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26 February 2019

Subject: Management Discussion and Analysis for 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 31 December 2018, there were 31 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 or restaurants. In addition, the Company produces its products under its trademark as per customers' demands.

The Company has 3 subsidiaries, Aurum and Aurum Company Limited, M&M 2007 Co. which operates raw material and equipment sourcing and import, and After You Hong Kong Limited (not yet operated) , together with the Company, the "Group".

| Business categories                           | by      | 12 mo. Ended 31 Dec. |               |               |               | % Change      |
|---|---------|----------------------|---------------|---------------|---------------|---------------|
|   |         | 2018                 |               | 2017          |               |               |
|   |         | THB Mil              | %             | THB Mil.      | %             |               |
| <b>Sales</b>                                  |         |                      |               |               |               |               |
| <b>1. Sales from dessert café</b>             | Company | 838.23               | 95.17         | 704.29        | 95.77         | 19.02         |
| <b>2. Catering/ OEM/ sale via head office</b> | Company | 32.86                | 3.73          | 19.67         | 2.67          | 67.06         |
| <b>Revenue from sales</b>                     |         | <b>871.09</b>        | <b>98.91</b>  | <b>723.96</b> | <b>98.45</b>  | <b>20.32</b>  |
| <b>Other income</b>                           |         | <b>9.64</b>          | <b>1.09</b>   | <b>11.42</b>  | <b>1.55</b>   | <b>-15.59</b> |
| <b>Total</b>                                  |         | <b>880.73</b>        | <b>100.00</b> | <b>735.38</b> | <b>100.00</b> | <b>19.77</b>  |

2018 Sales were THB 838.23 million, increased 19.02% from THB 704.29 million in 2017 due to 5 new branches and some branches which were opened in late 2017 and yielded full income in 2018.

Income from catering , OEM, and Head Quarter sales rose from THB 19.67 million in 2017 to THB 32.86 million in 2018 because the Company expanded this unit continuously. In 2018, the fresh buns (butter and milk) have been launched and firstly distributed at Head Office followed by branch sales.

The Group has THB 9.64 million other income in 2018, reduced from THB 11.42 million in 2017. Main factor was decreasing yield from reducing S-T investment principal.

### **Cost of Sales and Gross Profit**

| Unit : THB mm<br>Unless otherwise stated | 12 months ended Dec. 31 |               |
|--|-------------------------|---------------|
|  | 2018                    | 2017          |
| Total sales                              | 871.09                  | 723.96        |
| Cost of Sales                            | 288.97                  | 244.33        |
| <b>Gross Profit</b>                      | <b>582.12</b>           | <b>479.63</b> |
| <b>Gross Profit Margin (%)</b>           | <b>66.83</b>            | <b>66.25</b>  |

For 12-month of 2018, the gross profit margin totaled THB 582.12 million or 66.83%, slightly higher than 66.25% in last year. The main reason is better cost management especially raw material which is the major part in cost of goods sold.

### **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.

For 2018 and 2017, selling expenses were THB 271.02 million and THB 227.52 million respectively. Rising part of THB 43.5 million or 13.92% was brought by additional staff and rental expenses for new branches.

The proportion of selling expenses to total revenue for 2018 and 2017 were 30.77% and 30.94% respectively.

Café staff cost per total revenue declined due to new re-design and management for better effectiveness to reduce such headcount and expense.

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

The Administrative Expenses in 2018 and 2017 was THB 140.41 million and THB 106.09 million respectively. The THB 34.2 million or 32.35% increase was mainly from Don Muang closure 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 16% of total revenue.

### **Financial Cost**

Financial costs for 2018 and 2017 totaled THB 0.23 million and 0.64 million respectively. The reduction was due to THB 0.39 million penalty fee for early loan prepayment in Jan. 2017 as well as the principal.

### **Net Profit and profit margin**

Net profit of the Group was THB 147.43 million and 128.9 million in 2018 and 2017 respectively, up by THB 18.53 million or 14.38%

The Net profit margin in 2018 and 2017 were 16.74 % and 17.53% 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 17.22 %

### **Analysis of Financial Position**

#### Assets

As of YE 2018 and 2017, the Group had total assets of THB 1,097.42 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 YE 2018 and 2017, cash and cash equivalents were THB 62.55 million and THB 48.64 million respectively. The THB 13.91 million increase was mainly from sales.

#### Short-term investment

As of YE 2018 and 2017, the Group had THB 402.65 million short-term investment and THB 463.35 million respectively. The THB 60.70 million reduction was from annual dividend payment.

#### Land Building, and Equipment

As of YE 2018 and 2017, the Group has land , building and equipment (net) totaling THB 504.9 million and THB 436.8 million respectively. The THB 68.1 million increase was from construction cost at branches and plant extension.

#### Liabilities

As of YE 2018 and 2017, the Group's liabilities mainly consisted of trade /other payables , income tax payable, other liabilities which included eradication cost estimation and long-term employee benefits.

Total liabilities were THB 140.32 million and THB 101.51 million respectively.

#### Trade and Other Payables

As at YE 2018 and 2017, the Group had trade and other payables of THB 82.48 million and THB 59.38 million respectively. The THB 23.1 million augmentation was brought by construction cost and asset purchase payable.

#### Other current liabilities

As at YE 2018 and 2017, the Group has other current liabilities totaling THB 14.34 million and THB 8.61 million respectively. The THB 5.73 million increase was from revenue in advance and unearned revenue from special promotion program for members.

Reserve for long-term employee benefit.

As at YE 2018 and 2017, The Group has reserve for employee benefit of THB 9.31 million and THB 6.35 million respectively. The more employee, the more employee benefit to be booked as increased by THB 2.96 million.

Shareholders' Equity

As at YE 2018 and 2017, the Group had shareholders' equity of THB 957.10 million and THB 932.30 million, respectively. The rising portion was due to THB 147.43 million net income, deducted by THB 122.34 million dividend payment . Moreover, the THB 0.28 million actuarial losses was estimated in comprehensive net income.

Please be informed accordingly,

Yours sincerely,

(Mr. Maetup T.Suwan)  
Managing Director