

AFTER YOU

EST. 2007
Bangkok



After You
Public Company Limited

Management Discussion & Analysis

YE 2020

Executive Summary



Operating highlight in Q4/2020	Q4/19	Q4/20	Change +/-)	2019	2020	Change +/-)
(THB million)			YoY			YE
Operating Revenue	283	207	(27%)	1,194	768	(36%)
Gross Profit	181	127	(30%)	773	468	(39%)
EBITDA	75	60	(20%)	359	210	(42%)
Net Profit for the Company	50	17	(66%)	237	55	(77%)
Gross profit margin (%)	64.0%	61.3%	(2.7%)	64.7%	60.9%	(3.8%)
EBITDA margin¹ (%)	26.5%	28.7%	2.2%	29.9%	27.2%	(2.7%)
Net profit margin¹ (%)	17.7%	8.1%	(9.6%)	19.7%	7.1%	(12.6%)
Number of branches as at Dec 31²	38	39	3%	38	39	3%

¹Gross Profit Margin, EBITDA Margin and Net Profit Margin are calculated from Total Revenue ²Number of branches as at Dec 31 excludes temporary closed branches

Q4/2020 Key Financial Highlights

Revenue

- After You Public Company Limited (“the Company”) reported consolidated operating revenue of THB 207 million in Q4/2020 and THB 768 million in 2020, decreased by 27% from Q4/2019 and 36% from 2019, respectively.
- The decrease in operating revenue was mainly from the fall in revenue from in-store sales and the decrease in purchasing power of domestic consumers as a result of the economic downturn and the outbreak of COVID-19 pandemic.

Gross Profit and Gross Profit Margin

- The Company’s gross profit in Q4/2020 and 2020 were THB 127 million and THB 468 million, respectively, decreased by 30% from Q4/2019 and 39% from 2019, corresponding to the decrease in sales.
- Gross profit margin in Q4/2020 and 2020 were 61.3% and 60.9%, respectively, decreased by 2.7% from Q4/2019 and 3.8% from 2019.
- The decrease in gross profit margin was mainly due to the reduction in total revenue from sales in a greater proportion than the reduction in costs of sales, which includes fixed expenses. In addition, the proportion of take-home products, which have a higher average cost than sit-in products, increased in comparison to the same period of the previous year.

EBITDA and EBITDA margin

- The Company’s EBITDA in Q4/2020 and 2020 were THB 60 million and THB 210 million, respectively, which decreased by 20% from Q4/2019 and 42% from 2019.
- EBITDA margin in Q4/2020 were 28.7% increased by 2.2% from Q4/2019 mainly due to the reduction in sales and administrative expenses.
- EBITDA margin in 2020 was 27.2% decreased by 2.7% from 2019 mainly due to the reduction in total revenue from sales in a greater proportion than the reduction in sales and administrative expenses, especially the significantly decrease of sales in Q2/2020.

Net Profit and Net Profit Margin

- The Company reported net profit in Q4/2020 and 2020 of THB 17 million and THB 55 million, respectively, decreased by 66% from Q4/2019 and 77% from 2020, mainly from the reduction in total revenue from sales in a greater proportion than the reduction in selling and administrative expenses, despite the cost control policy.
- Net profit margin in Q4/2020 decreased by 9.6% from Q4/2019, and in 2020 decreased by 12.5% from 2019.
- The decrease in net profit margin was mainly due to the reduction in total revenue from sales in a greater proportion than the reduction in operating expenses as a result of the cost control policy such as the reduction of employee-related expenses and rental cost negotiation.

New Strategies in Response to the New Normal Lifestyle

In Q3 and Q4/2020, After You has adjusted operations with 4 strategies in respond to the New Normal lifestyle, resulting in an effective handling of the impact from the situation. The Company plans to consequently extend the implementation of the strategies as follows:

1 Introduction of "After You Marketplace"

In Q3/2020, the company introduced a new source of revenue generation, "After You Marketplace", which is the allocation of some part of the dessert store to features various products for customers to shop within the store. The new store concept does not only stimulate the amount of traffic for each branch, but also serve as an activity for queuing customers. Currently, the Company has opened 11 "After You Marketplace", with 10 branches in Bangkok and 1 branch in Udon Thani.

In the future, the company has planned to further introduce "After You Marketplace" concept to no less than 30 branches, and will continue to feature more products that are trending among customers, including healthy products, to increase more variety on the shelves.



2 Doubling the branch of "Mikka" coffee shop during 2021

Mikka has recently became the main focus among the coffee shop franchise business. After the performance in the past year has been highly satisfactory, the company has set a target to expand at least 100 branches by 2021 in order to meet the rising demand and foster brand recognition. The Company will emphasize on expanding the branches in areas with high number of office buildings and residencies as well as include breakfast menu such as hot drink and bakery to increase product variety in response to the shifting fast-paced consumer behavior during rush hour.

As of December 31, 2020, the Company has 43 branches of "Mikka" and 2 temporary stores. The proportion of stores owned and operated by the Company and stores under franchise agreements is approximately at 30% and 70% respectively.

3 Effective response to the New Normal lifestyle with Pop-up Store

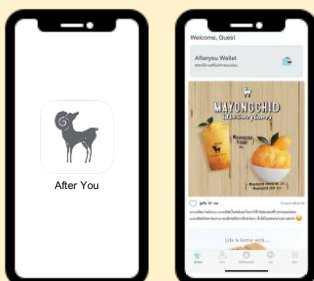
As the recent COVID-19 outbreak resulted in the temporary closure of the sit-in service within the dessert stores, the Company recognized the important to prepare for changes that may have impacts in the future, especially a new round of COVID-19 outbreak. The Company has planned to improve the Pop-up store distribution system to have higher adaptability and prepared necessary human resources such as setting up a team for a specific off-site booth, etc.

The Company anticipates that if the situation resolve to near normal and the implementation of vaccination against the spread of COVID-19 is successful, the Company will be able to operate more efficiently.

4 Continue building partnerships to expand service extensivity

The Company has received outstanding response and was widely mentioned in Social Media from the previous partnerships for new product design and development. Thus, the Company will continue to seek more partnership both inside and outside the food industry, in response to consumer behavior according to the New Normal lifestyle and to expand the business of take-home products (Take-home Products).

After You Application: Enhancing Customers' loyalty by offering Ecosystem Service.



To offer a great experience for customers in using the service and purchasing products, the company introduced "After You" application that helps facilitate ordering, both for delivery and sit-in service, offers membership service to accumulate points to exchange for special privileges, and features online payment system, or E-Wallet.

The Company expects that the "After You" application will enhance the customer satisfaction toward the Company's services, meet the changing consumer behavior according to the New Normal lifestyle, and build a solid foundation for the company to enhance the business through the application of technology to help facilitate and increase operational efficiency. The company will continue to promote the application in order to gain more users in the future.

Operating Results

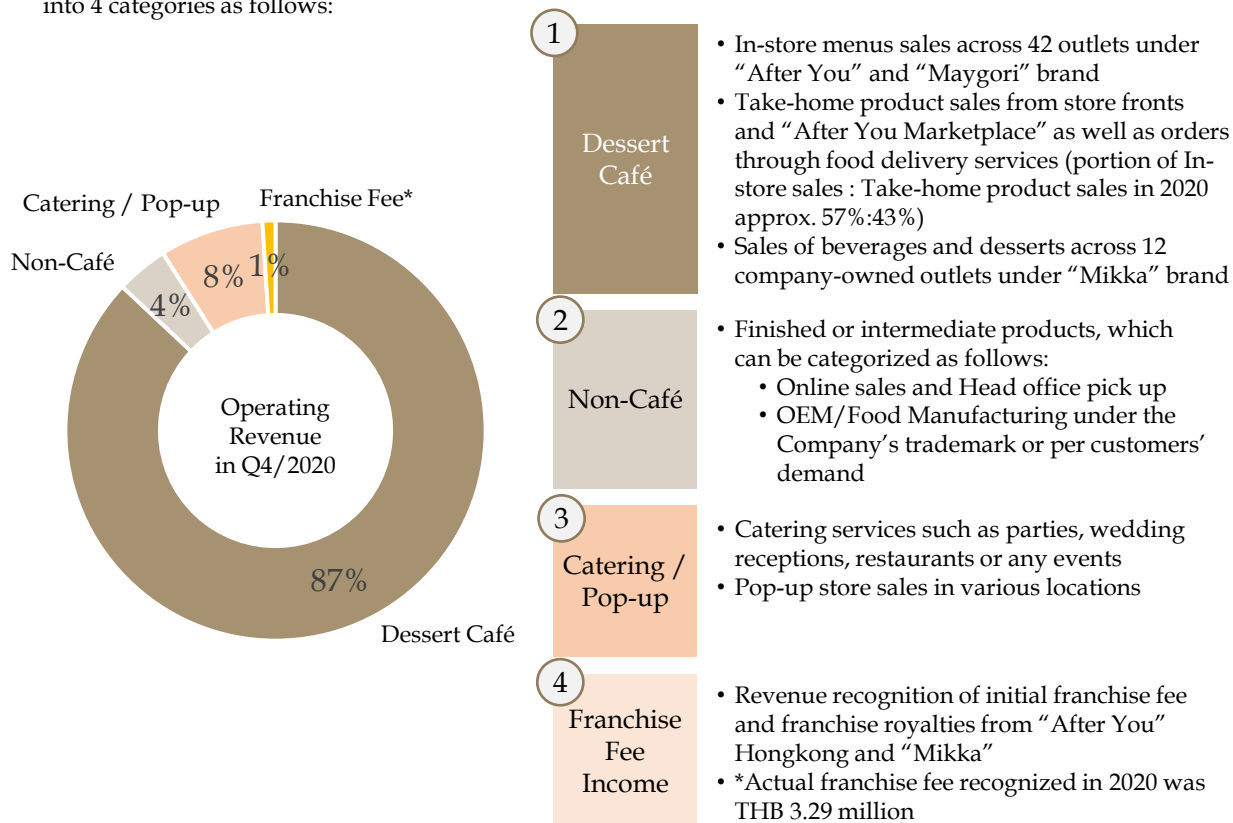


Overall operating results of the Company in Q4/2020	Q4/19	Q4/20	Change +/-	2019	2020	Change +/-
(THB million)			YoY			12M
Operating Revenue	283	207	(27%)	1,194	768	(36%)
Cost of sales	(102)	(80)	(22%)	(421)	(300)	(29%)
Gross Profit	181	127	(30%)	773	468	(39%)
Other Income	3	3	0%	8	5	(38%)
Selling and distribution expenses	(84)	(68)	(19%)	(329)	(251)	(24%)
Administrative expenses	(38)	(39)	3%	(162)	(148)	(9%)
Finance Income	0	0	n/a	3	1	(67%)
Finance Cost	0	(3)	n/a	0	(11)	n/a
Profit before income tax expenses	62	20	(68%)	293	64	(78%)
Tax expenses	(12)	(3)	(75%)	(56)	(9)	(84%)
Net Profit for the Company	50	17	(66%)	237	55	(77%)

Analysis of Statement of Income

1. Revenue:

After You Public Company Limited operates dessert and bakery business. The Company divides its business into 4 categories as follows:



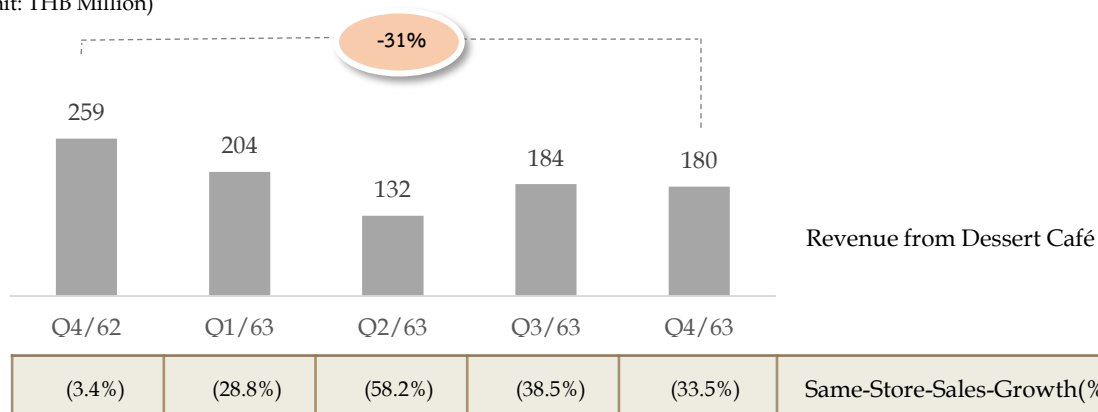
Revenue	Q4/19	Q4/20	Change +/-	2019	2020	Change +/-
(THB million)			YoY			9M
Revenue from Dessert Café	259	180	(31%)	1,111	700	(37%)
Revenue from Non-Café	11	9	(18%)	46	21	(54%)
Revenue from Catering / Pop-Up	13	16	23%	36	44	22%
Revenue from Franchising	0	2	n/a	1	3	200%
Total Operating Revenue	283	207	(27%)	1,194	768	(36%)
Other Income ¹	3	3	0%	8	5	(38%)
Total Revenue¹	286	210	(27%)	1,202	773	(36%)

¹Other income and total revenue during Q4/2020 and 2020 have changed due to the adjustment in accounting records of financial income for the benefits in comparison with the current financial statements

Key Drivers	Q4/19	Q4/20	Change +/-	2019	2020	Change +/-
Number of branches as at Dec 31 ²	38	39	3%	38	39	3%
Same-Store-Sales-Growth (SSSG)	(3.4%)	(33.5%)	(30.1%)	8.9%	(40.2%)	(49.1%)

²Number of branches as at Dec 31 exclude temporary closed branches

(Unit: THB Million)



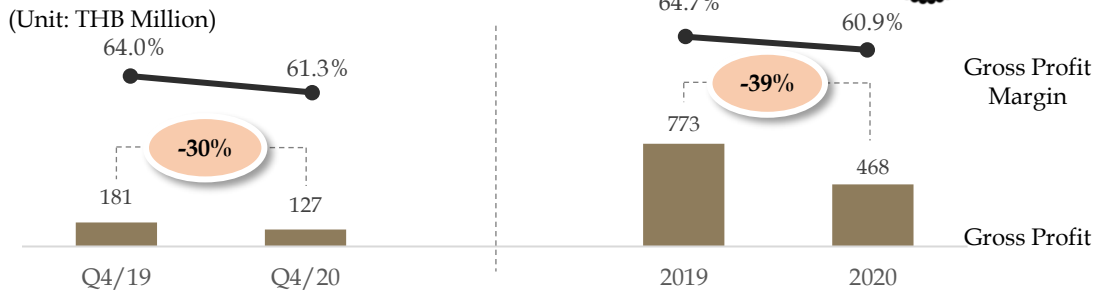
YoY Q4/2020 vs Q4/2019

- **Revenue from Dessert Café** in Q4/2020 was THB 180 million, decreased by THB 79 million or 31% from Q4/2019 due to the fall of in-store sales and the decrease in purchasing power of domestic consumers as a result of the economic downturn and the outbreak of COVID-19 pandemic.
- **Revenue from Non-café** in Q4/2020 was THB 9 million, decreased by THB 2 million or 18% from Q4/2019 due to the lower order volume from airline customers.
- **Revenue from Catering and Pop-Up** in Q4/2020 was THB 16 million, increased by THB 3 million or 23% from Q4/2019 due to the increase in number of pop-up stores and number of available staff, corresponding to the Company's Pop-up store expansion strategy.

12M 2020 vs 2019

- In 2020, **total operating revenue** was THB 768 million, decreased by THB 426 million or 36% from 2019 mainly due to:
 - **Revenue from Dessert Café** in 2020 decreased by THB 411 million or 37% from 2019 due to the closure of sit-in services in Q2/2020 and the economic downturn.
 - **Revenue from Non-Café** in 2020 decreased by THB 25 million or 54% from 2019 due to the lower order volume of OEM products from major customers.
 - **Revenue from Catering and Pop-Up** in Q4/2020 was THB 44 million, increased by THB 8 million or 22% from Q4/2019 due to the increase in number of pop-up stores and staff following company's strategy.
 - **Franchise Fee Income** in 2020 was Baht 3 million, increased by Baht 2 million as a result of the "Mikka" coffee shop franchise expansion in 2020.

2. Gross Profit and Gross Profit Margin:



Gross profit = Total Operating Revenue - Cost of Sales

Cost of sales mainly consists of cost of raw materials, packages, supplies, salary of production unit's staff, depreciations, kitchen utensils and space usage expense of production unit. Major part of cost of sales is raw materials.

YoY

Q4/2020 vs Q4/2019

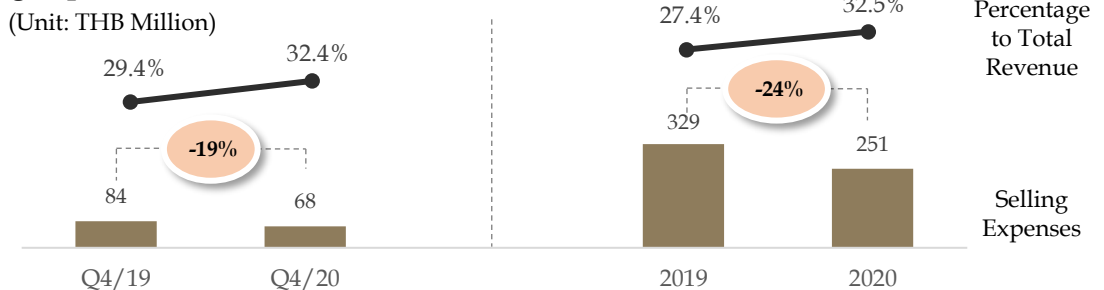
- **Gross profit** in Q4/2020 was THB 127 million, decreased by THB 54 million or 30% from Q4/2019 due to the decrease of sales as a result of the lower domestic consumption.
- **Gross profit margin (GPM)** in Q4/2020 was 61.3%, decreased by 2.7% from Q4/2019 due to the increase in the proportion of the sales of take-home products, which have a higher average cost than sit-in products, in comparison to the same period of the previous year. In addition, the increase in revenue from sales of ingredient of Mikka franchise to franchisees, which has a lower gross profit margin, resulted in the fall in overall gross profit margin.

12M

2020 vs 2019

- In 2020, **gross profit** was THB 468 million, decreased by THB 305 million or 39% from 2019. This is due to the decrease in gross profit between Q1 and Q4 compared to the same period of last year. This decrease was mainly due to the temporary closure of the sit-in services in Q2 2020 as a result of COVID-19 pandemic, the lower overall private consumption and the decline of tourist numbers.
- **Gross profit margin (GPM)** in 2020 was 60.9%, decreased by 3.8% 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.

3. Selling Expenses:



Selling expenses mainly consist of salaries of dessert 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.

YoY

Q4/2020 vs Q4/2019

- **Selling expenses** in Q4/2020 was THB 68 million, decreased by THB 16 million or 19% from Q4/2019 due to the Company's cost control policies related to staff expenses and the extension of rental expenses reduction measure.
- **Selling expenses to total revenue** in Q4/2020 was 32.4%, increased by 3.0% from Q4/2019. This is due to the higher proportion of the decrease in revenue from sales than the decrease in selling expenses.

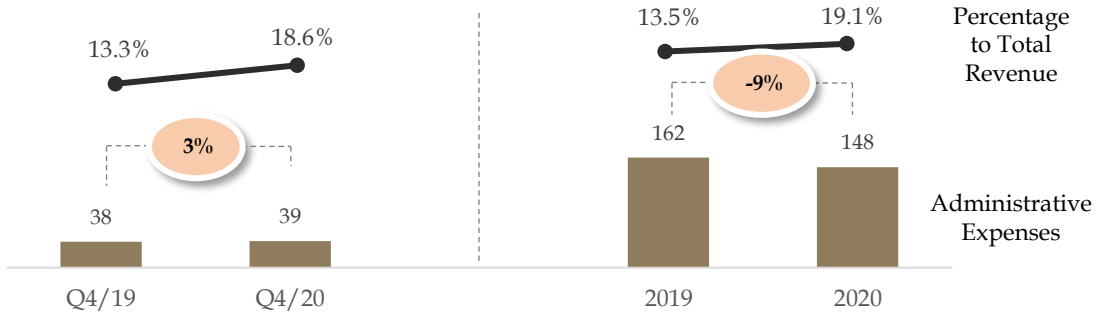
12M

2020 vs 2019

- In 2020, **selling expenses** was THB 251 million, decreased by THB 78 million or 24% from 2019 due to the implementation of Company's cost control policy since Q2 2020 and the successful negotiation for rental expenses reduction according to the outbreak of Covid-19.
- **Selling expense to total revenue** in 2020 was 32.5%, increased by 5.1% from 2019. This is 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.

4. Administrative Expenses:

(Unit: THB Million)



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

YoY Q4/2020 vs Q4/2019

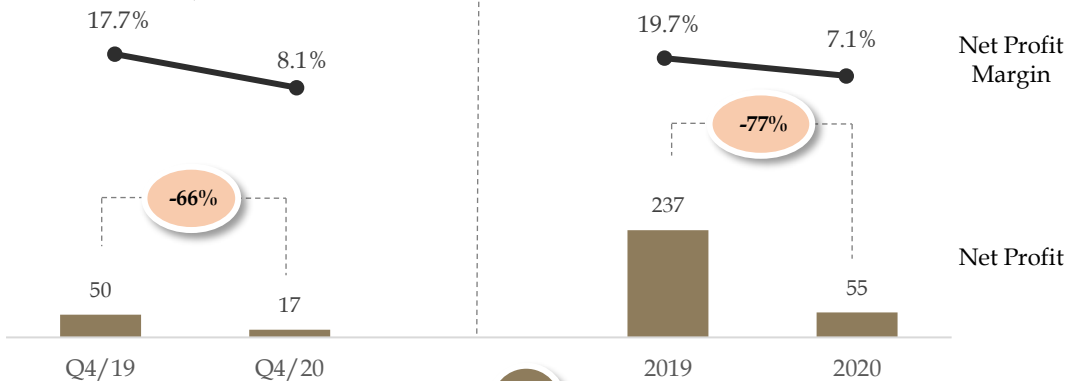
- **Administrative expenses** in Q4/2020 was THB 39 million, increased by THB 1 million or 3% from Q4/2019 mainly from the additional establishment of provision for employee benefit obligation during Q4/2020.
- **Admin expenses to total revenue** in Q4/2020 was 18.6%, improved by 5.3% from Q4/2019 due to the decrease in revenue while administrative expenses increased according to the additional establishment of provision for employee benefit obligation during Q4/2020.

12M 2020 vs 2019

- In 2020, **administrative expenses** was THB 148 million, decreased by THB 14 million or 9% from 2019. The increase is mainly from the reduction of the central operating costs and the implementation of leave without pay policy which was effective since Q2/2020.
- **Admin expenses to total revenue** in 2020 was 19.1%, improved by 5.6% from 2019 due to the higher proportion of the decrease in revenue from sales than the decrease in administrative expenses.

5. Net Profit and Net Profit Margin:

(Unit: THB Million)



YoY Q4/2020 vs Q4/2019

- **Net profit** in Q4/2020 was THB 17 million, decreased by THB 33 million or 66% from Q4/2019 due to the reduction in total revenue from sales in a greater proportion than the reduction in selling and administrative expenses, despite the cost control policy.
- **Net profit margin** in Q4/2020 was 8.1%, decreased by 9.6% from Q4/2019 due to the higher proportion of the decrease in revenue from sales than the decrease in overall expenses.

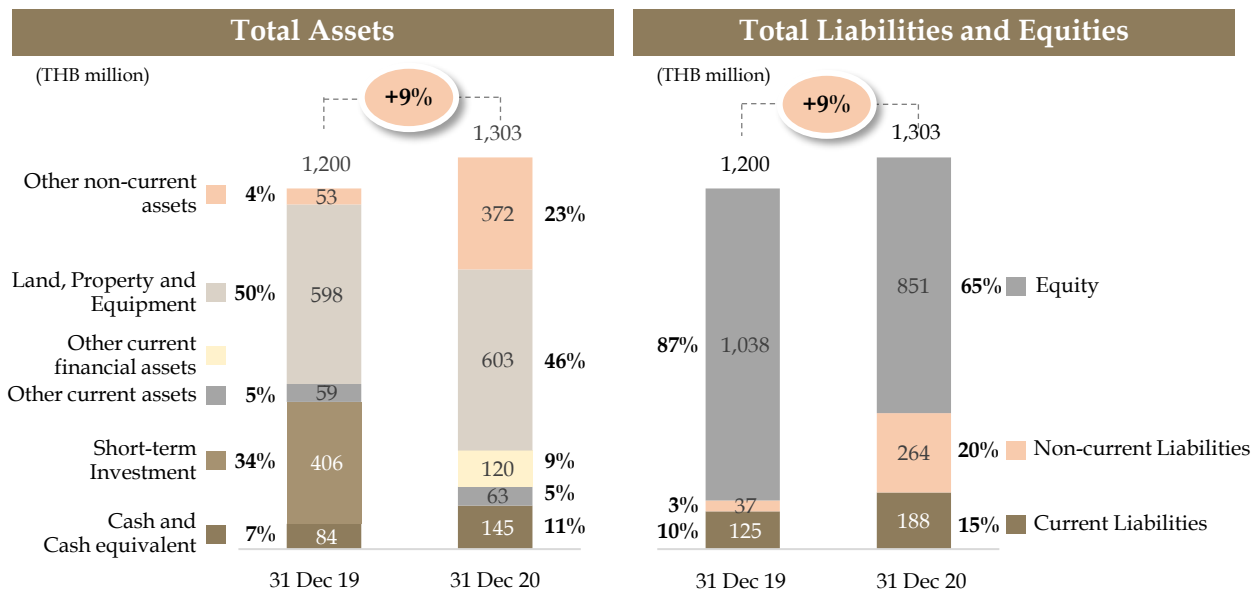
12M 2020 vs 2019

- In 2020, **net profit** was THB 55 million, decreased by THB 182 million or 77% from 2019 due to the spread of Covid-19 and decline in consumers' purchasing power despite the measures to control costs policies since Q2 2020.
- **Net profit margin** in 2020 was 7.1%, decreased by 12.6% 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.

6. Finance Cost:

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

Analysis of Statement of Financial Position



Total Assets

As of 31 Dec 2020, the total assets of the Company were THB 1,303 million, increased by THB 103 million or 9% from 31 December 2019. Changes are highlighted as follows:

- **Cash and Cash Equivalent** increased by THB 61 million as a result of the company transferred **Short-term Investment** in order to maintain liquidity **Other Current Financial Assets** increased by THB 120 million due to the reclassification of the investment in bond to Assets on 31 December 2020.
- **Other Non-Current Assets** increased by Bath 319 million. This was mainly due to the recognition of the right to use assets from the implementation of TFRS 16

Total Liabilities

As of 30 Dec 2020, the total liabilities of the Company were THB 452 million, increased by THB 290 million or 179% from 31 December 2019. The increase was mainly due to:

- **Current Liability** increased by THB 63 million as a result of the recognition of lease liabilities due within 12 months of THB 86 million, corresponding to the adoption of TFRS 16, while income tax payable decreased by THB 20 million.
- **Non-current Liabilities** increased by THB 227 million mainly due to the recognition of lease liabilities that are more than 12 months in accordance with TFRS 16

Total Equity

As of 31 Dec 2020, the total equity of the Company was THB 851 million, decreased by THB 187 million or 18% from 31 December 2019. The is due to the interim dividend payment for 2019 during Q2/2020.