 2020, the Company had 41 branches of After You, 1 branch of Maygori and 14 branches of Mikka 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 as well as coffee shop of the subsidiary in Bangkok and suburban area 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 Group 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 Group 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	Medium-to-high income Students, adolescence, adult, and elders, who likes to have a meal with friends and/or families	Dessert price per menu Baht 100 - 265 Beverage price per menu Baht 80 - 155 Take-home product Baht 25 – 195
2. Maygori shave ice cafe	Medium-to-high income Students, teenager, and adolescence	Price per menu Baht 75 - 245
3. Mikka coffee shop	Medium income Students and adolescence	Beverage price per menu Baht 45 - 75 Take-home product Baht 45 – 75

Industry conditions and competition

According to the analysis of Kasikorn Research Center on 25 December 2020, estimated total revenue of the restaurant business in Thailand in 2021 will be Baht 4.10 – 4.15 hundred billion, increasing 1.4% – 2.6% from 2020. The risk of the restaurant business in 2021 will remain high as same as in 2020.

The new wave of Covid-19 outbreak since December 2020, intense competition in the restaurant business and purchasing power of domestic consumers which is still not recovering well have the different impact on the recovery of restaurants in 2021. Kasikorn Research Center has evaluated the impact on each type of restaurants as follows.

- 1) The restaurant which will be least recovered is full-service restaurants. Full-service restaurants serve meals at the restaurant, and focus on serving food rather than drinks as well as offer a variety of delicacies. It is expected that the recovery rate is 0.7%.
- 2) The restaurant which will be moderately recovered is street food restaurants with the expected recovery rate of 2.0%.
- 3) The restaurant that has the highest recovery rate is limited service restaurants. Customers have to order food at the counter and are partially self-service. The expected recovery rate is 2.4%. The Company Group's business is considered in this category.

Supply of Products or Services

The supply of products and services is divided into two main sections: a central kitchen and a branch. 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 2021 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 2020, the Company Group placed orders for goods and raw materials from the first 10 major manufacturers and suppliers at 48 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 café 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.

Branch (After You dessert café and Mikka coffee shop)

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 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 for After You store and 3 – 5 people per branch for Mikka coffee shop 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 and beverage 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 café and the coffee shop 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. Normal size of Mikka coffee shop is approximately 5 – 10 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 3.5 – 7.5 million for After You and Baht 0.3 – 1.0 million for Mikka. 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 2 – 2.5 years for After You and 1 – 1.5 years for Mikka 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

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.

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.

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.

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 early 2021. This application allows customers to make payment via E-Wallet, which will help to reduce the amount of cash in each branch.

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 Group's branches for desserts and beverages cafes are located in the department store and community mall, to which the Company Group leases space, with a lease term of approximately 1 - 3 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 Group'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 Group if there are other operators willing to pay a higher rent, or maybe rent up when the contract is renewed. So the Company Group 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 Group is required to pay a high rent for opening a new branch, thus affect the Company Group'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 Group 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.

Risk of centralization of the Company's branches

In 2020, 91 percent of the Company's revenue comes from the sales of desserts and beverages through its 42 branches, of which 36 branches are located in Bangkok and its vicinity. In addition, all Mikka coffee shops of the Company's subsidiary are located in Bangkok and suburban. 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 Group'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 Group.

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

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 includes healthy food to ensure that it can create new products that will be well received by the customers.

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.

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.

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 a 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

Risk of Major Shareholders Exceed 50 Percent

As of 6 January 2021, Ms. Gulapat Kanokwatanawan's group ("Kanokwatanawan Group") and Mr. Maetup T. Suwan's group ("T. Suwan Group") hold 32.91% and 27.72% of the total shares sold by the Company respectively and both groups have a 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 two-thirds or three-fourths of the shareholders in the meeting. Thus, 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 a 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").

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 6 January 2021 were as follows:

Shareholders		Number of shares	Percentage
1	<u>Ms. Gulapat Kanokwatanawan' s group</u> ^{/1}		
	Ms. Gulapat Kanokwatanawan	226,669,759	27.79
	Mr. Pruit Kanokwatanawan ^{/2}	18,458,437	2.26
	Mr. Mill Kanokwatanawan ^{/2}	14,982,187	1.84
	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	268,425,420	32.91
2	<u>Mr. Maetup T. Suwan' s group</u> ^{/1}		
	Mr. Maetup T. Suwan	206,793,750	25.35
	Ms. Kaniittha-Viriya T. Suwan ^{/5}	19,328,125	2.37
	Total of Mr. Maetup T. Suwan' s group	226,121,875	27.72
3	BTS Group Holdings Public Company Limited	75,270,100	9.23
4	UBS AG Singapore Branch	29,798,991	3.65
5	South East Asia UK (Type C) Nominees Limited	22,660,300	2.78
6	Mr. Paniang Pongsatha	19,376,800	2.38
7	Thai NVDR Co., Ltd.	6,894,045	0.84
8	Ms. Piyawan Phinidwararak	4,898,000	0.55
9	Mr. Jakkit Phungtua	4,300,100	0.53
10	Mr. Chukiat Chanarat	4,300,000	0.53
11	Others	153,977,130	18.88
Total		815,623,561	100.00

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

^{/2} Mr. Pruit 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.

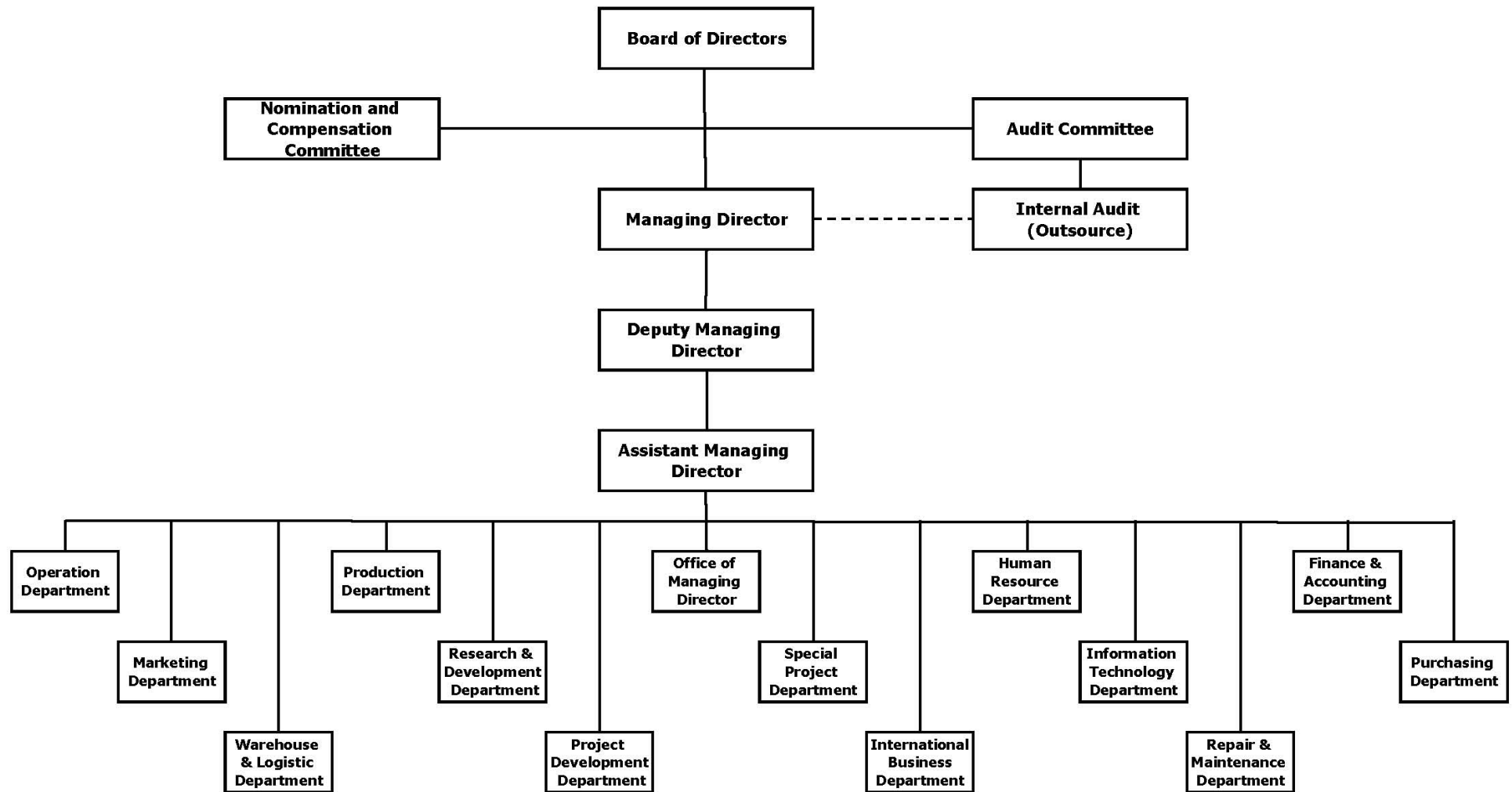
Dividend payment policy of subsidiaries

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. The subsidiaries of the Company have the policy to pay dividends to shareholders 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 2020, on the basis of THB 0.06 per share in total amount not exceeding Baht 48,937,413.66 or 98.06% 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 2021 Annual General Meeting of Shareholders.

Company's Structure

The Company had the structure as at 31 December 2020 as follows.



Management Structure

As at 31 December 2020, 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 2020 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	7	7
2. Mr. Wiwat Kanokwatanawan	Vice Chairman of the Board, Nomination and Compensation Committee	7	7
3. Mr. Piched Bhimayothin	Independent Director, Chairman of Audit Committee and Nomination and Compensation Committee	7	7
4. Dr. Chatchai Chantajinda ^{/1}	Independent Director and Audit Committee	-	-
5. Mr. Maetup T. Suwan	Director	7	7
6. Ms. Gulapat Kanokwatanawan	Director	7	7
7. Mr. Mill Kanokwatanawan	Director	7	7

Remark: ^{/1} Dr. Chatchai Chantajinda was appointed on the position of the Company Director since 22 December 2020 in replacement of Dr. Thamnoon Ananthothai who resigned from the position since 2 December 2020.

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 connected 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 2020 consists of 3 members as follows:

Name-Surname	Position	Meeting attendance	
		Number of meeting	Number of attendance
1. Mr. Piched Bhimayothin	Independent Director and Chairman of Audit Committee	4	4
2. Mr. Premon Pinskiul	Independent Director and Audit Committee	4	4
3. Dr. Chatchai Chantajinda ^{/1}	Independent Director and Audit Committee	-	-

Remark: ^{/1} Dr. Chatchai Chantajinda was appointed on the position of the Audit Committee since 22 December 2020 in replacement of Dr. Thamnoon Ananthothai who resigned from the position since 2 December 2020.

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 Pinskiul and Dr. Chatchai Chantajinda 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 connected 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 connected 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 2020 consists of 3 members as follows:

Name-Surname	Position	Meeting attendance	
		Number of meeting	Number of meeting
1. Mr. Premon Pinskiul	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 2020, 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 2020 directors' remuneration

Name-Surname			Position	2019 Remuneration
1.	Mr. Premon	Pinskul	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 ^{/1}	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

Remark: ^{/1} Dr. Thamnoon Ananthothai resigned from the position of the Company Director since 2 December 2020.

Executives' Remuneration

In 2020, 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 11.73 million.

Other Remuneration

None

Personal

Total number of employees

Total numbers of employees in each department as at 31 December 2020 were as follows:

Department	Number of employees (person)		
	Full-time	Part-time	Total
1. After You Branch	419	121	540
2. Mikka Branch	31	5	36
3. Event / Catering	3	18	21
4. Office of Managing Director	8	2	10
5. Production	176	15	191
6. Operation	41	-	41
7. Warehouse and Logistic	62	1	63
8. Human Resource	25	-	25
9. Finance & Accounting	20	-	20
10. Purchasing	13	-	13
11. Marketing	6	-	6
12. Repair & Maintenance	18	-	18
13. Information Technology	7	-	7
14. Research & Development	6	-	6
15. Project Development	4	-	4
16. Special Project	3	-	3
17. International Business	4	-	4
18. Management	18	-	18
Total	864	162	1,026

Significant change in number of employees over the past 3 years

-None-

Major labor disputes over the last 3 years

-None-

Employee Remuneration

The Company and its subsidiaries paid compensation to employees in various ways, the amount of which in 2020 were as follows:

Remuneration (Million Baht)	Amount (Million Baht)
Salaries	171.65
Bonuses	9.65
Other compensation ^{/1}	31.87
Total	213.17

Remark: ^{/1} Other compensation included duty allowance, travelling allowance, provident fund, social security and other benefits

The Company's personnel development policy

The Company has a regular training and development plan. The objective is to increase the knowledge, skills and expertise as well as the performance of employees at all levels. Therefore, the Company has set up internal and external training plans for personnel development to be effective.

1. Provide training for new employees every month.
2. Organize the curriculum to strengthen the workforce and good attitude to work every quarter.
3. Provide internal training and workshops for employees and executives in various aspects.
4. Provide employees with safety training, hygiene and work environment.
5. Provide examinations and performance measures, to encourage and support branch employees to grow in their career path.
6. Organize internal activities to inspire works.
7. Organize activities to strengthen the unity of employees in the organization, and create engagement with the organization.

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 partners.

- 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 2020, 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. Chatchai Chantajinda

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 connected 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

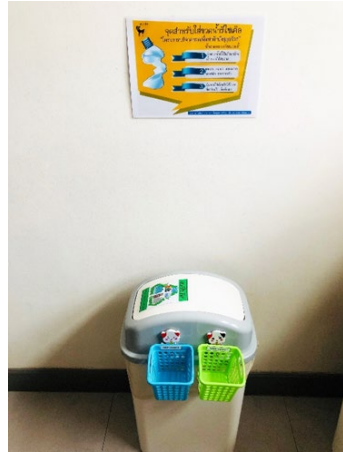
The Company attaches importance to corporate social responsibility for environmental protection by conducting and controlling the production of goods and services of the Company and its subsidiaries to be in compliance with environmental laws. The Company also operates under the

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 since 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 2020, the Company organized the following social activities.

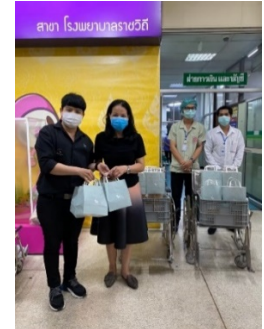
- ☐ In January to December 2020, the Company together with Chakdaeng Temple in Samut Prakan province gathered disposable plastic water bottles to be woven into tri-woven fabric or the robe.
- ☐ In January to December 2020, the Company organized the "Sharing your belongings for education of children" project. Donated items from the Company's employees were sold in Pankan stores to use as scholarship for underprivileged children in Yuvabadhana Foundation.
- ☐ In March and April 2020, the Company gave desserts to support medical professionals who were on duty during Covid situation.
- ☐ In April 2020, the Company gave desserts to children at Baannokkamin Foundation.
- ☐ In June and October 2020, the Company organized blood donation activity with the National Blood Centre, Thai Red Cross Society.



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



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



Gave desserts to support medical professionals during Covid situation



Gave desserts to children at Baannokkamin Foundation



Organized blood donation activity with the National Blood Centre, Thai Red Cross Society

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 2020, the Company recruited 11 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 2020, 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. 4/2020 held on 10 November 2020, 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 2020

Relevant parties and business types	Relationship as of 31 December 2020
1. Ms. Gulapat Kanokwatanawan ("Ms. Gulapat")	<input type="checkbox"/> Directors, executives and major shareholders of the Company
2. Mr. Maetup T. Suwan ("Mr. Maetup")	<input type="checkbox"/> Directors, executives and major shareholders of the Company
3. MayMing Ordinary Partnership ("MayMing") Operate building lease business	<input type="checkbox"/> Major Shareholders, Ms. Gulapat, held 27.79 percent of the Company and owned 55 percent of MayMing, whereas Mr. Maetup held 25.35 percent of the Company and owned 45% of MayMing
4. Mr. Wiwat Kanokwatanawan ("Mr. Wiwat")	<input type="checkbox"/> Director of the Company <input type="checkbox"/> Father of Ms. Gulapat who was director, executive and major shareholder of the Company
5 Mr. Paiboon Kanokwatanawan ("Mr. Paiboon")	<input type="checkbox"/> Brother of Mr. Wiwat, a director of the Company

Detail of related party transactions in 2020 and 2019 and will continue in the future

Related parties	Description	Value (Million Baht)		Reason and necessity of transactions
		31 December 2020	31 December 2019	
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</p>			<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</p>

Related parties	Description	Value (Million Baht)		Reason and necessity of transactions
		31 December 2020	31 December 2019	
	<p>buildings as temporary accommodation for employees of up-country branches when they came to the head office for training</p> <p>Due to the Covid-19 pandemic, the Company temporarily ceased the training for employees of up-country branches. Thus, the Company sent the letter for exemption of rental fee from June to December 2020.</p> <p>- Rent</p>	0.33	0.78	<p>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 2020 and 2019 and will not continue in the future

Related parties	Description	Value (Million Baht)		Reason and necessity of transactions
		31 December 2020	31 December 2019	
1. 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</p>			<p>The Company rented two commercial buildings from Mr. Paiboon Kanokwatanawan to conduct some production line which was not manufactured from the factory at a monthly rental rate of Baht 115 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 subject to normal commercial terms as well as outsiders. The said transaction was then necessary and reasonable.</p> <p><u>Comments from the Audit Committee</u></p> <p>Such transaction is reasonable and beneficial for the business operation of the</p>

Related parties	Description	Value (Million Baht)		Reason and necessity of transactions
		31 December 2020	31 December 2019	
	<p>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>In May 2020, the Company purchased these two buildings from Mr. Paiboon. Therefore, the Company has not paid any rent since June 2020.</p> <p>- Rent</p>	0.33	0.80	<p>Company. The location of the rental area is nearby the Company's head office, leading to convenience and appropriation for business operation. 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. Since the Company purchased the buildings from Mr. Paiboon in May 2020, this transaction would not happen in the future.</p>

Related parties	Description	Value (Million Baht)		Reason and necessity of transactions
		31 December 2020	31 December 2019	
2. Mr. Paiboon Kanokwatanawan	<u>Purchase commercial buildings</u> The Company purchased two commercial buildings, one four-story and high-rise building with an area of 288 square meters per building from Mr. Paiboon. Estimated useful life was 25 years. - Purchase of assets	14.80	-	The Company used these buildings as the factory before relocating the production base to Sinsakhon Industrial Estates. The Company then has rented and used these buildings to prepare some work necessary to work outside the factory and used original equipment previously invested. Purchase of these buildings helps the Company to reduce some expense and re-investment cost in the event that the owner wants to stop the lease or sale of the building. <u>Comments from the Audit Committee</u> Such transaction is reasonable and beneficial for the business operation of the Company. The location of the buildings is nearby the Company's head office, leading to convenience and appropriation

Related parties	Description	Value (Million Baht)		Reason and necessity of transactions
		31 December 2020	31 December 2019	
				for business operation. Purchase of buildings enables the Company to continue using the buildings without additional investment and also reduce costs. In addition, the purchase value is at market price and the payment conditions are in accordance with the general commercial building trading business.

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 2020

Impact of the Covid-19 situation

The coronavirus disease 2019 (COVID-19) pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries, including consumer spending. This situation significantly affects the Group's business activities in terms of dessert cafe operations. The Group temporarily closed dine-in areas of certain branches from 22 March 2020 to 16 May 2020 in accordance with the COVID-19 prevention and control measures imposed by government agencies. Moreover, the Group temporarily ceased the provision of all services at certain branches where sales were mainly derived from foreign tourists. However, the economic slowdown, concern about pandemic situation and new wave of the outbreak make the number of customers has not yet to return to pre-pandemic levels eventhough the Company has resumed the operation of dine-in services.

In addition, government measures to control the epidemic and change in consumer's behavior create the new lifestyle. The Company has adjusted various strategies to suit the new lifestyle of the customers (New Normal) as follows.

- Created new business model by allocating some part of the dessert store to features various products for customers to shop within the store under the name of "After You Marketplace" . Products are from the Company's own and other manufacturers (consignment). The new business model does not only stimulate the amount of traffic for each branch but also serve as an activity for queuing customers. It also changes the look of After You which formerly is a dessert shop that focuses on sitting and eating, into a new store concept that encourage customers to walk around and shop for daily necessities, corresponding to the changing customer behavior. In 2020, the Company opened After You Marketplace in 11 branches and will open in total of no less than 30 branches in 2021.
- Slowed down branch investments and shifted focus toward opening pop-up stores, as the pop-up stores were able to move easily, required low cost, and the dessert menu served required little processing and time to prepare. 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. In 2020, 32 pop-up stores together with catering events, generate revenue of total Baht 44.32 million.

- Expanded branches of Mikka coffee shop; owned by the Company Group and franchisee. The Company Group realized that Mikka was able to well respond to the new normal as consumers are less likely to eat in restaurant and consumers are giving more importance to speed and convenience. As a result, the readiness of food delivery and the speed of service has been gaining more importance, which Mikka was able to meet this demand well with the smaller store layout and Grab and Go products. In 2020, there were 46 Mikka branches, 14 of which were owned by the Company Group while 32 branches were under the franchise agreement.
- Collaborated with several brands to increase sale and stimulate take-home products to continuously increase brand awareness, and to maintain the consistency of the Company in launching new products.

Summary of new products in 2020

Through consistent and development effort, the Company continues to develop both in-store and to-go menus. In 2020, the Company launched 1 new flavors and 2 seasonal flavors of kakigori, 2 desserts (in-store), 9 beverages, 8 souvenirs, 6 to-go beverages and 34 to-go products. Some to-go products are sold in all branches while some are sold only in After You Marketplace.

Analysis of Statement of Income

Revenue

Product line / Type of business	2020		2019		Change Percentage
	Million Baht	Percentage	Million Baht	Percentage	
<u>Sale revenue</u>					
Dessert cafe	699.94	90.50	1,111.13	92.44	(37.01)
Sales of goods and raw materials	20.39	2.64	46.68	3.88	(56.32)
Catering and events	44.32	5.73	35.60	2.96	24.49
Franchising	3.29	0.43	0.90	0.07	265.55
Total sale revenue	767.94	99.29	1,194.31	99.36	(35.70)
Other revenue	5.50	0.71	7.65	0.64	(28.10)
Total	773.44	100.00	1,201.96	100.00	(35.65)

Key Drivers	2020	2019	% Change
Number of branches operated as at 31 December	39	38	2.63%
Same store sale growth (SSSG)	(40.22%)	8.91%	(49.13%)

In 2020, total operating revenue was Baht 767.94 million which decreased by Baht 426.37 million or 35.70% from 2019. The decrease was mainly due to the following reasons.

- Revenue from dessert cafe in 2020 decreased by Baht 411.19 million or 37.01% from 2019 due to the closure of sit-in services in the second quarter and the decrease in purchasing power of consumers resulting from the current economic situation and the impact of Covid-19 outbreak.
- Revenue from sales of goods and raw materials in 2020 decreased by Baht 26.29 million or 56.32% from 2019 due to the lower order volumes from major customers.
- Revenue from catering and events in 2020 increased by Baht 8.72 million or 24.49% as more teams were available to set up pop-up stores.
- Revenue from franchise in 2020 was Baht 3.29 million, increased by Baht 2.39 million as a result of the Mikka coffee shop franchise expansion in 2020.

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 2020, gross profit was Baht 467.58 million which decreased by Baht 304.96 million or 39.48% from 2019. The decrease reflected the accumulated impacts of the decrease in gross profit each of the all four quarters compared to the same period of last year. This decrease was mainly due to the temporary closure of the sit-in services in the second quarter according to the measures imposed by government agencies, the lower overall private consumption and the decline of tourist numbers.

Gross profit margin in 2020 was 60.89% which decreased by 3.79% from 2019. The decrease was due to the higher proportion of reduction in total revenue from sales than the reduction in costs of sales which includes fixed expenses. In addition, there is a higher proportion of take-home products and orders through food delivery services, which have a higher packaging costs than sit-in products, when compared to last year.

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 2020, selling expense was Baht 251.10 million, decreased by Baht 77.48 million or 23.58% from 2019, due to the implementation of the Company's cost control policy since the second quarter of 2020 and the negotiation for rental expenses reduction according to the outbreak of Covid-19.

Selling expense to total revenue in 2020 was 32.47% which increased by 5.13% from 2019. The increase was due to the higher proportion of the decrease in revenue from sales than the decrease in selling expenses as well as the increase in delivery-related expenses.

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 2020, administrative expense was Baht 147.67 million which decreased by Baht 13.87 million or 8.58% from 2019. The decrease was mainly from the reduction of the central operating costs and the implementation of leave without pay policy which was effective since quarter 2 of 2020.

Administrative expense to total revenue in 2020 was 19.09% which increased by 5.65% from 2019 due to the higher proportion of the decrease in revenue from sales than the decrease in administrative expenses.

Net Profit and Net Profit Margin

In 2020, net profit was Baht 55.47 million which decreased by Baht 181.61 million or 76.60% from 2019, due to the spread of Covid-19 and decline in consumers' purchasing power despite the measures to control costs policies since the second quarter of 2020.

Net profit margin in 2020 was 7.17% which decreased by 12.50% from 2019 due to the higher proportion of the decrease in revenue from sales than the decrease in overall expenses, despite cost control policy such as employee-related expenses, rental cost negotiation, and the implementation of leave without pay policy.

Finance Cost

Finance cost arise from the recognition of interest expense from the adoption of Thai Financial Reporting Standards No. 16, Leases (TFRS 16). The company has no interest-bearing debt.

Analysis of Statement of Financial Position

Assets

As of 31 December 2020, the total assets of the Company were Baht 1,303.22 million, increased by Baht 102.99 million or 8.58% from 31 December 2019. Detail of changes are as follows.

- Cash and cash equivalent increased by Baht 61.13 million as the company transferred all short-term investment to cash in order to maintain liquidity. Other current financial assets increased by Baht 120.35 million due to the reclassification of the investment in bond to other current financial assets as at 31 December 2020.
- Right-of-use assets increased by Baht 304.61 million mainly due to the recognition of the right to use assets according to the adoption of TFRS 16, Leases.

Liabilities

As of 31 December 2020, the total liabilities of the Company were Baht 452.52 million, increased by Baht 290.88 million or 179.96% from 31 December 2019. Detail of changes are as follows.

- Other current liability increased by Baht 63.24 million mainly due to the recognition of lease liabilities due within 12 months of Baht 86.39 million, corresponding to the adoption of TFRS 16, while income tax payable decreased by Baht 20.54 million.
- Other non-current liability increased by Baht 227.64 million mainly due to the recognition of lease liabilities which are more than 12 months, corresponding to the adoption of TFRS 16

Shareholders' Equity

As of 31 December 2020, the total equity of the Company was Baht 850.70 million, decreased by Baht 187.89 million or 18.09% from 31 December 2019. The decrease was due to the payment of interim dividend in the second quarter of 2020.

Analysis of Cash Flow

Unit : Million Baht	2020	2019
Net cash flows from operating activities	172.44	337.00
Net cash flows from (used in) investing activities	181.47	(160.46)
Net cash flows used in financing activities	(292.75)	(155.10)
Decrease in translation adjustment	(0.03)	(0.05)
Net increase in cash and cash equivalents	61.13	21.39
Cash and cash equivalents at beginning of year	83.94	62.55
Cash and cash equivalents at end of year	145.07	83.94

Cash flows from operating activities

In 2020 and 2019, the Company had net cash flow from operating activities of Baht 172.44 million and Baht 337.00 million respectively. The decrease of Baht 164.56 was mainly due to the decrease in cash received from operation in line with decrease in sale.

Cash flows from (used in) investing activities

Net cash flows from investing activities in 2020 were Baht 181.47 million while net cash flows used in investing activities in 2019 were Baht 160.46 million. 2020 cash inflows were because the Company transferred securities held for trading to cash in order to maintain liquidity. In 2019, most cash outflows were for acquisition of investments in securities held for trading and held-to-maturity investments, construction of new plant and branches, and purchase of equipment for branches.

Cash flows used in financing activities

Net cash flows used in financing activities in 2020 and 2019 were Baht 292.75 million and Baht 155.10 million respectively. The majority of cash outflow was for dividend payment.

Analysis of Financial Ratio

	Unit	2020	2019
Liquidity Ratio			
Liquidity Ratio	Time	1.75	4.40
Quick Ratio	Time	1.49	4.03
Account Receivables Turnover Ratio	Time	65.96	104.20
Average Collection Period	Day	6	4

	Unit	2020	2019
Inventory Turnover Ratio	Time	7.83	11.68
Average Sale Period	Day	47	31
Profitability Ratio			
Gross Profit Margin	Percentage	60.89	64.68
Operating Profit Margin	Percentage	9.61	24.13
Net Profit Margin	Percentage	7.17	19.72
Return on Equity	Percentage	5.87	23.76
Efficiency Ratio			
Return on Assets	Percentage	4.43	20.64
Return on Fixed Assets	Percentage	9.24	43.01
Asset Turnover Ratio	Time	0.61	1.04
Fixed Asset Turnover Ratio	Time	1.28	2.17
Leverage Ratio			
Debt to Equity Ratio	Time	0.53	0.16

Liquidity Ratio

The Company had liquidity ratio at 1.75 times as at 31 December 2020 which decreased from 4.40 times as at 31 December 2019 in line with decrease in cash received from sale. Average sale period increased from 31 days in 2019 to 47 days in 2020 since the Company increased the reserve for main raw materials especially those must be imported to prevent the shortage of raw materials.

Profitability Ratio

Gross profit margin in 2020 decreased 3.79% from 2019 by decreasing from 64.68% to 60.89% due to the higher proportion of reduction in total revenue from sales than the reduction in costs of sales which includes fixed expenses. In addition, there is a higher proportion of take-home products and orders through food delivery services, which have a higher packaging costs than sit-in products. Operating profit margin, net profit margin, and return on equity in 2020 decreased from 2019 mainly due to the higher proportion of the decrease in revenue than the decrease in overall expenses.

Efficiency Ratio

Return on assets decreased from 20.64% in 2019 to 4.43% in 2020 while return on fixed assets decreased from 43.01% in 2019 to 9.24% in 2020 due to sharply decrease in 2020 net profit.

Leverage Ratio

As at 31 December 2020, the Company's debt to equity ratio was 0.53 time which increased from 0.16 time in 2019 due to the recognition of lease liabilities from the adoption of Thai Financial Reporting Standards No. 16. The company has no interest-bearing debt

2021 Outlook

In 2021, the Company will continue to slow down branch investments and focus on opening pop-up stores because pop-up stores are able to move easily and required low cost. In addition, pop-up stores can increase awareness and accessibility of the brand. For After You Marketplace which had operated since late 2020, the Company will open in total of no less than 30 branches in 2021.

In addition, the Company has the plan to launch the application developed by the Company in the second quarter of 2021 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.

The Company realized that Mikka coffee shop has good response to the new normal because consumers are less likely to eat in restaurant and consumers are giving more importance to speed and convenience. Therefore, the Company Group has the plan to open no less than 100 branches of Mikka which will be operated by the Company Group and franchisee.

Regarding overseas franchise business, due to on-going political unrest in Hong Kong in 2019 followed by the Covid pandemic in 2020, the Company has responded to such conditions by postponing the open of the first franchisee store. The Company expects that the store will be fully operated in the third quarter of 2021 while the store was temporarily opened as the pop-up store in December 2020 to January 2021.

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 2020 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

2020 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 Pinskiul | Member of the Audit Committee |
| 3) Dr. Chatchai Chantajinda ^{/1} | Member of the Audit Committee |

Remark: ^{/1} Dr. Chatchai Chantajinda was appointed on the position of the Audit Committee since 22 December 2020 in replacement of Dr. Thamnoon Ananthothai who resigned from the position since 2 December 2020.

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

In 2020, 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 2020, 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 2020.
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 2020, 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. Ponnard 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 2020, 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 2020, 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 2020, 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.

Emphasis of Matter

I draw attention to Note 1.2 and Note 3 to the consolidated financial statements. Due to the impact of the coronavirus disease 2019 (COVID-19) Pandemic, in preparing the consolidated and separate financial statements for the year ended 31 December 2020, the Company has elected to apply the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the coronavirus disease 2019 (COVID-19) Pandemic issued by the Federation of Accounting Professions. My opinion is not modified in respect of this matter.

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 has operated dessert and beverage cafes in large numbers across several areas. Its main revenues are generated from sales of food and beverages. Revenues from sales represent significant amounts in the financial statements and directly affect profit or loss of the Group. In addition, the Group has various types of revenues and sales channels with diversified arrangements and customer loyalty programs. As a result, the Group's recognition of revenues from sales is related to judgements and accounting estimates as described in Note 5.1 to the financial statements, revenue recognition policy, and there is a risk with respect to the amount and timing of revenue recognition. I therefore gave significant attention to the revenue recognition of the Group.

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.

A handwritten signature in blue ink, appearing to be in Thai script, located below the statement of responsibility.

Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

EY Office Limited

Bangkok: 22 February 2021

After You Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	145,068,643	83,934,252	132,309,852	70,110,811
Current investments	9	-	406,255,067	-	406,255,067
Trade and other receivables	7, 10	14,607,069	12,364,098	15,809,884	19,109,584
Inventories	11	38,264,347	38,494,523	36,554,539	38,907,458
Other financial current assets	12	120,350,726	-	120,350,726	-
Other current assets	13	9,941,864	8,399,010	8,433,317	8,278,249
Total current assets		328,232,649	549,446,950	313,458,318	542,661,169
Non-current assets					
Restricted bank deposits	14	200,000	200,000	200,000	200,000
Investments in subsidiaries	15	-	-	2,999,133	1,999,433
Property, plant and equipment	16	603,480,447	597,468,370	598,096,083	596,523,264
Right-of-use assets	20	304,608,449	-	301,636,139	-
Intangible assets	17	12,444,437	13,826,872	12,444,437	13,826,872
Advances for acquisition of assets		16,663,300	338,000	16,633,300	338,000
Rental deposits		29,405,198	33,875,583	29,000,114	33,598,383
Deferred tax assets	27	8,185,502	5,070,888	8,005,090	5,070,888
Total non-current assets		974,987,333	650,779,713	969,014,296	651,556,840
Total assets		1,303,219,982	1,200,226,663	1,282,472,614	1,194,218,009

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

After You Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	7, 18	72,926,138	72,653,093	73,415,413	74,214,328
Current portion of lease liabilities	20	86,387,119	-	85,905,049	-
Income tax payable		8,835,891	29,379,973	8,444,319	29,052,942
Other current liabilities	19	19,922,151	22,793,298	16,050,622	21,025,512
Total current liabilities		188,071,299	124,826,364	183,815,403	124,292,782
Non-current liabilities					
Lease liabilities	20	223,116,834	-	220,759,092	-
Provision for decommissioning	21	13,897,101	12,238,226	13,634,210	12,238,226
Provision for long-term employee benefits	22	14,074,401	13,109,045	14,074,401	13,109,045
Other non-current liabilities	23	13,357,872	11,460,893	4,781,991	5,742,231
Total non-current liabilities		264,446,208	36,808,164	253,249,694	31,089,502
Total liabilities		452,517,507	161,634,528	437,065,097	155,382,284
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	24	8,156,250	8,156,250	8,156,250	8,156,250
Unappropriated		51,486,760	239,350,652	46,113,091	239,541,299
Other components of shareholders' equity		(78,711)	(52,943)	-	-
Total shareholders' equity		850,702,475	1,038,592,135	845,407,517	1,038,835,725
Total liabilities and shareholders' equity		1,303,219,982	1,200,226,663	1,282,472,614	1,194,218,009

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

After You Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Profit or loss:					
Revenues					
Revenue from contracts with customers	25	767,937,916	1,194,315,228	745,510,960	1,193,470,701
Dividend income		-	-	-	3,498,950
Other income		5,499,902	7,651,409	8,378,655	8,490,321
Total revenues		773,437,818	1,201,966,637	753,889,615	1,205,459,972
Expenses					
Cost of sales		300,360,386	421,775,925	295,239,320	426,634,483
Selling and distribution expenses		251,097,852	328,575,602	245,325,810	328,444,676
Administrative expenses		147,670,543	161,538,434	145,459,123	160,710,516
Total expenses		699,128,781	911,889,961	686,024,253	915,789,675
Profit from operating activities		74,309,037	290,076,676	67,865,362	289,670,297
Finance income		1,359,899	3,284,751	1,329,975	3,267,402
Finance cost		(11,178,051)	(221,057)	(11,081,666)	(221,057)
Profit before income tax expenses		64,490,885	293,140,370	58,113,671	292,716,642
Income tax expenses	27	(9,021,360)	(56,057,422)	(8,208,462)	(55,240,741)
Profit for the year		55,469,525	237,082,948	49,905,209	237,475,901
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		(25,768)	(52,943)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial losses, net of income tax		(1,561,413)	(569,843)	(1,561,413)	(569,843)
Other comprehensive income for the year		(1,587,181)	(622,786)	(1,561,413)	(569,843)
Total comprehensive income for the year		53,882,344	236,460,162	48,343,796	236,906,058
Earnings per share	28				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.07	0.29	0.06	0.29

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	64,490,885	293,140,370	58,113,671	292,716,642
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	136,157,614	68,556,524	135,150,096	68,530,123
Allowance for diminution in value of inventories (reversal)	571,491	(175,241)	571,491	(175,241)
Obsolete inventories written-off	198,093	3,462,691	191,679	3,462,691
Unrealised gain on investments in debt instruments at fair value through profit or loss	(142,075)	(3,280,131)	(142,075)	(3,280,131)
Gain on sales of investments in debt instruments at fair value through profit or loss	(305,370)	(795,707)	(305,370)	(795,707)
Allowance for impairment loss on assets	624,479	-	-	-
Loss on sale of equipment	670,458	1,318,866	658,502	1,318,866
Equipment written-off	3,418,707	81,400	3,418,707	81,400
Computer software written-off	30,435	3,493,538	30,435	3,493,538
Difference from reduction in lease payments	1,866,271	-	1,866,271	-
Provision for long-term employee benefits	296,524	3,983,183	296,524	3,983,183
Dividend income	-	-	-	(3,498,950)
Finance income	(1,359,899)	(3,284,751)	(1,329,975)	(3,267,402)
Finance costs	11,178,051	221,057	11,081,666	221,057
Profit from operating activities before changes in operating assets and liabilities	217,695,664	366,721,799	209,601,622	362,790,069
Operating assets (increase) decrease				
Trade and other receivables	(2,242,971)	1,113,762	(199,250)	(1,580,386)
Inventories	(539,408)	(8,060,178)	1,589,749	(7,827,510)
Other current assets	(1,100,110)	1,158,838	(145,821)	1,257,199
Rental deposits	903,994	(1,585,156)	1,028,922	(1,307,956)
Operating liabilities increase (decrease)				
Trade and other payables	748,160	5,840,764	(323,492)	6,292,291
Other current liabilities	(2,871,147)	8,450,933	(4,974,890)	6,836,647
Other non-current liabilities	2,908,559	7,459,115	51,340	1,741,053
Cash flows from operating activities	215,502,741	381,099,877	206,628,180	368,201,407
Interest received	272,853	3,531,600	245,885	3,514,251
Interest paid	(10,589,704)	-	(10,499,870)	-
Cash paid for long-term employee benefits	(1,282,934)	(895,899)	(1,282,934)	(895,899)
Cash paid for income tax	(31,459,668)	(46,731,633)	(30,097,401)	(45,788,590)
Net cash flows from operating activities	172,443,288	337,003,945	164,993,860	325,031,169

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

After You Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Cash paid for investments in a subsidiary	-	-	(999,700)	-
Acquisition of investments in debt instruments at amortised cost				
and at fair value through profit or loss	(120,002,149)	(720,197,271)	(120,002,149)	(720,197,271)
Proceed from sales of investments in debt instruments				
at fair value through profit or loss	406,353,935	720,663,668	406,353,935	720,663,668
Decrease in restricted bank deposits	-	3,280,620	-	3,280,620
Acquisition of land, buildings and equipment	(70,180,765)	(159,596,181)	(64,812,782)	(158,752,248)
Acquisition of computer software	(1,381,000)	(1,877,545)	(1,381,000)	(1,877,545)
Advances paid for acquisition of assets	(33,040,101)	(2,904,572)	(32,751,102)	(2,875,375)
Proceed from sale of equipment	15,362	170,451	55,534	170,451
Cash paid for right-of-use assets	(295,992)	-	(267,302)	-
Dividend received	-	-	3,498,950	3,798,860
Net cash flows from (used in) investing activities	181,469,290	(160,460,830)	189,694,384	(155,788,840)
Cash flows from financing activities				
Payment of principal portion of lease liabilities	(56,240,401)	(158,420)	(55,978,235)	(158,420)
Dividend paid	(236,512,018)	(154,942,665)	(236,510,968)	(154,941,525)
Net cash flows used in financing activities	(292,752,419)	(155,101,085)	(292,489,203)	(155,099,945)
Decrease in translation adjustment	(25,768)	(52,943)	-	-
Net increase in cash and cash equivalents	61,134,391	21,389,087	62,199,041	14,142,384
Cash and cash equivalents at beginning of year	83,934,252	62,545,165	70,110,811	55,968,427
Cash and cash equivalents at end of year	145,068,643	83,934,252	132,309,852	70,110,811
Supplemental cash flows information				
Non-cash items				
Transfer advances for acquisition of assets to				
buildings and equipment accounts	16,714,801	15,100,080	16,455,802	15,070,883
Transfer advances for acquisition of assets to				
computer software account	-	32,000	-	32,000
Increase in right-of-use assets due to new lease				
agreements	39,372,874	-	36,014,556	-
Increase in lease liabilities due to new lease				
agreements	38,273,534	-	35,171,556	-
Decrease in payables for construction and				
purchase of equipment	491,126	15,693,803	492,484	15,711,244
Actuarial losses	1,951,766	712,304	1,951,766	712,304
Dividend receivable from a subsidiary	-	-	-	3,498,950
Increase in dividend payable	16,011	25,524	17,061	25,614

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 2020

(Unit: Baht)

Consolidated financial statements							
					Other components of equity		
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Total
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	31	-	-	-	(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
Balance as at 1 January 2020		81,562,356	709,575,820	8,156,250	239,350,652	(52,943)	1,038,592,135
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards	4	-	-	-	(5,243,975)	-	(5,243,975)
Balance as at 1 January 2020 - as restated		81,562,356	709,575,820	8,156,250	234,106,677	(52,943)	1,033,348,160
Profit for the year		-	-	-	55,469,525	-	55,469,525
Other comprehensive income for the year		-	-	-	(1,561,413)	(25,768)	(1,587,181)
Total comprehensive income for the year		-	-	-	53,908,112	(25,768)	53,882,344
Dividend paid	31	-	-	-	(236,528,029)	-	(236,528,029)
Balance as at 31 December 2020		81,562,356	709,575,820	8,156,250	51,486,760	(78,711)	850,702,475

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 2020

(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 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	-	-	-	(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
Balance as at 1 January 2020	81,562,356	709,575,820	8,156,250	239,541,299	1,038,835,725
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards	-	-	-	(5,243,975)	(5,243,975)
Balance as at 1 January 2020 - as restated	81,562,356	709,575,820	8,156,250	234,297,324	1,033,591,750
Profit for the year	-	-	-	49,905,209	49,905,209
Other comprehensive income for the year	-	-	-	(1,561,413)	(1,561,413)
Total comprehensive income for the year	-	-	-	48,343,796	48,343,796
Dividend paid	-	-	-	(236,528,029)	(236,528,029)
Balance as at 31 December 2020	81,562,356	709,575,820	8,156,250	46,113,091	845,407,517

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 2020

1. General information

1.1 Corporate 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 2020, the Company has 42 branches (2019: 38 branches) in Bangkok, Samutprakan, Pathumthani, Nonthaburi, Nakhon Ratchasima, Chiang Mai, Udon Thani, Chonburi, Phuket and Songkla.

1.2 Coronavirus disease 2019 pandemic

The coronavirus disease 2019 (COVID-19) pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries, including consumer spending. This situation significantly affects the Group’s business activities in terms of dessert cafe operations. The Group temporarily closed dine-in areas of certain branches from 22 March 2020 to 16 May 2020 in accordance with the COVID-19 prevention and control measures imposed by government agencies. Moreover, the Group temporarily ceased the provision of all services at certain branches where sales were mainly derived from foreign tourists. Although the Group has resumed the provision of dine-in services so far, the number of customers has yet to return to pre-pandemic levels. This situation is significantly impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. The Group’s management has continuously monitored the ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

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, 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	
			2020	2019
			(%)	(%)
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
AU Kitchen Company Limited	Manufacture and distribution of food and beverage	Thailand	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 Group have been eliminated from the consolidated financial statements.

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

3. New financial reporting standards

a) Financial reporting standards that became effective in the current period

During the year, the Group has adopted the revised (revised 2019) and new 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. The new standards 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
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TFRS 9	Financial Instruments
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Accounting Standard

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations

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

These standards do not have any significant impact on the Group's 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.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Coronavirus Disease 2019 (COVID-19) Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Coronavirus Disease 2019 (COVID-19) Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Group has elected to apply the following temporary relief measures for accounting alternatives.

- Not to account for any reduction in lease payments by lessors resulting from the coronavirus disease 2019 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.
- Not to consider the coronavirus disease 2019 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

The Group is evaluating the impact on the financial statements and will consider recording the impact after the relief measures expire.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 management of the Group has evaluated that these standards do not have any significant impact on the Group's financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows.

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	The impacts of			
	Financial reporting standards related to			
	31 December	financial		1 January
	2019	instruments	TFRS 16	2020
Statement of financial position				
Assets				
Current assets				
Current investments	406,255	(406,255)	-	-
Other current financial assets	-	406,255	-	406,255
Non-current assets				
Property, plant and equipment	597,468	-	(3,855)	593,613
Right-of-use assets	-	4,501	347,907	352,408

(Unit: Thousand Baht)

Consolidated financial statements

	The impacts of			
	Financial reporting standards related to			
	31 December	financial		1 January
	2019	instruments	TFRS 16	2020
Rental deposits	33,876	(4,654)	-	29,222
Deferred tax assets	5,071	-	1,273	6,344
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	76,583	76,583
Non-current liabilities				
Lease liabilities	-	-	274,873	274,873
Provision for decommissioning	12,238	-	(29)	12,209
Other non-current liabilities	11,461	-	(1,011)	10,450
Shareholders' equity				
Retained earnings - unappropriated	239,351	(153)	(5,091)	234,107

(Unit: Thousand Baht)

Separate financial statements

	The impacts of			
	Financial reporting standards related to			
	31 December	financial		1 January
	2019	instruments	TFRS 16	2020
Statement of financial position				
Assets				
Current assets				
Current investments	406,255	(406,255)	-	-
Other current financial assets	-	406,255	-	406,255

(Unit: Thousand Baht)

Consolidated financial statements

	The impacts of			
	Financial reporting standards related to			
	31 December	financial	TFRS 16	1 January
	2019	instruments		2020
Non-current assets				
Property, plant and equipment	596,523	-	(3,855)	592,668
Right-of-use assets	-	4,501	347,907	352,408
Rental deposits	33,599	(4,654)	-	28,945
Deferred tax assets	5,071	-	1,273	6,344
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	76,583	76,583
Non-current liabilities				
Lease liabilities	-	-	274,873	274,873
Provision for decommissioning	12,238	-	(29)	12,209
Other non-current liabilities	5,742	-	(1,011)	4,731
Shareholders' equity				
Retained earnings - unappropriated	239,541	(153)	(5,091)	234,297

4.1 Financial instruments

As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows.

(Unit: Thousand Baht)

Consolidated financial statements

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	83,934	-	83,934	83,934
Other current financial	406,255	406,049	206	406,255
Trade and other receivables	12,364	-	12,364	12,364
Restricted bank deposits	200	-	200	200
Rental deposits	33,876	-	29,222	29,222
Total financial assets	536,629	406,049	125,926	531,975

(Unit: Thousand Baht)

Separate financial statements

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	70,111	-	70,111	70,111
Other current financial	406,255	406,049	206	406,255
Trade and other receivables	19,110	-	19,110	19,110
Restricted bank deposits	200	-	200	200
Rental deposits	33,599	-	28,945	28,945
Total financial assets	529,275	406,049	118,572	524,621

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	120,853	120,041
Less: Short-term leases and leases of low-value assets	(1,592)	(780)
Add: Option to extend lease term	269,297	269,297
Less: Contracts reassessed as service agreements	(127)	(127)
Less: Deferred interest expense	(36,975)	(36,975)
Increase in lease liabilities due to the adoption of TFRS 16	351,456	351,456
Liabilities under finance lease agreements as at 31 December 2019	-	-
Lease liabilities as at 1 January 2020	351,456	351,456
Weighted average incremental borrowing rate (percent per annum)	4.50	4.50
Comprise of:		
Current lease liabilities	76,583	76,583
Non-current lease liabilities	274,873	274,873
	351,456	351,456

5. Significant accounting policies

5.1 Revenue and expense 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 fee income

The Group recognises franchise initial fee income on a straight-line basis throughout the period of franchise agreement.

Franchise royalty fee income is calculated based on sales of franchise in accordance with the substance of franchise agreement and recognised on an accrual basis.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Dividends

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

5.2 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.

5.3 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.

5.4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

5.5 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.

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

Land improvement	5 years
Buildings and building improvement	2, 5, 10, 25 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.

5.6 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.

5.7 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, lease payments made at or before the commencement date of the lease less any lease incentives received, and decommissioning costs obligation associated with a consequence of having used the assets.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Buildings and building improvement	1 and 3 years	plus extension option reasonably certain to be exercised
Kitchenware and appliances	1, 2 and 3 years	plus extension option reasonably certain to be exercised

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

Leases of property, plant 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 is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant 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 a straight-line basis over the lease term.

5.8 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.

5.9 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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.

5.10 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset, 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal

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.

5.11 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 contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

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 Group recognises restructuring-related costs.

5.12 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.

5.13 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.

5.14 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the

Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

The Group initially recognised financial liabilities at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original

liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are past due. In certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

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.

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, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/ discount on debt securities is amortised/accreted by the effective interest rate method with the amortised/accreted amount presented as an adjustment to the interest income.

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 Group 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.

5.15 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.

6. 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.

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.

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.

Leases

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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.

7. 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		Separate		Transfer pricing
financial		financial		
statements		statements		
2020	2019	2020	2019	policy

Transactions with subsidiaries

(Eliminated from the consolidated financial statements)

Purchase of raw materials	-	-	28,104	45,270	Cost plus margin
Sales of goods	-	-	2,445	19	Cost plus margin
Sales of equipment	-	-	40	-	Cost plus margin

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2020	2019	2020	2019	
Management fee income	-	-	2,768	772	Rate stipulated in agreement
Franchise fee income	-	-	195	89	Rate stipulated in agreement
Other income	-	-	461	67	Cost plus margin
Dividend income	-	-	-	3,499	As declared
Transactions with related persons					
Rental expense	656	1,575	325	780	Rate stipulated in agreement
Purchase of land and buildings	14,991	-	14,991	-	Market price

As at 31 December 2020 and 2019, the balances of the accounts between the Group and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade and other receivables (Note 10)				
<u>Trade receivables - related parties</u>				
Trade receivables - a subsidiary	-	-	507	21
Total trade receivables - related parties	-	-	507	21
<u>Other receivables - related parties</u>				
Advances to subsidiaries	-	-	2,092	2,945
Other receivables - subsidiaries	-	-	1,991	5,136
Total other receivables - related parties	-	-	4,083	8,081
Total	-	-	4,590	8,102

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade and other payables (Note 18)				
<u>Trade payables - related parties</u>				
Trade payables - subsidiaries	-	-	6,766	4,636
Total trade payables - related parties	-	-	6,766	4,636
<u>Other payables - related parties</u>				
Advances from subsidiaries	-	-	1,388	-
Total other payables - related parties	-	-	1,388	-
Total	-	-	8,154	4,636

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	Consolidated/Separate	
	2020	2019
Short-term employee benefits	11,723	17,274
Post-employment benefits	583	684
Other long-term benefits	-	48
Total	12,306	18,006

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	2020	2019	2020	2019
Cash	2,965	4,576	2,823	4,560
Bank deposits	142,104	79,358	129,487	65,551
Total	145,069	83,934	132,310	70,111

As at 31 December 2020, bank deposits in savings accounts of the Group carried interest at rates between 0.05% and 0.55% per annum (2019: between 0.10% and 1.26% per annum) (the Company only: between 0.05% and 0.55% per annum and 2019: between 0.10% and 0.38% per annum).

9. Current investments

	(Unit: Thousand Baht)
	Consolidated/Separate
	2019
Investments in securities held for trading	
Unit trusts - fixed income fund	402,088
Add: Change in fair value	3,961
Total investments in securities held for trading	406,049
Held-to-maturity investments	
12-month fixed deposits	206
Total held-to-maturity investments	206
Total	406,255

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	501	11
Past due				
Up to 3 months	-	-	6	10
Total trade receivables - related parties	-	-	507	21
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	7,904	7,407	5,972	7,407

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
Past due					
Up to 3 months		4,921	2,669	4,727	2,669
3 - 6 months		17	200	17	200
6 - 12 months		2	166	2	166
Total trade receivables - unrelated parties		12,844	10,442	10,718	10,442
<u>Other receivables</u>					
Advances to subsidiaries		-	-	2,092	2,945
Other receivables - subsidiaries		-	-	1,991	5,136
Other receivables - unrelated parties		1,763	1,922	502	566
Total other receivables		1,763	1,922	4,585	8,647
Total		14,607	12,364	15,810	19,110

11. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	11,344	11,090	(21)	-	11,323	11,090
Work in process	618	470	-	-	618	470
Raw materials	16,823	16,697	(178)	(39)	16,645	16,658
Supplies	10,292	10,480	(614)	(203)	9,678	10,277
Total	39,077	38,737	(813)	(242)	38,264	38,495

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	11,393	11,178	(21)	-	11,372	11,178
Work in process	618	470	-	-	618	470
Raw materials	16,038	17,059	(178)	(39)	15,860	17,020
Supplies	9,319	10,443	(614)	(203)	8,705	10,240
Total	37,368	39,150	(813)	(242)	36,555	38,908

During the year 2020, the Group reduced cost of inventories by Baht 0.6 million (the Company only: Baht 0.6 million), to reflect the net realisable value. This was included in cost of sales. During the year 2019, the Group reversed the write-down of cost of inventories by Baht 0.2 million (the Company only: Baht 0.2 million), and reduced the amount of inventories recognised as expenses during the year.

12. Other current financial assets

(Unit: Thousand Baht)

	Consolidated/Separate 2020
<u>Debt instruments at amortised cost</u>	
12-month fixed deposits	209
Total debt instruments at amortised cost	209
<u>Financial assets at FVTPL</u>	
Unit trusts - fixed income fund	120,142
Total financial assets at FVTPL	120,142
Total	120,351

13. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	2020	2019	2020	2019
Prepaid expenses	3,292	4,611	3,194	4,593
Undue input tax	2,186	1,120	2,024	1,032
Short-term refundable deposits	1,611	-	1,357	-
Prepaid corporate income tax	339	-	-	-
Others	2,514	2,668	1,858	2,653
Total	<u>9,942</u>	<u>8,399</u>	<u>8,433</u>	<u>8,278</u>

14. Restricted bank deposits

The balances as at 31 December 2020 and 2019 represented cash pledged with a bank as collateral to secure payments due to creditors

15. 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 percentage		Cost		Dividend income	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Thousand Baht)	(Thousand Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Aurum and Aurum Company Limited	1,000	1,000	100	100	1,000	1,000	-	3,499
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	-	-
AU Kitchen Company Limited	1,000	-	100	-	1,000	-	-	-

On 11 May 2020, the Board of Director's Meeting of the Company approved the establishment of AU Kitchen Company Limited. This company was registered in Thailand on 22 May 2020 with a registered capital of Baht 1.0 million. The Company holds 100% interest in this company.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Building and building improvement	Utility systems	Kitchenware and appliances	Furniture and office equipment	Motor vehicles	Assets under construction and installation
							Total
Cost							
1 January 2019	103,743	187,997	58,775	78,211	155,737	16,329	653,812
Additions	-	1,444	1,492	17,451	9,926	2,122	159,002
Cost of assets decommissioning	-	-	-	-	1,425	-	1,425
Disposals / write-off	-	-	-	(2,685)	(705)	(198)	(3,604)
Transfer in (out)	-	99,452	39,320	7,540	21,840	-	-
31 December 2019	103,743	288,893	99,587	100,517	188,223	18,253	810,635
Adjustment due to the adoption of new financial reporting standards	-	-	-	-	(11,260)	-	(11,260)
1 January 2020	103,743	288,893	99,587	100,517	176,963	18,253	799,375
Additions	10,867	4,748	1,837	5,264	6,687	-	86,404
Disposals / write-off	-	-	(1,346)	(1,346)	(5,646)	-	(8,688)
Transfer in (out)	2,607	7,124	6,068	4,982	12,378	-	-
31 December 2020	117,217	300,765	106,146	109,417	190,382	18,253	877,091

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land and land improvement	Building and building improvement	Utility systems	Kitchenware and appliances	Furniture and office equipment	Motor vehicles	Assets under construction and installation	Total
Accumulated depreciation								
1 January 2019	-	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
Adjustment due to the adoption of new financial reporting standards	-	-	-	-	(7,405)	-	-	(7,405)
1 January 2020	-	26,861	32,537	44,351	93,689	8,324	-	205,762
Depreciation for the year	515	11,340	12,067	16,847	29,134	1,906	-	71,809
Depreciation on disposals / write-off	-	-	(673)	(793)	(3,118)	-	-	(4,584)
31 December 2020	515	38,201	43,931	60,405	119,705	10,230	-	272,987

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land and land improvement	Building and building improvement	Utility systems	Kitchenware and appliances	Furniture and office equipment	Motor vehicles	Assets under construction and installation	Total
Allowance for impairment loss								
1 January 2019	-	-	-	-	-	-	-	-
31 December 2019	-	-	-	-	-	-	-	-
Increase during the year	-	-	125	-	499	-	-	624
31 December 2020	-	-	125	-	499	-	-	624
Net book value								
31 December 2019	103,743	262,032	67,050	56,166	87,129	9,929	11,419	597,468
31 December 2020	116,7002	262,564	62,090	49,102	70,178	8,023	34,911	603,480
Depreciation for the years								
2019 (Baht 22.4 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								66,292
2020 (Baht 27.0 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								71,809

(Unit: Thousand Baht)

	Separate financial statements							
	Land and land improvement	Building and building improvement	Utility systems	Kitchenware and appliances	Furniture and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost								
1 January 2019	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
Adjustment due to the adoption of new financial reporting standards	-	-	-	-	(11,260)	-	-	(11,260)
1 January 2020	103,743	288,893	99,587	100,268	176,286	18,253	11,344	798,374
Additions	10,867	4,748	1,708	3,980	5,221	-	54,253	80,777
Disposals / write-off	-	-	(1,346)	(1,517)	(5,754)	-	(350)	(8,967)
Transfer in (out)	2,607	7,124	5,591	4,927	10,224	-	(30,473)	-
31 December 2020	117,217	300,765	105,540	107,658	185,977	18,253	34,774	870,184

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land and land improvement	Building and building improvement	Utility systems	Kitchenware and appliances	Furniture and office equipment	Motor vehicles	Assets under construction and installation	
Accumulated depreciation								
1 January 2019	-	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
Adjustment due to the adoption of new financial reporting standards	-	-	-	-	(7,405)	-	-	(7,405)
1 January 2020	-	26,861	32,537	44,298	93,686	8,324	-	205,706
Depreciation for the year	515	11,340	12,009	16,690	28,756	1,906	-	71,216
Depreciation on disposals / write-off	-	-	(672)	(963)	(3,199)	-	-	(4,834)
31 December 2020	515	38,201	43,874	60,025	119,243	10,230	-	272,088
Net book value								
31 December 2019	103,743	262,032	67,050	55,970	86,455	9,929	11,344	596,523
31 December 2020	116,702	262,564	61,666	47,633	66,734	8,023	34,774	598,096
Depreciation for the years								
2019 (Baht 22.4 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								66,266
2020 (Baht 26.8 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								71,216

As at 31 December 2020, 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 87.2 million (2019: Baht 56.1 million).

17. Intangible assets

The net book values of intangible assets as at 31 December 2020 and 2019 are presented below.

(Unit: Thousand Baht)			
Consolidated/Separate financial statements			
	Computer software	Computer software under installation	Total
As at 31 December 2020			
Cost	19,963	1,157	21,120
Less: Accumulated amortisation	(8,675)	-	(8,675)
Net book value	<u>11,288</u>	<u>1,157</u>	<u>12,445</u>
As at 31 December 2019			
Cost	19,052	762	19,814
Less: Accumulated amortisation	(5,987)	-	(5,987)
Net book value	<u>13,065</u>	<u>762</u>	<u>13,827</u>

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)		
Consolidated/Separate financial statements		
	2020	2019
Net book value at beginning of year	13,827	17,675
Acquisition	1,381	1,910
Amortisation	(2,733)	(2,264)
Write-off	(30)	(3,494)
Net book value at end of year	<u>12,445</u>	<u>13,827</u>

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade payables - related parties	-	-	6,766	4,636
Trade payables - unrelated parties	30,190	26,597	24,061	24,020
Other payables - related parties	-	-	1,388	-
Other payables - unrelated parties	21,440	12,968	20,380	12,885
Other payables for construction and purchase of equipment	3,204	3,695	3,186	3,678
Dividend payable	82	66	82	65
Accrued expenses	18,010	29,327	17,552	28,930
Total	<u>72,926</u>	<u>72,653</u>	<u>73,415</u>	<u>74,214</u>

19. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Unearned revenue - sales of goods	4,825	5,473	4,825	5,473
Unearned revenue - cash voucher	4,052	3,369	4,052	3,369
Current portion of unearned revenue - franchise agreement	3,474	1,809	184	184
Unearned revenue - customer loyalty program	2,018	5,646	2,018	5,646
Value added tax payable	2,880	3,874	2,657	3,760
Social security fund payable	1,188	1,381	1,148	1,375
Withholding income tax payable	376	781	322	761
Others	1,109	460	845	458
Total	<u>19,922</u>	<u>22,793</u>	<u>16,051</u>	<u>21,026</u>

20. Leases

The Group has entered into several lease agreements relating to the leases of building spaces and equipment used in its dessert cafe operations. The terms of the agreements are generally between 1 - 3 years. Lease term of certain agreements contain extension and termination options.

a) Right-of-use assets

Movements of right-of-use assets for the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Buildings and building improvement	Kitchenware and appliances	Total
1 January 2020	344,833	7,575	352,408
Additions	38,408	1,260	39,668
Depreciation for the year	(59,979)	(1,637)	(61,616)
Adjustment due to the election to apply the Temporary Relief Measures for Accounting Alternatives	(25,261)	(591)	(25,852)
31 December 2020	298,001	6,607	304,608

	(Unit: Thousand Baht)		
	Separate financial statements		
	Buildings and building improvement	Kitchenware and appliances	Total
1 January 2020	344,833	7,575	352,408
Additions	35,021	1,260	36,281
Depreciation for the year	(59,564)	(1,637)	(61,201)
Adjustment due to the election to apply the Temporary Relief Measures for Accounting Alternatives	(25,261)	(591)	(25,852)
31 December 2020	295,029	6,607	301,636

b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Lease payments	336,077	-	332,877	-
Less: Deferred interest expenses	(26,573)	-	(26,213)	-
Total	309,504	-	306,664	-
Less: Portion due within one year	(86,387)	-	(85,905)	-
Lease liabilities - portion due more than one year	223,117	-	220,759	-

A maturity analysis of lease payments is disclosed in Note 34 to the financial statements under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)	
	For the year ended 31 December 2020	
	Consolidated	Separate financial
	financial statements	statements
Depreciation expense of right-of-use assets	61,616	61,201
Interest expense on lease liabilities	10,590	10,500
Expense relating to short-term leases	3,668	2,190
Differences from reduction in lease payments	1,866	1,866

During the year 2020, the Group received a reduction in lease payments by lessors. The Group has elected to apply the Federation of Accounting Professions' Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Coronavirus Disease 2019 (COVID-19) Pandemic in which not to account for any reduction in lease payments by lessors resulting from the coronavirus disease 2019 situation as a lease modification as aforementioned in Note 3 to the financial statements. The Group has adjusted the lease liabilities that come due in each period in proportion to the reduction and reversed depreciation of right-of-use assets and interest on lease liabilities recognised in each period in proportion to the reduction. The differences of Baht 1.9 million were recognised in profit or loss.

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 70.5 million (the Company only: Baht 68.7 million), including the cash outflow related to short-term lease. Moreover, the Group had non-cash additions to right-of-use assets of Baht 39.4 million (the Company only: Baht 36.0 million) and lease liabilities of Baht 38.3 million (the Company only: Baht 35.2 million).

21. Provision for decommissioning

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
Balance at beginning of year	12,238	10,596	12,238	10,596
Increase during year	1,070	1,425	814	1,425
Finance cost	589	217	582	217
Balance at end of year	13,897	12,238	13,634	12,238

22. 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 2019	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	-	712

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Provision for post- employment benefits	Provision for other long-term employee benefits	Total
Benefits paid during the year	-	(896)	(896)
Provision for long-term employee benefits			
as at 31 December 2019	3,642	9,467	13,109
Included in profit or loss:			
Current service cost	917	2,381	3,298
Interest cost	92	126	218
Past service costs and gains or losses on settlement	-	(2,170)	(2,170)
Actuarial (gain) loss arising from			
Demographic assumptions changes	-	2,609	2,609
Financial assumptions changes	-	314	314
Experience adjustments	-	(3,973)	(3,973)
Included in other comprehensive income:			
Actuarial (gain) loss arising from			
Demographic assumptions changes	1,767	-	1,767
Financial assumptions changes	(485)	-	(485)
Experience adjustments	670	-	670
Benefits paid during the year	-	(1,283)	(1,283)
Provision for long-term employee benefits			
as at 31 December 2020	6,603	7,471	14,074

As at 31 December 2020, the Company expects to pay Baht 1.5 million (2019: Baht 2.2 million) of long-term employee benefits during the next year.

As at 31 December 2020, the weighted average duration of the liabilities for post-employment benefits is 23 years (2019: 13 years) and other long-term employee benefits is 6 years (2019: 13 years).

Significant actuarial assumptions are summarised below.

	(Unit: % per annum)	
	Consolidated/Separate financial statements	
	2020	2019
Discount rate	0.74 - 2.22	1.19 - 2.50
Salary increase rate	6.00	6.00 - 9.00
Employee turnover rate	5.73 - 34.38	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 2020 and 2019 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	Increase 1%		Decrease 1%	
	2020	2019	2020	2019
Discount rate	(1,479)	(809)	1,807	954
Salary increase rate	1,419	687	(1,161)	(575)
	Increase 20%		Decrease 20%	
	2020	2019	2020	2019
Employee turnover rate	(2,814)	(3,095)	4,033	4,729

23. Other non-current liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Unearned revenue - franchise agreement				
portion recognisable more than one year	7,263	6,364	463	647
Accrued guarantee deposits	5,928	4,017	4,246	4,017
Others	167	1,080	73	1,078
Total	13,358	11,461	4,782	5,742

24. 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 2020, the statutory reserve has fully been set aside.

25. Revenues from contracts with customers

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Type of business				
Dessert cafe and beverage shop	699,946	1,111,134	684,018	1,111,080
Sales of goods and raw materials	20,387	46,676	18,622	46,696
Catering and events	44,319	35,606	42,676	35,606
Franchising	3,286	899	195	89
Total	<u>767,938</u>	<u>1,194,315</u>	<u>745,511</u>	<u>1,193,471</u>
Timing of revenue recognition				
Revenue recognised at a point in time	764,652	1,193,416	745,316	1,193,382
Revenue recognised overtime	3,286	899	195	89
Total	<u>767,938</u>	<u>1,194,315</u>	<u>745,511</u>	<u>1,193,471</u>

26. Expenses by nature

Significant expenses classified by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salaries, wages and other employee benefits	229,193	301,045	226,029	300,111
Depreciation	133,425	66,292	132,417	66,266
Amortisation	2,733	2,264	2,733	2,264
Rental expenses from operating lease agreements	5,711	96,027	4,229	95,140
Raw materials and consumables used	220,344	325,092	217,065	331,817
Change in inventories of finished goods and work in process	(402)	(2,272)	(363)	(2,360)

27. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current income tax				
Income tax charge for the year	10,531	56,692	9,538	55,853
Adjustment in respect of income tax of previous year	(59)	-	(59)	23
Deferred tax				
Relating to origination and reversal of temporary differences	(1,451)	(635)	(1,271)	(635)
Income tax expenses reported in profit or loss	<u>9,021</u>	<u>56,057</u>	<u>8,208</u>	<u>55,241</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax on actuarial losses	(390)	(142)	(390)	(142)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Accounting profit before tax	<u>64,491</u>	<u>293,140</u>	<u>58,114</u>	<u>292,717</u>
Accounting profit before tax multiplied by income tax rate 20%	12,898	58,628	11,623	58,543
Effect of different tax rate (8.25% and 15%)	(283)	(29)	-	-
Effects of elimination	(106)	(37)	-	-
Adjustment in respect of income tax of previous year	(59)	-	(59)	23
Tax loss for the year which was	4	118	-	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
unrecognised to deferred tax assets				
Temporary differences which were				
unrecognised to deferred tax assets	123	-	-	-
Utilisation of tax loss which was				
previously unrecognised to deferred				
tax assets	(92)	-	-	-
Effects of:				
Non-deductible expenses	489	1,225	485	1,223
Additional expense deductions allowed	(3,906)	(3,848)	(3,841)	(3,848)
Exempted revenue	(47)	-	-	(700)
Income tax expenses reported in profit				
or loss	9,021	56,057	8,208	55,241

The components of deferred tax assets and deferred tax liability as at 31 December 2020 and 2019 are as follows.

	(Unit: Thousand Baht)	
	Consolidated financial	
	statements	
	2020	2019
Deferred tax assets		
Provision for decommissioning	2,779	1,677
Provision for long-term employee benefits	2,815	2,622
Unearned revenue - customer loyalty program	404	1,129
Adjustment of accrued rental expenses under		
straight-line method	-	202
Lease agreements	1,712	-
Allowance for impairment of assets	150	-
Allowance for diminution in value of inventories	163	-
Others	191	233
Total	8,214	5,863
Deferred tax liability		
Unrealised gain on changes in value of investments	(28)	(792)
Total	(28)	(792)
Deferred tax assets - net	8,186	5,071

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2020	2019
	(Unit: Thousand Baht)	
	Separate financial statements	
	2020	2019
Deferred tax assets		
Provision for decommissioning	2,727	1,677
Provision for long-term employee benefits	2,815	2,622
Unearned revenue - customer loyalty program	404	1,129
Adjustment of accrued rental expenses under straight-line method	-	202
Lease agreements	1,733	-
Allowance for diminution in value of inventories	163	-
Others	191	233
Total	8,033	5,863
Deferred tax liability		
Unrealised gain on changes in value of investments	(28)	(792)
Total	(28)	(792)
Deferred tax assets - net	8,005	5,071

28. 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.

29. 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 2020 and 2019, the Group has no major customer with revenue of 10% or more of the entity's revenues.

30. 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 2020 amounting to Baht 1.7 million (2019: Baht 1.5 million) were recognised as expenses.

31. Dividends

Dividends	Approved by	Dividend per share (Baht)	Total dividends (Thousand Baht)
Dividend for 2018	Annual General Meeting of Shareholders on 29 April 2019	0.19	<u>154,967</u>
Interim dividend for 2019	Board of Directors Meeting on 26 March 2020	0.29	<u>236,528</u>

32. Commitments and contingent liabilities

32.1 Capital commitments

As at 31 December 2020, the Group had capital commitments of Baht 3.8 million (2019: Baht 11.3 million) relating to construction of factory expansion, acquisition of equipment and improvement of new branch outlets (the Company only: Baht 3.5 million (2019: Baht 11.3 million)).

32.2 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 1 years (2019: between 1 to 3 years).

As at 31 December 2020 and 2019, future minimum payments required under the above contracts are as follows.

Payable	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
In up to 1 year	2.3	72.4	1.2	71.6
In over 1 year and up to 3 years	0.1	48.4	0.1	48.4

32.3 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.

32.4 Guarantees

As at 31 December 2020, there were outstanding bank guarantees issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 7.6 million (2019: Baht 4.7 million) to guarantee payments due to creditors.

33. 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
	<hr/>
	2020
	<hr/>
Assets measured at fair value	
Financial assets measured at FVTPL	120,142
	(Unit: Thousand Baht)
	Consolidated/separate
	financial statements
	<hr/>
	2019
	<hr/>
Assets measured at fair value	
Investments in securities held for trading	
Unit trusts - fixed income fund	406,049

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

34. Financial instruments

34.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, other financial assets, restricted bank deposits, rental deposits, trade and other payables, and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. Trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash deposits, financial instruments, and lease liabilities with 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 2020

	Fixed interest rates		Floating	Non-	Effective	
	Within	More	interest	interest	Total	interest
	1 year	1 year	rate	bearing		rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	132.4	12.7	145.1	0.05 - 0.55
Trade and other receivables	-	-	-	14.6	14.6	-
Other financial assets	0.2	-	-	120.2	120.4	0.38
Restricted bank deposits	-	-	0.2	-	0.2	0.25
Rental deposits	-	-	-	29.4	29.4	-
	0.2	-	132.6	176.9	309.7	
Financial liabilities						
Trade and other payables	-	-	-	72.9	72.9	-
Lease liabilities	86.4	223.1	-	-	309.5	4.50
	86.4	223.1	-	72.9	382.4	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2020

	Fixed interest rates		Floating	Non-	Effective	
	Within	More	interest	interest	Total	interest
	1 year	1 year	rate	bearing		rate
						(% per annum)
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	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2020

Fixed interest rates		Floating	Non-	Effective	
Within	More	interest	interest	Total	interest
1 year	1 year	rate	bearing		rate
(% per annum)					

Financial liabilities

Trade and other payables

-	-	-	72.7	72.7	-
-	-	-	72.7	72.7	

(Unit: Million Baht)

Seperate financial statements

As at 31 December 2020

Fixed interest rates		Floating	Non-	Effective	
Within	More	interest	interest	Total	interest
1 year	1 year	rate	bearing		rate
(% per annum)					

Financial assets

Cash and cash equivalents	-	-	129.0	3.3	132.3	0.05 - 0.55
Trade and other receivables	-	-	-	15.8	15.8	-
Other financial assets	0.2	-	-	120.2	120.4	0.38
Restricted bank deposits	-	-	0.2	-	0.2	0.25
Rental deposits	-	-	-	29.0	29.0	-
	0.2	-	129.2	168.3	297.7	

Financial liabilities

Trade and other payables	-	-	-	73.4	73.4	-
Lease liabilities	85.9	220.8	-	-	306.7	4.50
	85.9	220.8	-	73.4	380.1	

(Unit: Million Baht)

Seperate financial statements

	As at 31 December 2019					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	More 1 year				
						(% per annum)
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	

Liquidity risk

The Group monitors the risk of a shortage of liquidity position to meet its obligations by maintaining an adequate level of cash and cash equivalents to cover the liquidity requirements.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows.

(Unit: Thousand Baht)

Consolidated financial statements

	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and other payables	1,126	71,800	-	-	72,926
Lease liabilities	-	98,549	235,959	1,569	336,077
Total	1,126	170,349	235,959	1,569	409,003

(Unit: Thousand Baht)

	Separate financial statements				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and other payables	2,511	70,904	-	-	73,415
Lease liabilities	-	97,949	233,559	1,369	332,877
Total	2,511	168,853	233,559	1,369	406,292

34.2 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 value is not expected to be materially different from the amounts presented in the statement of financial position.

35. 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 2020, the Group's debt-to-equity ratio was 0.53:1 (2019: 0.16:1) and the Company's was 0.52:1 (2019: 0.15:1).

36. Events after the reporting period

On 22 February 2021, a meeting of the Company's Board of Directors passed the following resolutions.

- Approval of increase in the registered share capital of AU Kitchen Company Limited from Baht 1.0 million to Baht 30.0 million, through the issuance of 0.29 million additional ordinary shares with a par value of Baht 100 each. The Company will hold 100% interest in this company.
- Approval of a propose that the Annual General Meeting of Shareholders to be held in April 2021 adopt a resolution to pay a dividend of Baht 0.06 per share, or a total of Baht 48.9 million, to the shareholders in respect of the 2020 profit. The dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2021.

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