

Ref. AU 002/2018

27 February 2018

Subject: Management Discussion and Analysis for the year ended 31 December 2017

 To : The President
 The Stock Exchange of Thailand

Summary of the Company's Financial Position and Operating Result for the year ended 31 December 2017

After You Public Company Limited (the "Company") operates dessert and bakery businesses. The Company divided its businesses into 2 categories, including

- 1) Dessert café under the trademark name of "After You" and "Maygori". As of 31 December 2017, there were 26 branches of After You dessert café (18 branches as of 31 December 2016) and 1 branch of Maygori (2 branches as of 31 December 2016)
- 2) Catering service and original equipment manufacturers (OEM) for parties, wedding receptions, and any festivals. In addition, the Company produces its products under its trademark for airline business, restaurants and etc. such products as pies, cookies and bakeries.

The Company has a subsidiary, Aurum and Aurum Company Limited (together with the Company, the "Group") which operates raw material and equipment sourcing and import.

Analysis of Financial Performance
Revenues

| Business categories | Operated by | For the year ended 31 December | | | | Changes Increase (Decrease) |
|--|-------------|--------------------------------|---------------|---------------|---------------|-----------------------------|
| | | 2017 | | 2016 | | |
| | | THB mm | % | THB mm | % | |
| <u>Sales</u> | | | | | | |
| 1. Sales from Dessert café | Company | 704.29 | 95.77 | 597.59 | 98.22 | 17.86 |
| 2. Sales from Catering service and OEM | Company | 19.67 | 2.67 | 8.79 | 1.44 | 123.78 |
| Total sales | | 723.96 | 98.45 | 606.38 | 99.67 | 19.39 |
| Other revenues | | 11.42 | 1.55 | 2.01 | 0.33 | 468.16 |
| Total revenues | | 735.38 | 100.00 | 608.39 | 100.00 | 20.87 |

For the year ended 31 December 2017, sales of the Company were THB 704.29 million increased from THB 597.59 million in 2016, accounted for 17.86% increase due to the introduction of 8 new branches compared to last year. Sales from Catering service and OEM increased from THB 8.79 million in 2016 to THB 19.67 million in 2017 because the menus were in high demand thus the Group had continuously expanded this business.

The Group had other revenues of THB 11.42 million in 2017 which increased THB 2.01 million from last year. Increase in other revenues was mainly from short-term investment which the Company had invested since January 2017.

Cost of Sales and Gross Profit

| Unit : THB mm Unless otherwise stated | For the year ended 31 December | |
|--|--------------------------------|---------------|
| | 2017 | 2016 |
| Total sales | 723.96 | 606.38 |
| Cost of sales | 244.33 | 217.78 |
| Gross Profit | 479.63 | 388.60 |
| Gross Profit Margin (%) | 66.25 | 64.09 |

For the year ended 31 December 2017, gross profit of the Group was THB 479.63 million or equivalent to gross profit of 66.25%, accounted for 2.16% increase, compared with 64.09% last year. The increase in gross profit margin was mostly because the Group had better cost management especially the reduction in the price of raw material which was the main cost of sales of the Group. The Group had also adjusted selling price since May this year. In addition, some new menus launched this year contributed higher gross profit margin than the previous average level.

Selling Expenses

Selling expenses mainly consist of salary for the café's staff, space and equipment rental expenses at each After You dessert café and Maygori, utility expenses, and other selling expenses such as marketing and promotional expenses, and depreciation of asset in each branch. For the year ended 2017 and 2016, selling expenses were THB 227.52 million and THB 178.53 million, respectively. Selling expenses increased THB 48.99 million or 27.44%, mainly attributable to increase expenses from new branches which require additional staff and increase rental expenses.

Administrative Expenses

For the year ended 31 December 2017 and 2016, administrative expenses increased from THB 84.17 million to THB 106.09 million, equaling to an increase of THB 21.92 million or 26.04%.

In 2016, the Company recorded the difference between the selling price and the fair value of the ordinary shares subscribed by the Company's management and/or employees according to the Company's employee stock option plan (ESOP), amounting to Baht 7.68 million, as expense. Percentage of administrative expenses to total revenue in 2016 excluded ESOP expense was 12.57%

Increase in 2017 administrative expenses from 2016 was mainly due to the increase in the number of office employees to support the branch expansion plan.

Moreover, in February 2017, the Company recorded the expense for the annual staff seminar which was postponed from late 2016 for THB 1.69 million or 0.23% of total revenue and recorded loss from closing Maygori at the Common Thonglor branch amounting THB 0.96 million or 0.13% of total revenue.

In 2017, the Company recorded legal expense related to the registration of the license and trademark in overseas THB 2.65 million or 0.36% of total revenue. The Company had other additional administrative expenses starting in 2017 such as expenses related to the Annual General Meeting (AGM) and securities depository fees and expenses related to the analysis and audit for production to comply with the HACCP and GMP standard that the Company received the certificate since mid 2017.

Financial Cost

Financial costs in 2017 and 2016 were THB 0.64 million and THB 6.80 million which accounted for 0.09% and 1.12% of total revenues, respectively. The decrease in financial cost was due to the repayment of the entire amount of loans from bank in January 2017.

Tax Expenses

Tax expenses in 2017 and 2016 were 27.90 million and 22.34 million, respectively or equivalent to effective tax rate of 17.79% and 18.45%, respectively. Lower percentage in 2017 than 2016 was because the Group utilized the tax privilege for investment in assets according to the Royal Decree no. 604.

Net Profit and Net Profit Margin

Net profit of the Group was THB 128.90 million in 2017, increased by THB 30.10 million or 30.47% from THB 98.77 million in 2016. Net profit margin of 2017 and 2016 were 17.53% and 16.23% respectively, equaling to an increase of 1.30%, which was mainly due to the increase in sale and the better cost management.

Analysis of Financial Position

Assets

As of 31 December 2017 and 31 December 2016, the Group had total assets of THB 1,033.8 million and THB 981.93 million, respectively which mainly consist of cash and cash equivalents, short-term investment and property, plant and equipment.

Cash and Cash Equivalents

As at 31 December 2017 and 31 December 2016, cash and cash equivalents were THB 48.63 million and THB 628.40 million respectively. The decrease of THB 579.77 million was mainly due to the investment in short-term investment, repayment of long-term loans from bank, payment for the construction of the headquarter, training and distribution center and the expansion of the factory and new branches.

Short-term Investment

As at 31 December 2017, the Group had short-term investment of THB 463.35 million which consisted of investments in securities held for trading THB 261.29 million, change in fair value of investments in securities held for trading THB 2.06 million and held-to-maturity investments THB 200 million. The Group has invested in short-term investment since January 2017 to maximize the return on available cash.

Property, Plant and Equipment

As at 31 December 2017 and 31 December 2016, the Group had Property, Plant and Equipment of THB 436.80million and THB 282.99 million respectively. The increase was from our fully built the new headquarter, training and distribution center plus the expansion of the factory and new branches.

Liabilities

As at 31 December 2017 and 31 December 2016, the Group's liabilities mainly consisted of trade and other payables and long-term loans from bank. Total liabilities were THB 101.51 million and THB 173.10 million respectively.

Long-term Loans from Bank

As at 31 December 2016, the Group had the outstanding balance of three long-term loans from bank totaling (including current portion) THB 66.31 million. The Group repaid the entire amount of loan and interest in January 2017. Therefore, the Group had no outstanding balance as at 31 December 2017.



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Shareholders' Equity

As of 31 December 2017 and 31 December 2016, the Group had shareholders' equity of THB 932.30 million and THB 808.83 million, respectively. The increase in shareholders' equity was attributed to increase in net profit during the period THB 128.90 million and the increase in share capital to accommodate the stock dividend payment THB 9.06 million offset by dividend payment during the period THB 14.50 million.

Please be informed accordingly,

Yours sincerely,

(Mr. Maetup T.Suwan)

Managing Director