

After You Public Company Limited



MANAGEMENT DISCUSSION & ANALYSIS

Q2/2022



Executive SUMMARY:

Operating Highlights in Q4/2021	Q2/21	Q2/22	Change + / (-)	1H/21	1H/22	Change + / (-)
(THB million)			%YoY			%YoY
Operating Revenue	137	230	68%	317	428	35%
Gross Profit	77	147	91%	183	267	46%
EBITDA	33	83	152%	90	142	58%
Net Profit (Loss) for the Company	(7)	34	586%	4	49	1,125%
Gross Profit Margin (%)	56.2%	63.9%	7.7%	57.7%	62.4%	4.7%
EBITDA Margin¹ (%)	23.9%	35.3%	11.4%	28.2%	32.6%	4.4%
Net Profit (Loss) Margin¹ (%)	(5.1%)	14.5%	19.6%	1.3%	11.3%	10.0%
Number of branches as at December 31	40	43	7.5%	40	43	7.5%

¹EBITDA Margin and Net Profit Margin are calculated from Total Revenue

Q2/2022 Key Financial Highlights

REVENUE:

- After You Public Company Limited (“the Company”) reported consolidated operating revenue of THB 230 million in Q2/2022 and THB 428 million in 1H/22, increased by 68% from Q2/2021 and 35% from 1H/2021, respectively.
- The increase in revenue was mainly due to the growth in sales of dessert cafés, which accounts for the largest share of revenue. The growth in sales of dessert cafés was mainly due to the improving COVID-19 situation, as a result more customers were eating-out and having desserts. In addition, the increase was also due to the growth in the number of branches and the recovery of incoming tourists.

GROSS PROFIT and GROSS PROFIT MARGIN:

- The Company’s Gross Profit in Q2/2022 and 1H/22 were THB 147 million and THB 267 million, respectively, increased by 91% from Q2/2021 and 46% from 1H/2021, corresponding to the increase in sales.
- Gross Profit margin in Q2/2022 was 63.9%, increased from 56.2% in Q2/2021, and Gross Profit margin in 1H/2022 was 62.4%, increased from 57.7% in 1H/2021.
- The increase in gross profit was mainly due to increase in the proportion of sales from dessert café which has a higher gross profit margin than sales from takeaways or purchasing through food delivery services. In addition, the Company has increased the price of some products since March 2022.

EBITDA and EBITDA MARGIN:

- The Company’s EBITDA in Q2/2022 and 1H/2022 were THB 83 million and THB 142 million, respectively, increased by 152% from Q2/2021 and 58% from 1H/2021, corresponding to the increase in gross profit.
- EBITDA margin in Q2/2022 was 35.3%, increased from 23.9% in Q2/2021, and EBITDA margin in 1H/2022 was 32.6%, increased from 28.2% in 1H/2021. The increase was mainly due to a higher increase in total revenue than total expenses, as result of the Company’s efficient cost management.

NET PROFIT and NET PROFIT MARGIN:

- The Company reported Net Profit in Q2/2022 and 1H/2022 of THB 34 million and THB 49 million respectively, increased by 586% from Q2/2021 and 1,125% from 1H/2021 respectively, corresponding to the increase in sales revenue from the improving COVID-19 situation.
- Net profit margin in Q2/2022 was 14.5%, increased from a negative Net Profit margin of -5.1% in Q2/2021. While Net Profit margin in 1H/2022 was 11.3%, increased from 1.3% in 1H/2021. The increase in Net Profit margin was due to the increase in total revenue, mainly from the increased proportion of dessert café sales. In addition, the Company has shown the ability to manage costs efficiently.

Significant Events IN Q2/2022:



Continuously Introducing New Products to Capture Changing Consumers Demands

In Q2/2022, the Company has continued to launch **new and unique products**, both by developing new differentiated products with business partners such as the “Peach and Lychee Yoghurt Frappe X Ivy” and “Shibuya Honey Toast x Detective Conan” or launching Company’s own products such as the “Kakigori Watermelon Dried Fish” and the “Coconut Americano”.



Focus on Expanding “After You Marketplace” Branches

After opening the first “After You Marketplace” standalone store in Q1/2022 at Pradipat, the Company opened 3 more standalone branches in Q2/2022, in order to meet changing customer demand and behavior including Saimai Avenue branch, PTT Pattanakarn gas station branch, and PTT Rama 2 gas station branch. As a result, in Q2/2022, there were all together 4 After You Marketplace standalone branches.

Business Direction IN 2H/2022:



New Store Model

The Company has a plans to adjust the expansion concept of the stores to become a One-stop Service as well as to reduce certain operating costs. The new concept for expansion is to group the stores of existing brands together, including the dessert café store “After You”, the coffee shop “Mikka Café, and the fruit shop “Luggaw” together. The Company has plans to bring the 3 brands together and operate as a standalone, focusing in city areas in order to capture the target segment.



Expanding “Luggaw” to Increase Brand Portfolio

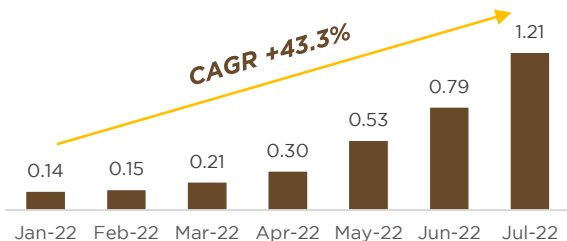
In Q2/2022, the Company opened a fruit shop under the brand Luggaw, which received overwhelming responses. As a result, the Company plans to open more Luggaw branches in 2022. The Company will focus to open the Luggaw brand both inside and outside of department stores in order to serve the increasing number of health-conscious consumers.



Continue to Aim to Grow Internationally

The Company continues to seek for new growth opportunities in foreign markets. As a result, the Company plans to open the 2nd branch of After You dessert café in Hong Kong within 2H/2022. In addition, the Company has plans to expand the dessert café to other ASEAN countries in order to generate long-term growth.

The Recovery of the Tourism Industry



After the government has gradually relaxed the measures for travel into Thailand by announcing the cancellation of the Test & Go system, the cancellation of all forms of quarantine for tourists entering Thailand, and the cancellation of the Thailand Pass system, resulted in a continuous increase in the number of inbound foreign tourists. The top three countries with the highest entry into Thailand are Malaysia, India, and Singapore. The Tourism Authority of Thailand still aims to attract over 10 million tourists by 2022.

Operating Results Of the Company:

Overall operating results of the Company in Q2/2022	Q2/21	Q2/22	Change +/-	1H/21	1H/22	Change +/-
(THB million)			%YoY			%YoY
Operating Revenue	137	230	68%	317	428	35%
Cost of Sales	(60)	(83)	38%	(134)	(161)	20%
Gross Profit	77	147	91%	183	267	46%
Other income	1	4	300%	2	7	250%
Selling and Distribution Expenses	(53)	(71)	34%	(111)	(133)	20%
Administrative Expenses	(32)	(36)	13%	(65)	(76)	17%
Finance Cost ¹	(2)	(2)	-	(5)	(4)	(20%)
Profit (Loss) before Income Tax Expenses	(9)	42	567%	4	61	1,425%
Tax Expenses	(2)	(8)	500%	0	12	N/A
Net Profit (Loss) for the Company	(7)	34	586%	4	49	1,125%

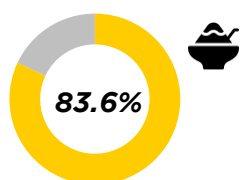
¹Finance costs are presented as net of financial income

Analysis of Statement of Income

1. Revenue:

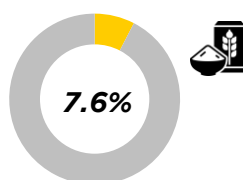
After You Public Company Limited operates dessert and bakery business. The Company divides its business into 4 categories as follows:

Revenue Breakdown in 2022



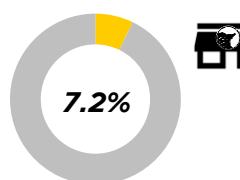
Dessert Café
AND DRINKS

- In-store menu sales across 43 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 sales¹ approx. 59%:41%)
- Sales of beverages and desserts across 10 company-owned outlets under “Mikka” brand



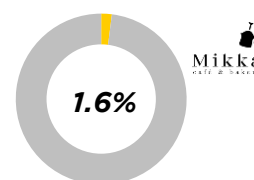
Sales of Goods
AND RAW MATERIAL

- Sale of raw materials to Mikka Café franchisees in Thailand and After You Dessert Café in Hong Kong.
- OEM/Food Manufacturing under the Company’s trademark or per customers’ demand
- Online sales products and Head office pick up



Catering, Events
AND POP-UP

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



Franchise
FEE INCOME

- Revenue recognition of initial franchise fees, other fees and royalty fees from “After You” franchise in Hongkong and “Mikka” franchise store



¹The proportion of In-store sales to take home products sales was calculated as of 1H/2022

Executive Summary

Significant Events

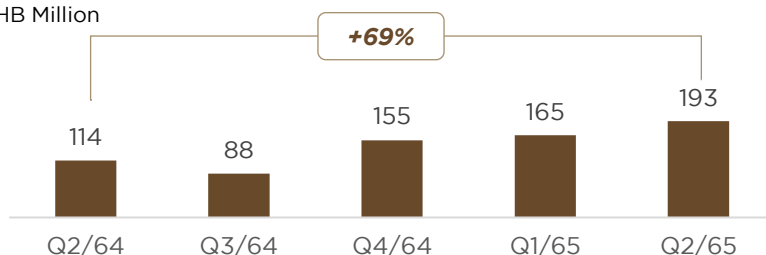


Financial Performance

Revenue	Q2/21	Q2/22	Change +/-	1H/21	1H/22	Change +/-
(THB Million)			%YoY			%YoY
Revenue from Dessert Café and Drinks	114	193	69%	271	358	32%
Revenue from Non-Café	8	17	113%	16	32	100%
Revenue from Catering / Pop-Up	13	16	23%	26	31	19%
Revenue from Franchising*	2	4	100%	4	7	75%
Total Operating Revenue	137	230	68%	317	428	35%
Other Income	1	4	300%	2	7	250%
Total Revenue	138	234	70%	319	435	36%

Key Drivers	Q2/21	Q2/22	Change +/-	1H/21	1H/22	Change +/-
Number of branches as at June 30	40	43	7.5%	40	43	7.5%
Same-Store-Sales-Growth (SSSG)	(14.1%)	69.8%	83.9%	(22.6%)	34.7%	57.3%

Unit: THB Million



Revenue from Dessert Café and Drinks

YoY	Q2/2022 vs Q2/2021
(14.1%)	(49.9%)
(8.4%)	+8.9%
+69.8%	+69.8%

Same-Store-Sales-Growth (%)

YoY Q2/2022 vs Q2/2021

- **Revenue from Dessert Café** in Q2/2022 was THB 193 million, increased by THB 79 million or 69% from Q2/2021 mainly due to the increase in same-store sales growth, corresponding to the increase in dine-in customers due to the relaxation of government measures against COVID-19, as a result more customers were willing to dine-out for desserts. The increase was also due to the increase in number of branches and the recovery of incoming tourists.
- **Revenue from Non-café** in Q2/2022 was THB 17 million, increased by THB 9 million or 113% from Q2/2021 due to the increase in sales of raw material to Mikka Café franchisees, and the increase in revenue from the Hong Kong dessert café franchise.
- **Revenue from Catering and Pop-Up** in Q2/2022 was THB 16 million, increased by THB 3 million or 23% from Q2/2021 due to the increase in average sales per pop-up store which was relatively higher compared to the same period last year.
- **Revenue from Franchising** in Q2/2022 was THB 4 million, increased by THB 2 million or 100% from Q2/2021 due to increase in revenue from initial franchise fees and royalty fees from the Mikka Café franchise and the Hong Kong dessert café franchise.

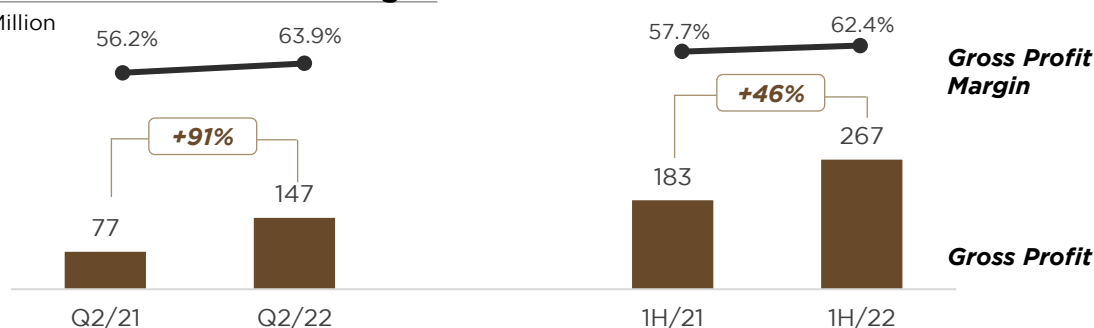
1H 1H/2022 vs 1H/2021

- **Revenue from Dessert Café** in 1H/2022 was THB 358 million, increased by THB 87 million or 32% from 1H/2021 due to increase in same-store sales growth that have begun to recover since Q1/2022, a result of the improving COVID-19 situation resulting in more customers willing to dine-out for desserts as well as the increase in the number of branches.
- **Revenue from Non-café** in 1H/2022 was THB 32 million, increased by THB 16 million or 100% from 1H/2021 mainly due to the increase in sales of raw material to Mikka Café franchisees, which increased from 51 branches as of June 30, 2021 to 98 branches as of June 30 2022. In addition, there was also an increase in revenue from the Hong Kong dessert café franchise.
- **Revenue from Catering and Pop-Up** in 1H/2022 was THB 31 million, increased by THB 5 million or 19% from 1H/2021 due to the increase in average sales per pop-up store.
- **Revenue from Franchising** in 1H/2022 was THB 7 million, increased by THB 3 million or 75% from 1H/2021 due to the increase in initial franchise fees and royalty fees of Mikka Café branches and the Hong Kong dessert café franchise.



2. Gross Profit and Gross Profit Margin:

Unit: THB Million



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 Q2/2022 vs Q2/2021

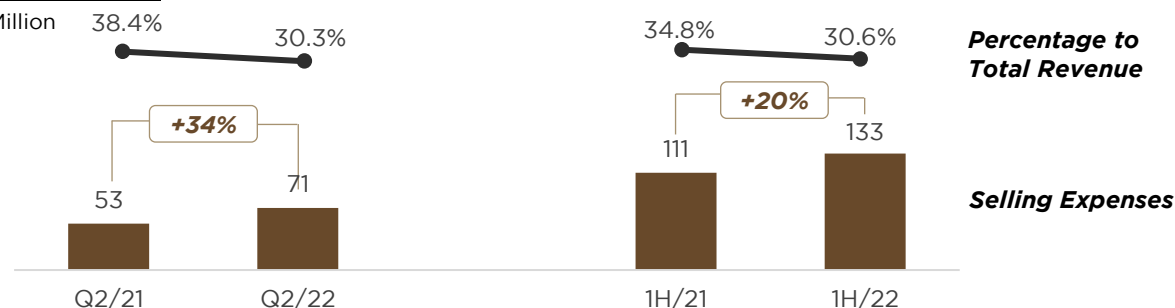
- **Gross Profit** in Q2/2022 was THB 147 million, increased by THB 70 million or 91% from Q2/2021, corresponding to the increase in total sales during Q2/2022 due to the relaxation of COVID-19 measures, and the increase in price of some products since March 2022.
- **Gross Profit Margin** in Q2/2022 was 63.9%, increased from 56.2% in Q2/2021, mainly due to increase in the proportion of sales from dessert café which has a higher gross profit margin than sales from takeaways or purchasing through food delivery services, while the proportion of sales of take-out products and food delivery services declined.

1H 1H/2022 vs 1H/2021

- **Gross Profit** in 1H/2022 was THB 267 million, increased by THB 84 million or 46% from 1H/2021, corresponding to the increase in total sales due to the relaxation of COVID-19 measures.
- **Gross Profit Margin** in 1H/2022 was 62.4%, increased from 57.7% in 1H/2021, mainly due to increase in the proportion of sales from dessert café which has a higher gross profit margin than sales from takeaways or purchasing through food delivery services

3. Selling Expenses:

Unit: THB Million



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 Q2/2022 vs Q2/2021

- **Selling Expenses** in Q2/2022 was THB 71 million, increased by THB 18 million or 34% from Q2/2021 mainly due to an increase staff expenses as the dessert café have resumed to normal operation, thus the number of employees must increase to support the full service of branches.
- **Selling Expenses to Total Revenue** in Q2/2022 was 30.3%, improved from 38.4% in Q2/2022 due to the increase in sales revenue at a higher proportion than the increase in selling and distribution expenses allowing the Company to benefit from economies of scale.

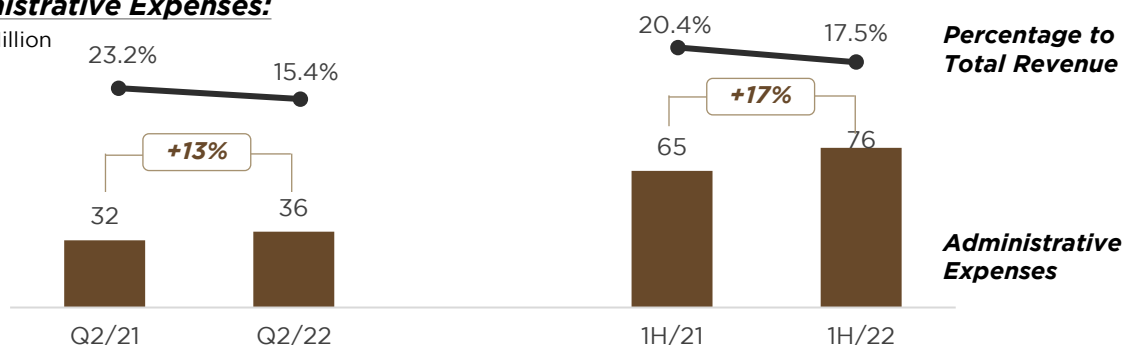
1H 1H/2022 vs 1H/2021

- **Selling Expenses** in 1H/2022 was THB 133 million, increased by THB 22 million or 20% from 1H/2021, corresponding to the increase in total sales. The increase in selling expenses was mainly from the increase in staff expenses to support the full operation, as well as the reduction in discount of rental fees for the dessert cafés.
- **Selling Expenses to Total Revenue** in 1H/2022 was 30.6%, improved from 34.8% in 1H/2021, due to the increase in sales revenue at a higher proportion than the increase in selling and distribution expenses and the Company’s ability to control selling expenses efficiently.



4. Administrative Expenses:

Unit: THB Million



Administrative expenses mainly consist of salaries of head office employees, maintenance expenses, consulting and professional fees, depreciation and amortization, Loss from premature termination of lease and other expenses such as rent of office buildings, factories and warehouses, utility expenses and tax expenses

YoY

Q2/2022 vs Q2/2021

- **Administrative Expenses** in Q2/2022 was THB 36 million, slightly increased by THB 4 million or 13% from Q2/2021. This was due to an increase in the head office employee expenses as well as repair and maintenance expenses, which was postponed during COVID-19 epidemic.
- **Administrative Expenses to Total Revenue** in Q2/2022 was 15.4%, improved from 23.2% in Q2/2021 mainly due to the increase in administrative at a lower proportion than the increase in sales revenue.

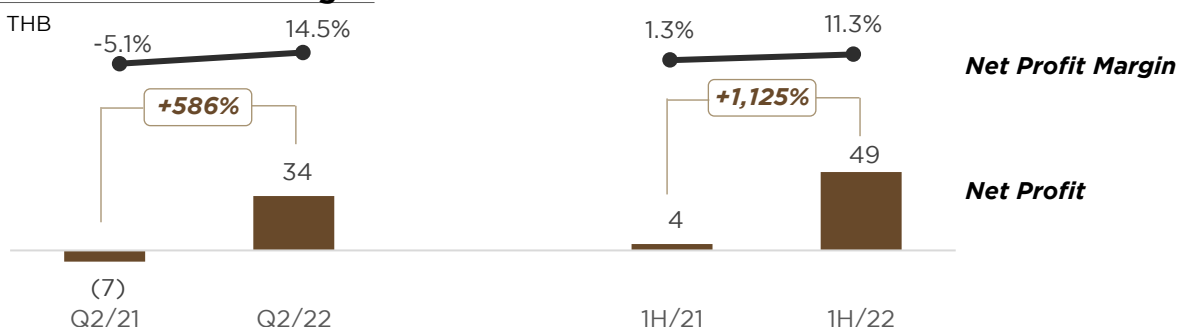
1H

1H/2022 vs 1H/2021

- **Administrative Expenses** in 1H/2022 was THB 76 million, increased by THB 11 million or 17% from 1H/2021. This was due to an increase in the head office employee expenses, repair and maintenance expenses, and property tax.
- **Administrative Expenses to Total Revenue** in 1H/2022 was 17.5%, improved from 20.4% in 1H/2021 due to the increase sales revenue at a higher proportion than the increase in administrative expenses. In addition, the Company was also able to control administrative expenses effectively.

5. Net Profit and Net Profit Margin:

Unit: Million THB



YoY

Q2/2022 vs Q2/2021

- **Net Profit** in Q2/2022 was THB 34 million, increased by THB 41 million or 586% from Q2/2021, corresponding to the increase in sales revenue due to the relaxation of COVID-19 measures, and the recovery of incoming tourists.
- **Net Profit Margin** in Q2/2022 was 14.5%, increased from a negative Net Profit margin of -5.1% in Q2/2021 mainly due to the increase in total revenue and the Company's ability to control expenses efficiently.

1H

1H/2022 vs 1H/2021

- **Net Profit** in 1H/2022 was THB 49 million, increased by THB 45 million or 1,125% from 1H/2021, corresponding to the increase in sales revenue which had begun to recover since Q1/2022 due to the improving COVID-19 situation.
- **Net Profit Margin** in 1H/2022 was 11.3%, increased from 1.3% in 1H/2021 mainly due to the increase in total revenue and the ability to manage costs efficiently.

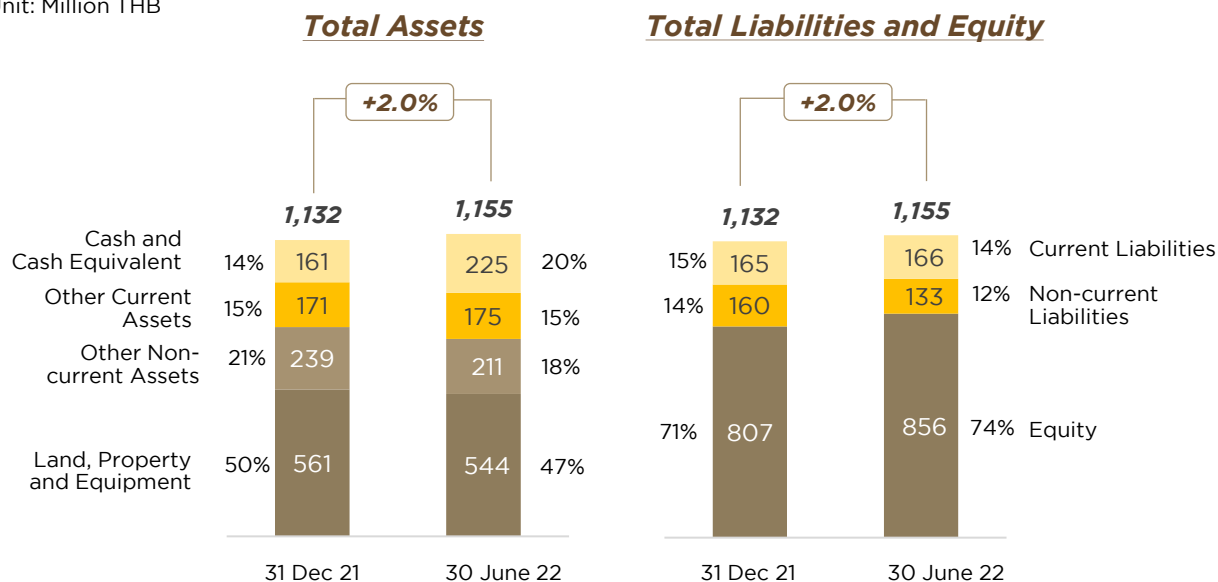


4. Finance Cost:

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 June 2022, the total assets of the Company were THB 1,155 million, increased by THB 23 million or 2.0% from 31 December 2021. Changes are highlighted as follows:

- **Cash and Cash Equivalent** increased by THB 64 million corresponding to the increase in sales performance.
- **Land, Property and Equipment** decreased by THB 17 million mainly due to the recognition of depreciation expenses.
- **Other Non-Current Assets** decreased by THB 28 million mainly due to the amortization of the right-of-use assets

L Total Liabilities

As of 30 June 2022, the total liabilities of the Company were THB 299 million, decreased by THB 26 million or 8.0% from 31 December 2021. The decrease was mainly due to:

- **Non-current Liabilities** decreased by THB 27 million mainly due to the repayment of the lease liabilities due more than 12 months

E Total Equity

As of 30 June 2022, the total equity of the Company was THB 856 million, increased by THB 49 million or 6.1% from 31 December 2021. The increase was due to the increase in net profit of Q1/2022 and Q2/2022.