

After You Public Company Limited



# MANAGEMENT DISCUSSION & ANALYSIS

*Q3/2021*





# Executive SUMMARY:

Operating Highlights in Q3/2021	Q3/20	Q3/21	Change +/(−)	9M/20	9M/21	Change +/(−)
(THB million)			%YoY			%YoY
Operating Revenue	198	115	(42%)	561	431	(23%)
Gross Profit	124	60	(52%)	340	242	(29%)
EBITDA	65	24	(63%)	150	114	(24%)
<b>Net Profit(Loss) for the Company</b>	<b>28</b>	<b>(13)</b>	<b>(146%)</b>	<b>38</b>	<b>(9)</b>	<b>(124%)</b>
<b>Gross Profit Margin (%)</b>	62.6%	52.2%	(10.4%)	60.6%	56.1%	(4.5%)
<b>EBITDA Margin<sup>1</sup> (%)</b>	32.7%	20.7%	(12.0%)	26.7%	26.2%	(0.4%)
<b>Net Profit(Loss) Margin<sup>1</sup> (%)</b>	14.1%	(11.2%)	(25.3%)	6.7%	(2.1%)	(8.8%)
<b>Number of branches as at September 30</b>	<b>41</b>	<b>39</b>	<b>(4.9%)</b>	<b>41</b>	<b>39</b>	<b>(4.9%)</b>

<sup>1</sup>EBITDA Margin and Net Profit Margin are calculated from Total Revenue

## Q3/2021 Key Financial Highlights



### REVENUE:

- After You Public Company Limited (“the Company”) reported consolidated operating revenue of THB115 million in Q3/2021 and THB 431 million in 9M/2021, decreased by 42% from Q3/2020 and 23% from 9M/2020, respectively.
- The decrease was mainly from the decline in operating revenue due to the impact from the new COVID-19 wave, as well as the temporary closure of some dessert cafe branches according to the government measures.



### GROSS PROFIT and GROSS PROFIT MARGIN:

- The Company’s gross profit in Q3/2021 and 9M/2021 were THB 60 million and THB 242 million, respectively, decreased by 52% from Q3/2020 and 29% from 9M/2020, corresponding to the decrease in total sales.
- Gross profit margin in Q3/2021 was 52.2%, decreased from 62.6% in Q3/2020 and gross profit margin in 9M/2021 was 56.1%, decreased from 60.6% in 9M/2021.
- The decrease was mainly due to the temporary closure of all dine-in areas resulting in higher proportion of take-home products and orders via food delivery services, which have lower margins than dine-in products, as well as the sales of raw material to Mikka Café franchise, which have relatively lower margins than sales of normal products.



### EBITDA and EBITDA MARGIN:

- The Company’s EBITDA in Q3/2021 and 9M/2021 were THB 24 million and THB 114 million, respectively, decreased by 63% from Q3/2020 and 24% from 9M/2020 due to a decrease in revenue while the Company still recognized a stable fixed cost.
- EBITDA margin in Q3/2021 was 20.7%, decreased from 32.7% in Q3/2020 and in 9M/2021 was 26.2%, slightly decreased from 26.7% in 9M/2020. The decrease was due to the decrease in revenue from sales at a larger proportion than the decrease in overall expenses.



### NET PROFIT and NET PROFIT MARGIN:

- The Company reported net loss in Q3/2021 and 9M/2021 of THB 13 million and THB 9 million respectively, decreased by 146% from Q3/2020 and 124% from 9M/2020 respectively, corresponding to the lower operating revenue.
- Net loss margin in Q3/2021 was 11.2%, decreased from net profit margin of 14.1% in Q3/2020 due to the higher decrease in Company’s sales at a higher proportion than the decrease in overall expenses.
- Net loss margin in 9M/2021 was 2.1%, decreased from net profit margin of 6.7% in 9M/2020 mainly due to the decrease in revenue from sales when compared to the same period last year as well as the recognition of net loss in Q2/2021 and Q3/2021.

# Strategies

## AND STRATEGIC DIRECTIONS:



In order to proactively respond to the rapid spread of COVID-19 pandemic and government policies, After You has made improvements to its strategy and strategic directions as follows:



### Business Operation Improvement

- Expand service areas for “AU Marketplace” throughout dessert cafe branches in order to generate additional revenue streams for the Company as well as respond to the changing consumer behaviors
- Prioritize food delivery services and orders through After You Application
- Establish Cloud Kitchen in response to the new wave of COVID-19, as well as expanding food delivery service points to have higher area coverage
- Focusing on increasing pop-up stores instead of establishing new dessert café branch as it requires lower investments



### Leading Product Innovation & Continuous R&D

- Increase research and development on new Take-home products in order to support the emerging New Normal Lifestyles
- Establish more strategic partnerships in order to develop new differentiating products. For examples, Croffle with Jo Banoffee flavor (collaboration with Jo’s Banoffee), Okonomiyaki Pancake Mix (collaboration with Bar B Q Plaza) and Tomato Chilli Kagigori (collaboration with Doi Kham)
- Plan to develop new brands offering unique products and services in order to meet the needs of new target customers



### Mikka Café Branch Expansion

- Focus on expanding Mikka Café branches through franchise models
- Focus on regional branch expansion throughout major cities in order to create opportunities to capture more customers
- Target to expand to total of 100 branches by the end of 2021. Currently, the total number of stores which have opened, or have completed franchise contacts aggregates to 90 branches. In addition, the Company has set the medium-term targets to expand to 500 branches in the next 3-5 years



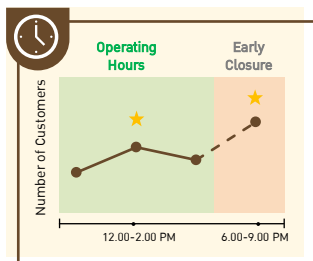
### Opportunity Enhancement Through International Expansion

- Plan to start operation of dessert café in Hong Kong during early 2022. Currently, the Company has sent employees to Hong Kong to train and prepare for the opening of the Hong Kong branch
- Expanding opportunities for growth by initiating dessert café establishment in China, aiming to complete the first franchisee contract by this year

# Outlook

## TOWARD THE FIRST HALF OF 2022

### Outlook on business opportunities from lift of curfew measures



With the government measures to control the spread of COVID-19 pandemic, especially the enforcement of curfew measures during 9.00 PM – 4.00 AM in Bangkok and Nonthaburi, which are the two major service areas for dessert cafes, have resulted in the reduction of opening hours for After You dessert café. In addition, the nature of the dessert café business displays peak hours during after meals including the after-lunch period (12.00 – 2.00 PM) and the after-dinner period (6.00 – 9.00 PM). With the curfew measures, the Company had to adjust the closing time to 8.30 PM and 7.30 PM. As a result, this has highly impacted the peak hours of the after-dinner period.

The Company expects to see recovery in food and services industries from the lifting of curfew measures as it will allow more local consumption, which is one of the major recovery factors for the Company.





# Operating Results

## Of the Company:

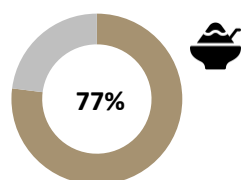
Overall operating results of the Company in Q3/2021	Q3/20	Q3/21	Change +/-	9M/20	9M/21	Change +/-
(THB million)			%YoY			%YoY
Operating Revenue	198	115	(42%)	561	431	(23%)
Cost of Sales	(74)	(55)	(26%)	(221)	(189)	(14%)
<b>Gross Profit</b>	<b>124</b>	<b>60</b>	<b>(52%)</b>	<b>340</b>	<b>242</b>	<b>(29%)</b>
Other income	1	1	0%	3	4	33%
Selling and Distribution Expenses	(55)	(45)	(18%)	(183)	(156)	(15%)
Administrative Expenses	(35)	(30)	(14%)	(109)	(95)	(13%)
Finance Cost	(2)	(3)	50%	(7)	(8)	14%
<b>Profit(Loss) before Income Tax Expenses</b>	<b>33</b>	<b>(17)</b>	<b>(152%)</b>	<b>44</b>	<b>(13)</b>	<b>(130%)</b>
Tax Expenses	(5)	4	(180%)	(6)	4	(167%)
<b>Net Profit(Loss) for the Company</b>	<b>28</b>	<b>(13)</b>	<b>(146%)</b>	<b>38</b>	<b>(9)</b>	<b>(124%)</b>

## Analysis of Statement of Income

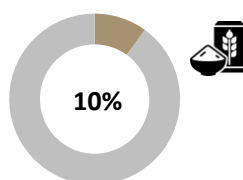
### 1. Revenue:

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

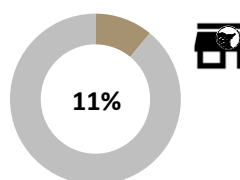
#### Revenue Breakdown in Q3/2021



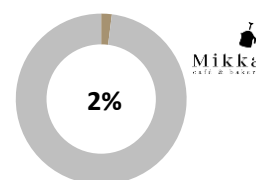
Dessert Café  
AND DRINKS



Sales of Goods  
AND RAW MATERIAL



Catering, Events  
AND POP-UP



Franchise  
FEE INCOME

- In-store menu sales across 41 outlets under “After You”
- Take-home product sales at Dessert Café branch and under “After You Marketplace” as well as orders through food delivery services (portion of In-store sales : Take home product sales<sup>1</sup> approx. 39%:61%)
- Sales of beverages and desserts across 12 company-owned outlets under “Mikka” brand

- Finished or intermediate products, which can be categorized as follows:
- Online sales products and Head office pick up
- OEM/Food Manufacturing under the Company’s trademark or per customers’ demand

- Catering services such as parties, wedding receptions, restaurants or any events
- Pop-up store sales in various locations

- Revenue recognition of initial franchise fee from “After You” franchise in Hongkong, “Mikka”, and other fees from operating under “Mikka” brand



<sup>1</sup> The proportion of In-store sales to take home products sales was calculated as of 9M/2021

## Executive Summary

## Significant Events

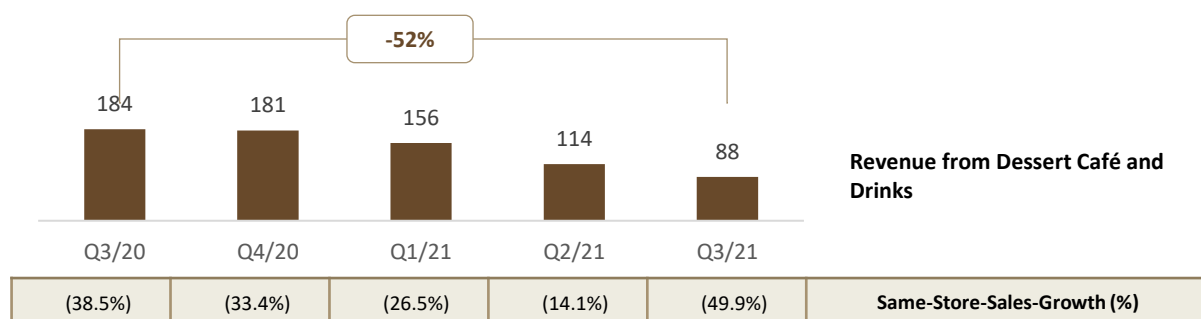


## Financial Performance

Revenue	Q3/20	Q3/21	Change +/-	9M/20	9M/21	Change +/-
(THB million)			%YoY			%YoY
Revenue from Dessert Café and Drinks	184	88	(52%)	519	358	(31%)
Revenue from Non-Café	4	12	200%	11	28	155%
Revenue from Catering / Pop-Up	9	13	44%	29	38	31%
Revenue from Franchising*	1	2	100%	2	7	250%
<b>Total Operating Revenue</b>	<b>198</b>	<b>115</b>	<b>(42%)</b>	<b>561</b>	<b>431</b>	<b>(23%)</b>
Other Income	1	1	0%	3	4	33%
<b>Total Revenue</b>	<b>199</b>	<b>116</b>	<b>(42%)</b>	<b>564</b>	<b>435</b>	<b>(23%)</b>

Key Drivers	Q3/20	Q3/21	Change +/-	9M/20	9M/21	Change +/-
Number of branches as at September 30	41	39	(4.9%)	41	39	(4.9%)
Same-Store-Sales-Growth (SSSG)	(38.5%)	(49.9%)	(11.4%)	(42.3%)	(32.2%)	10.1%

Unit: Million THB



## YoY

## Q3/2021 vs Q3/2020

- **Revenue from Dessert Café** in Q3/2021 was THB 88 million, decreased by THB 96 million or 52% from Q3/2020 due to the temporary closure of the dine-in area according to the government measures during July and August 2021, as well as the lower average opening hours as a result of the curfew measures between 9.00 PM – 4.00 AM.
- **Revenue from Non-café** in Q3/2021 was THB 12 million, increased by THB 8 million or 200% from Q3/2020 due to the increase in sales of raw material to Mikka Café franchisee.
- **Revenue from Catering and Pop-Up** in Q3/2021 was THB 13 million, increased by THB 4 million or 44% from Q3/2020 due to the increase in average number of pop-up stores when compared to the same period last year, across both Bangkok and other provinces.

## 9M

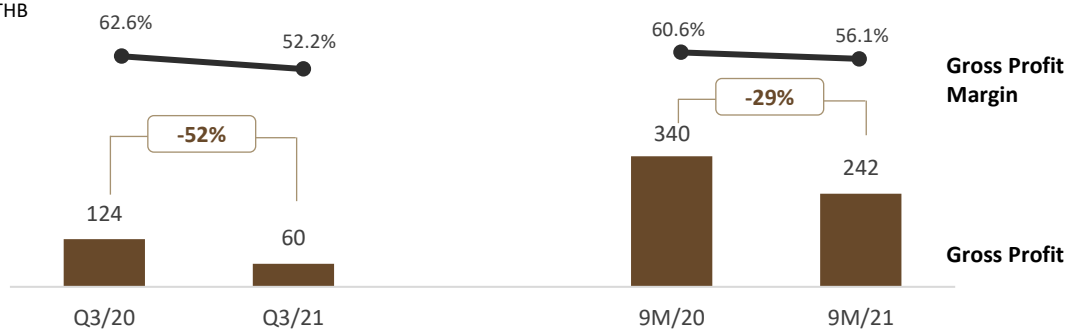
## 9M/2021 vs 9M/2020

- **Revenue from Dessert Café** in 9M/2021 was THB 358 million, decreased by THB 161 million or 31% from 9M/2020 due to the decreased revenue as a result of the new wave of COVID-19 outbreak and the temporary closure of some dessert café according to the government measures in order to control the spread of COVID-19
- **Revenue from Non-café** in 9M/2021 was THB 28 million, increased by THB 17 million or 155% from 9M/2020 due to the increase in sales of raw material to Mikka Café franchisee.
- **Revenue from Catering and Pop-Up** in 9M/2021 was THB 38 million, increased by THB 9 million or 31% from 9M/2020 due to the increase in number of pop-up stores.
- **Revenue from Franchising** in 9M/2021 was THB 7 million, increased by THB 5 million or 250% from 9M/2020 due the increase in number of Mikka Café branches through franchise model.



## 2. Gross Profit and Gross Profit Margin:

Unit: Million THB



**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

#### Q3/2021 vs Q3/2020

- **Gross Profit** in Q3/2021 was THB 60 million, decreased by THB 64 million or 52% from Q3/2020, corresponding to the decrease in sales during Q3/2021 when compared to Q3/2020, while the Company still recognize fixed expenses from normal business operations.
- **Gross Profit Margin** in Q3/2021 was 52.2%, decreased from 62.6% in Q3/2020, mainly due to the temporary closure of dine-in areas as well as higher proportion of take-home products and orders through food delivery services, which generated lower gross profit margins.

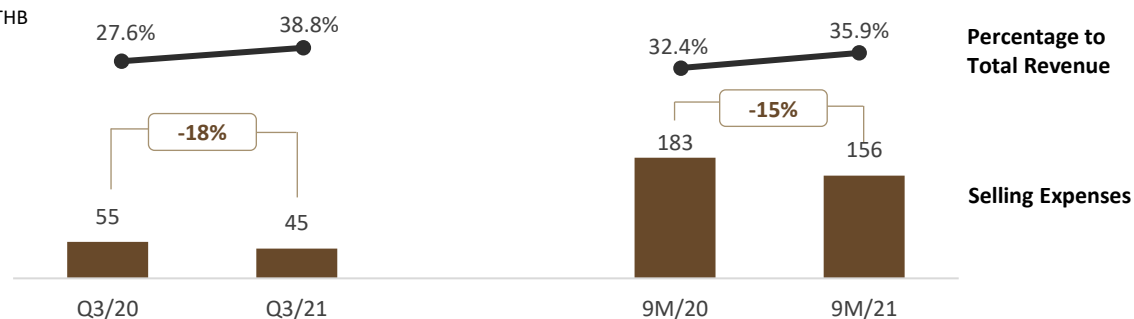
### 9M

#### 9M/2021 vs 9M/2020

- **Gross Profit** in 9M/2021 was THB 242 million, decreased by THB 98 million or 29% from 9M/2020, corresponding to the decrease in sales while the Company still recognize fixed expenses from normal business operations.
- **Gross Profit Margin** in 9M/2021 was 56.1%, decreased from 60.6% in 9M/2020 due to the temporary closure of dine-in areas, as well as higher proportion of take-home products and orders through food delivery services, which have lower margins. In addition, the Company also increased sales of raw material to Mikka Café franchise, which have lower margins than sales of normal products.

## 3. Selling Expenses:

Unit: Million THB



**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

#### Q3/2021 vs Q3/2020

- **Selling Expenses** in Q3/2021 was THB 45 million, decreased by THB 10 million or 18% from Q3/2020 due to the decrease in salary expenses of dessert café staffs and lower rental expenses from temporary closure of certain dessert café branches according to government measures.
- **Selling Expenses to Total Revenue** in Q3/2021 was 38.8%, increased from 27.6% in Q3/2020 due to the decrease in Company’s sales in a higher proportion than the decrease in selling expenses.

### 9M

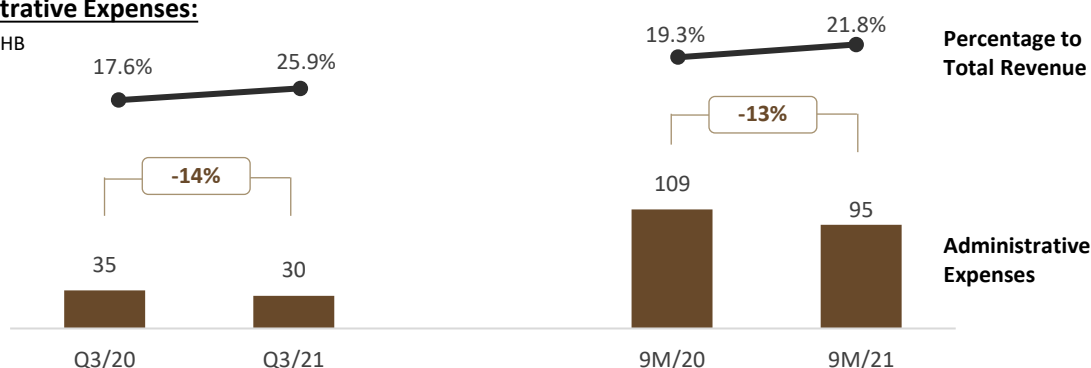
#### 9M/2021 vs 9M/2020

- **Selling Expenses** in 9M/2021 was THB 156 million, decreased by THB 27 million or 15% from 9M/2020 due to the decrease in salary expenses of dessert café staffs and lower rental expenses during new wave of COVID-19 pandemic.
- **Selling Expenses to Total Revenue** in 9M/2021 was 35.9%, increased from 32.4% in 9M/2020, due to the decrease in revenue in a higher proportion than the decrease in selling expenses.



#### 4. Administrative Expenses:

Unit: Million THB



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

**YoY**

#### Q3/2021 vs Q3/2020

- **Administrative Expenses** in Q3/2021 was THB 30 million, decreased by THB 5 million or 14% from Q3/2020 as the Company was able to reduce the general operating expenses corresponding to the COVID-19 pandemic.
- **Administrative Expenses to Total Revenue** in Q3/2021 was 25.9%, increased from 17.6% in Q3/2020 due to the decrease in revenue from sales at a larger proportion than the decrease in overall expenses.

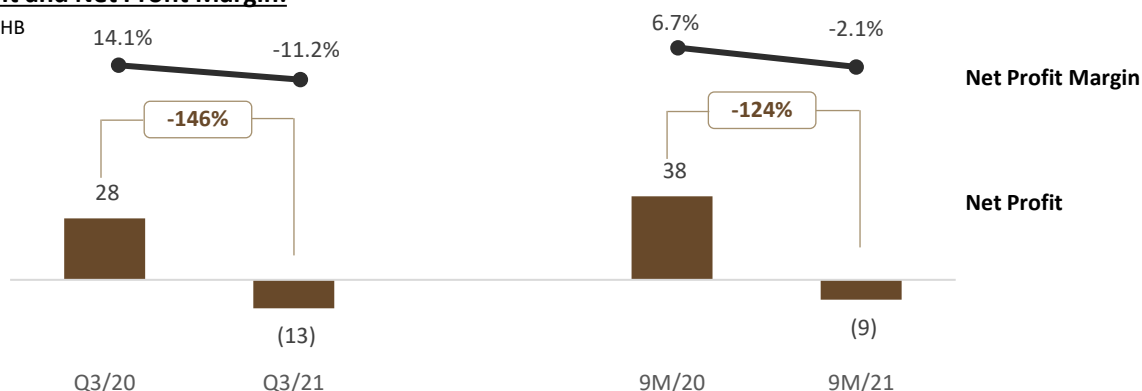
**9M**

#### 9M/2021 vs 9M/2020

- **Administrative Expenses** in 9M/2021 was THB 95 million, decreased by THB 14 million or 13% from 9M/2020 as a result of the decrease in administrative expenses to respond to the new wave of COVID-19 outbreak.
- **Administrative Expenses to Total Revenue** in 9M/2021 was 21.8%, slightly increased from 19.3% in 9M/2020 due to the decrease in revenue from sales at a larger proportion than the decrease in overall expenses.

#### 5. Net Profit and Net Profit Margin:

Unit: Million THB



**YoY**

#### Q3/2021 vs Q3/2020

- **Net Loss** in Q3/2021 was THB 13 million, decreased by THB 41 million or 146% from Q3/2020 due to a significant decrease in revenue from sales as a result of the impact from the new wave of COVID-19 outbreak while the Company still recognized fixed cost from business operation.
- **Net Loss Margin** in Q3/2021 was 11.2%, decreased from Net Profit Margin of 14.1% in Q3/2020 due to the decrease in Company's sales at a higher proportion than the decrease in overall expenses.

**9M**

#### 9M/2021 vs 9M/2020

- **Net Loss** in 9M/2021 was THB 9 million, decreased by THB 47 million or 124% from 9M/2020 due to the recognition of net loss during Q2/2021 and Q3/2021 as a result of the impact from the new wave of COVID-19 outbreak.
- **Net Loss Margin** in 9M/2021 was 2.1%, decreased from Net Profit Margin of 6.7% in 9M/2020 due to the decrease in Company's revenue from sales as well as the recognition of loss in Q2/2021 and Q3/2021.

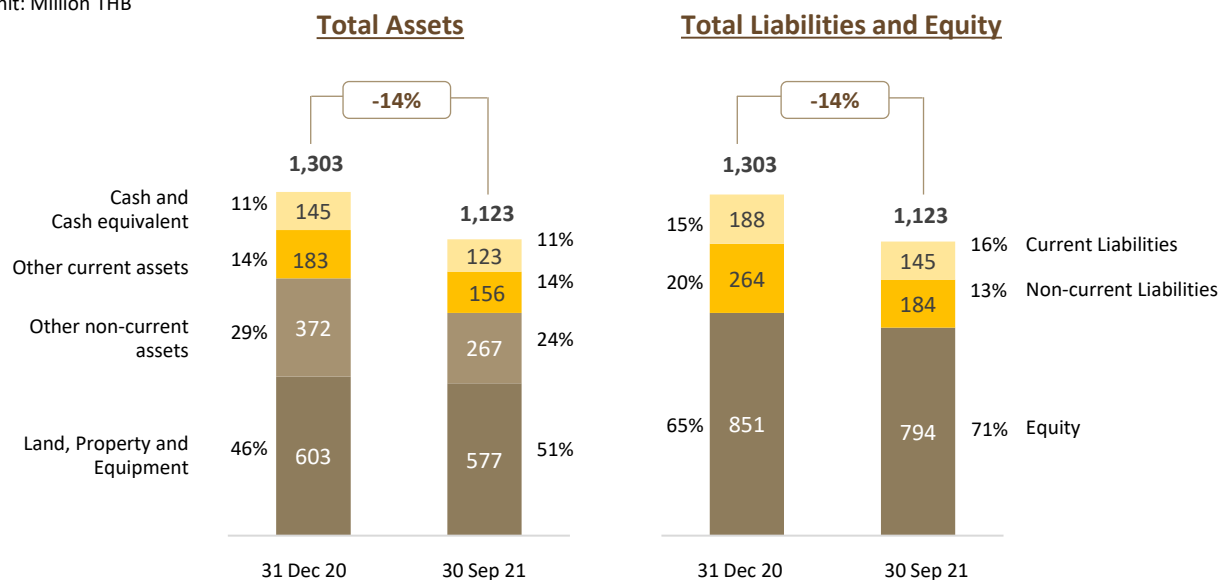


#### 4. Finance Cost:

Finance cost arises from the recognition of interest expenses 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

Unit: Million THB



#### A Total Assets

As of 30 September 2021, the total assets of the Company were THB 1,123 million, decreased by THB 180 million or 14% from 31 December 2020. Changes are highlighted as follows:

- **Cash and Cash Equivalent** decreased by THB 22 million mainly due to annual dividend payment during Q2/2021.
- **Land, Property and Equipment** decreased by THB 26 million mainly due to the depreciation following the Accounting Standard of the regular accounting period.
- **Other Non-Current Assets** decreased by THB 105 million mainly due to the amortization of the **right-of-use asset** following the Accounting Standard of the regular accounting period.
- **Other Current Assets** decreased by THB 27 million due to sales of financial assets, the debt repayment from customer on **trade and other receivables** and lower inventory.

#### L Total Liabilities

As of 30 September 2021, the total liabilities of the Company were THB 329 million, decreased by THB 123 million or 27% from 31 December 2020. The decrease was mainly due to:

- **Current Liabilities** decreased by THB 43 million as a result of the decrease in **trade and other payables** from goods payments and accrued bonuses settlement as well as annual accrued tax payment of 2020.
- **Non-current Liabilities** decreased by THB 80 million mainly due to the amortization of **lease liabilities that are more than 12 months** following Accounting Standard of the regular accounting period.

#### E Total Equity

As of 30 September 2021, the total equity of the Company was THB 794 million, decreased by THB 57 million or 7% from 31 December 2020. The decrease was due to dividend payment in Q2/2021 of THB 49 million and recognition of net loss during Q2/2021 and Q3/2021.