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Subject: Management Discussion and Analysis for the three-month period ended 30 Sep. 2018

 To : Director and the President  
 The Stock Exchange of Thailand

### Summary of the Company's Financial Position and Operating Result for the 3 and 9 month period ended 30 Sep. 2018

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

- 1) Dessert café and beverage outlet. As of 30 Sep. 2018, there were 30 branches under the name of "After You dessert café (26 branches as of 31 December 2017) and 1 branch of Maygori (1 branches as of 31 December 2017)
- 2) Catering service and original equipment manufacturers (OEM) for parties, wedding receptions, and any occasion. In addition, the Company produces its products under its trademark as per customers' demands.

The Company has 2 subsidiaries, Aurum and Aurum Company Limited which operates raw material and equipment sourcing and import. and M&M 2007 Co. (a trading company), together with the Company, the "Group".

### Revenue

Business categories	For the 3-month period ended 30/9/18				% Change Inc. (Dec)	For the 9-month period ended 30/9/18				% Change Inc. (Dec)
	2018		2017			2018		2017		
	THB mm	%	THB mm	%		THB mm	%	THB mm	%	
<u>Sales</u>										
1. Sales from dessert café	206.64	96%	191.94	97%	8%	606.44	97%	517.40	97%	17%
2. Catering/ OEM/ sale via head office	8.49	4%	3.13	2%	171%	14.09	2%	7.84	1%	80%
<b>Total sales</b>	<b>215.13</b>	<b>99%</b>	<b>195.07</b>	<b>99%</b>	<b>10%</b>	<b>620.53</b>	<b>99%</b>	<b>525.24</b>	<b>99%</b>	<b>18%</b>
<b>Other revenues</b>	<b>1.23</b>	<b>1%</b>	<b>2.11</b>	<b>1%</b>	<b>-42%</b>	<b>6.57</b>	<b>1%</b>	<b>5.88</b>	<b>1%</b>	<b>12%</b>
<b>Total revenues</b>	<b>216.36</b>	<b>100%</b>	<b>197.18</b>	<b>100%</b>	<b>10%</b>	<b>627.1</b>	<b>100%</b>	<b>531.12</b>	<b>100%</b>	<b>18%</b>

### Quarter 3 / 2018

The quarter 3 /2018 sales were THB 215.13 million, increased 10% from THB 195.07 million of quarter 3 /2017 due to 5 new branches. In addition, revenues from OEM and catering shoot up more than double.

The Group had other revenues of THB 1.23 million in quarter 3 /2018, decreasing from THB 2.11 million from quarter 3 /2017 as the principal of investment declined bringing down the yield.

### Jan – Sep. 2018

For the first 9-month of 2018, sales increased to THB 620.53 million or 18% from THB 525.24 million in 9-month /2017 due to the introduction of 5 new branches.

The Group had other revenues of THB 6.57 million, higher than THB 5.88 million in 9 –month 2017 from marketing activities services rendered.

### Cost of Sales and Gross Profit

Unit : THB mm Unless otherwise stated	For the 3 month period ended 30 Sep		For the 9 month period ended 30 Sep	
	2018	2017	2018	2017
Total sales	215.13	195.08	620.54	525.24
Cost of Sales	67.52	63.17	199.93	176.20
<b>Gross Profit</b>	<b>147.61</b>	<b>131.91</b>	<b>420.61</b>	<b>349.04</b>
<b>Gross Profit Margin (%)</b>	<b>68.61</b>	<b>67.62</b>	<b>67.78</b>	<b>66.45</b>

### Gross Profit

#### Jan – Sep 2018

The gross profit of the Group was THB 420.61 million, or 67.78% of sale, rising from 66.45% in the same period last year. Boost in gross profit margin was mostly from cost management lowering the price of raw material, the main part in cost of sales. In addition, menus of the month launched early this year yielded higher gross profit margin than average.

### Selling Expenses

Selling expenses mainly consist of salary for the café'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.

### **Quarter 3/ 2018**

For the three-month period ended 30 Sep 2018 and 2017, selling expenses were THB 66.86 million and THB 58.69 million respectively. Rising part of THB 8.17 million or 13.92% was brought by additional staff and rental expenses for new branches.

The proportion of selling expenses to total revenue for Q3/ 2018 and Q3/ 2017 were 30.9% and 29.76% respectively. Such growth was soaring depreciation and sale space expenses.

### **Jan – Sep 2018**

For 9-month/ 2018 and 9-month 2017, selling expenses were THB 200.88 million and THB 163.75 million respectively. Selling expenses increased THB 37.13 million, mainly from additional staff and rental expenses for new branches.

The proportion of selling expense to sales were 32 % and 30.83 % in 9-month/ 2018 and the same period of 2017 respectively. Higher proportion was brought by soaring assets' depreciation, space related expenses which included Don Muang branch.

The company closed down the branch at the end of May 2018, terminating such high expense since quarter 2/ 2018.

### **Administrative Expenses (Admin.)**

#### **Quarter 3/ 2018**

The Administrative Expenses in Q3/ 2018 and Q3 /2017 was THB 35.01 million and THB 24.77 respectively. The THB 10.24 million increase was mainly from manpower expenses from head quarter, more staff hiring to serve business expansion and new activities serving future business plan and higher depreciation from more assets acquired. In addition, there are legal advisory expense in franchise preparation, property tax collected retroactively accounted for THB 1.6 million .

The percentage of Admin. / sales was 16.2% , rising from 12.6% in Quarter 3/ 2017 which was the extraordinary high sales period last year then bringing down all the expenses proportion.

#### **Jan – Sep. 2018**

The Admin. in 9-month/ 2018 was THB 106.6 million and THB 75.45 million in 9-month/ 2017. The THB 31.15 million shift was mainly due to Don Muang closure expense in June resulting in THB 4.24 million write-off, more staff hiring in headquarter to serve expansion , activities for future business plan and higher asset depreciation.

The percentage of Admin. / revenue was 17%, higher than 14.3% in 9-month 2017 whereby the Company, in 2017, have not incurred much expenses or assets serving expansion. Moreover, Quarter 3/ 2017 outperformed in sales which pulling down expense proportion.

## **Financial Cost**

### **Jan. - Sep 2018**

Financial costs for 9 month/ 2018 and 9 month/ 2017 were THB 0.18 million and THB 0.59 respectively. The reduction was caused by long term bank loan repayment in Jan. 2017.

## **Net Profit**

### **Quarter 3/ 2018**

Net profit of the Group was THB 38.45 million in quarter 3 /2018 (17.8% of total revenue), decreased from THB 41.72 million (21.2% of total revenue). The reduction of THB 3.27 million resulted from more administrative expense.

### **Jan – Sep 2018**

Net profit of the Group was THB 98.56 million and 94.93 million in 9-month/ 2018 and 9-month/ 2017 respectively The Net profit margin were 15.7% and 17.9% respectively. The decreased portion was from more administrative expense and Don Muang Branch closure. If no Don Muang effect, the net profit margin would be 16.39%

## **Analysis of Financial Position**

### **Assets**

As of 9-month/ 2018 and year-end 2017, the Group had total assets of THB 994.26 million and THB 1,033.81 million, respectively which mainly consist of cash and cash equivalents, short-term investment and property, plant and equipment.

### **Cash and cash equivalent**

As of Q3/ 2018 and year-end 2017, cash and cash equivalents were THB 68.49 million and THB 48.64 million respectively. The THB 19.85 million increase was mainly from sales.

### **Short-term investment**

As of Q3/ 2018 and Year-end 2017, the Group had THB 365.3 million short-term investment and THB 463.35 million respectively. The THB 98.05 million reduction was from dividend payment.

### **Trade and Other Receivables**

As of Q3/ 2018 and Year-end 2017, the Group had trade and other receivables of THB 8.85 million and THB 11.10 million respectively. The THB 2.25 million reduction resulted from the account receivable pay-out.

#### Liabilities

As at Q3/ 2018 and Year-end 2017, the Group's liabilities mainly consisted of trade /other payables and income tax payable. Total liabilities were THB 85.75 million and THB 101.51 million respectively.

#### Trade and Other Payables

As at Q3/ 2018 and Year-end 2017, the Group had trade and other payables of THB 43.31 million and THB 59.38 million respectively. The plunge of THB 16.07 million was brought by payment to suppliers and construction deposit.

#### Shareholders' Equity

As at Q3/ 2018 and Year-end 2017, the Group had shareholders' equity of THB 908.51 million and THB 932.30 million, respectively. The reduction in shareholders' equity was due to THB 122.64 million dividend payment and offset by THB 98.55 million net profit during the year

Please be informed accordingly,

Yours sincerely,

(Mr. Maetup T.Suwan)  
Managing Director