

After You Public Company Limited



MANAGEMENT DISCUSSION & ANALYSIS

Q3/2022



Executive SUMMARY:

Operating Highlights in Q3/2022	Q3/21	Q3/22	Change + / (-)	9M/21	9M/22	Change + / (-)
(THB million)			%YoY			%YoY
Operating Revenue	115	246	114%	431	674	56%
Gross Profit	60	159	165%	242	426	76%
EBITDA	24	81	238%	114	223	96%
Net Profit (Loss) for the Company	(13)	34	362%	(9)	82	1,011%
Gross Profit Margin (%)	52.2%	64.6%	12.5%	56.1%	63.2%	7.1%
EBITDA Margin¹ (%)	20.7%	32.8%	12.1%	26.2%	32.6%	6.4%
Net Profit (Loss) Margin¹ (%)	(11.2%)	13.7%	24.9%	(2.1%)	12.0%	14.1%
Number of branches as at September 30	39	44	12.8%	39	44	12.8%

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

Q3/2022 Key Financial Highlights



REVENUE:

- After You Public Company Limited (“the Company”) reported consolidated operating revenue of THB 246 million in Q3/2022 and THB 674 million in 9M/2022, increased by 114% from Q3/2021 and 56% from 9M/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 are eating-out and having desserts. 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 Q3/2022 and 9M/2022 were THB 159 million and THB 426 million, respectively, increased by 165% from Q3/2021 and 76% from 9M/2021, corresponding to the increase in sales and the adjustment of certain menu’s selling price since the beginning of this year.
- Gross Profit margin in Q3/2022 was 64.6%, increased from 52.2% in Q3/2021, and Gross Profit margin in 9M/2022 was 63.2%, increased from 56.1% in 9M/2021.
- The increase in gross profit was mainly due to increase in the proportion of sales from dessert café (Dine-in) which has a higher gross profit margin than sales from takeaways or purchasing through food delivery services.



EBITDA and EBITDA MARGIN:

- The Company’s EBITDA in Q3/2022 and 9M/2022 were THB 81 million and THB 223 million, respectively, increased by 238% from Q3/2021 and 96% from 9M/2021, corresponding to the increase in gross profit.
- EBITDA margin in Q3/2022 was 32.8%, increased from 20.7% in Q3/2021, and EBITDA margin in 9M/2022 was 32.6%, increased from 26.2% in 9M/2021. The increase was mainly due to a higher increase in total revenue than total expenses, as a result of the Company’s efficient cost management.

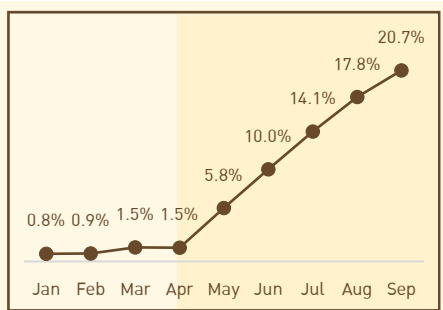


NET PROFIT and NET PROFIT MARGIN:

- The Company reported Net Profit in Q3/2022 and 9M/2022 of THB 34 million and THB 82 million respectively, increased by 362% from Q3/2021 and 1,011% from 9M/2021 respectively
- Net profit margin in Q3/2022 was 13.7%, increased from a negative Net Profit margin of 11.2% in Q3/2021. While Net Profit margin in 9M/2022 was 12.0%, increased from a negative Net Profit margin of 2.1% in 9M/2021.
- The increase in Net Profit and Net Profit margin was due to the increase in total revenue as a result from the improving COVID-19 situation, where the increase was mainly from the increased proportion of dessert café sales and higher income from foreign tourists. In addition, the Company has shown the ability to manage costs efficiently.

2023 Outlook

Proportion of AU's Foreign Customers to Total Customers in 2022 (%)



Source: Company Information

Perspective on the Recovery After the Easing of COVID-19 Measures

Presently, the situation of the COVID-19 epidemic is starting to have a better signal both domestically and abroad, mainly due to the increase in the number of vaccinated people as well as the decreasing trend of infection. As a result, the Thai government began to open the country for more foreign tourists to travel into the country. As a result, in the past 5 months, the Company's income from foreign tourists has increased significantly. The increase went from 1.5% in April 2022 to 20.7% in September 2022, contribution largely from Vietnamese, Malaysian, and Singaporean tourists.

In addition, the company forecasts that in 2023, revenue from foreign tourists will continue to increase, from the recovery of the tourism industry in accordance with the rising number of arrival tourists.

Significant Events & Business Direction

AU projects

2022



Expansion of Pop-Up Stores

The Company plans to start a new project under the concept "After You into the woods" in October 2022 to January 2023 at Midwinter Khao Yai Restaurant. The store will offer special menus suitable for the atmosphere like S'mores and Butter beer to enhance from "After You on the beach" that opened in the summer as well as to reach target customers in various locations that are popular in each season.



Expansion of "Luggaw" Branch In Response to Excellent Feedback

During Q3/2022, the Company opened an additional fruit store under the "Luggaw" brand at Central World, in the office zone. This store has replaced the After You dessert shop that was recently closed for renovation in the beginning of the year. In addition, the Company plans to open 3 more branches in Q4/2022, namely Terminal 21 Rama 3 branch, Queen Sirikit National Convention Center branch and Suvarnabhumi Airport branch. As a result, the Company will have 5 (Luggaw) branches by the end of 2022.

2023



Expansion of After You Branches According to Higher Demand of Customers

During Q3/2022, the Company opened a new After You dessert shop at Central Festival East Ville after testing the market with the "Pop-up Store". In addition, the Company plans to open 5 more After You dessert store by 2022 namely Terminal 21 Rama 3 branch, Queen Sirikit National Convention Center branch, Suvarnabhumi Airport branch, Central Phitsanulok branch and Central Khon Kaen branch. In 2023, the Company aims to expand 5 branches of Dessert café in both Bangkok and other provinces.



Expanding After You Market Place

Currently the Company have opened a total of 4 standalone After You Marketplace stores, and the Company plans to open an additional store by the end of this year at Cosmo Bazaar Lifestyle Mall. It is expected that by 2023, the Company will expand at least 15 After You Marketplace stores to increase the touchpoints to consumers and enhancing activities via food delivery and takeout services. This is in line with changing consumer behavior after the COVID-19 outbreak.



Expanding Business Abroad

The Company continues to look for opportunities for growth abroad in order to create long-term growth and to diversify risks. As a result, within this year, the Company plans to sign more franchise contracts in CLMV countries to open After You dessert store in the region. In 2023, the Company plans to open the 2nd After You dessert shop in Hong Kong.

Operating Results Of the Company:

Overall operating results of the Company in Q3/2022	Q3/21	Q3/22	Change +/-	9M/21	9M/22	Change +/-
(THB million)			%YoY			%YoY
Operating Revenue	115	246	114%	431	674	56%
Cost of Sales	(55)	(87)	58%	(189)	(248)	31%
Gross Profit	60	159	165%	242	426	76%
Other income	1	2	100%	4	9	125%
Selling and Distribution Expenses	(45)	(74)	64%	(156)	(207)	33%
Administrative Expenses	(30)	(43)	43%	(95)	(120)	26%
Finance Cost ¹	(3)	(2)	(33%)	(8)	(6)	(25%)
Profit (Loss) before Income Tax Expenses	(17)	42	347%	(13)	102	885%
Tax Expenses	4	(8)	300%	4	(20)	600%
Net Profit (Loss) for the Company	(13)	34	362%	(9)	82	1,011%

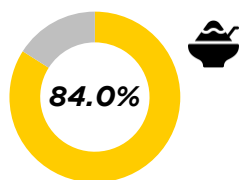
¹Finance costs are presented as net of financial income

Analysis of Statement of Income

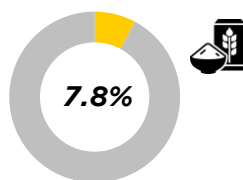
1. Revenue:

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

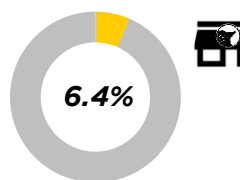
Revenue Breakdown in 2022



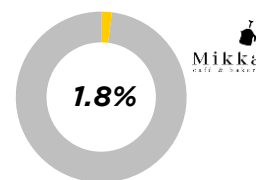
Dessert Café
AND DRINKS



Sales of Goods
AND RAW MATERIAL



Catering, Events
AND POP-UP



Franchise
FEE INCOME

- In-store menu sales across 44 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. 61%:39%)
- Sales of beverages and desserts across 10 company-owned outlets under “Mikka” brand

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

- 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 9M/22

Executive Summary

Significant Events

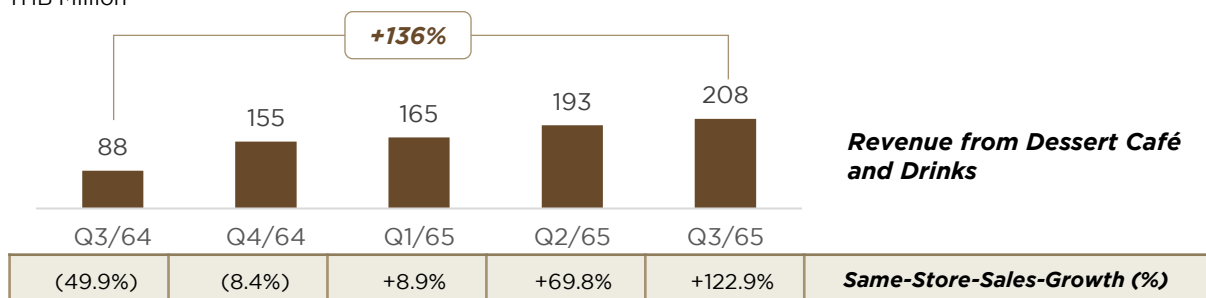


Financial Performance

Revenue	Q3/21	Q3/22	Change +/-	9M/21	9M/22	Change +/-
(THB Million)			%YoY			%YoY
Revenue from Dessert Café and Drinks	88	208	136%	358	566	58%
Revenue from Non-Café	12	21	75%	28	53	89%
Revenue from Catering / Pop-Up	13	12	(8%)	38	43	13%
Revenue from Franchising*	2	5	150%	7	12	71%
Total Operating Revenue	115	246	114%	431	674	56%
Other Income	1	2	100%	4	9	125%
Total Revenue	116	248	114%	435	683	57%

Key Drivers	Q3/21	Q3/22	Change +/-	9M/21	9M/22	Change +/-
Number of branches as at September 30	39	44	12.8%	39	44	12.8%
Same-Store-Sales-Growth (SSSG)	(49.9%)	122.9%	172.8%	(32.2%)	56.2%	88.4%

Unit: THB Million



Revenue from Dessert Café and Drinks

Same-Store-Sales-Growth (%)

YoY Q3/2022 vs Q3/2021

- **Revenue from Dessert Café** in Q3/2022 was THB 208 million, increased by THB 120 million or 136% from Q3/2021 mainly due to the increase in same-store sales growth, especially the increase in dine-in customers due to the relaxation of government measures against COVID-19. The increase was also due to the increase in number of branches.
- **Revenue from Non-café** in Q3/2022 was THB 21 million, increased by THB 9 million or 75% from Q3/2021 due to the increase in sales of raw material to Mikka Café franchisees, and the After You dessert café franchise in Hong Kong.
- **Revenue from Catering and Pop-Up** in Q3/2022 was THB 12 million, slightly decreased by THB 1 million or 8% from Q3/2021 due to the slight decrease in average sales per pop-up store.
- **Revenue from Franchising** in Q3/2022 was THB 5 million, increased by THB 3 million or 150% from Q3/2021 due to increase in revenue from initial franchise fees and royalty fees from the Mikka Café franchise and the revenue from the After You dessert café franchise in Hong Kong.

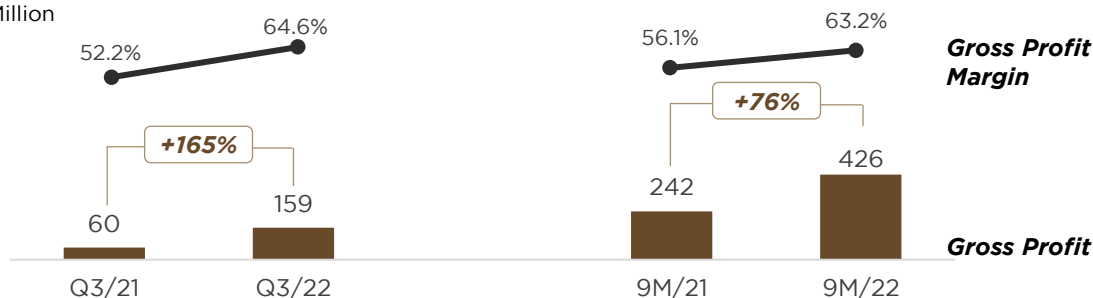
9M 9M/2022 vs 9M/2021

- **Revenue from Dessert Café** in 9M/2022 was THB 566 million, increased by THB 208 million or 58% from 9M/2021 due to the increase in same-store sales growth that have begun to recover since Q1/2022, as a result of the improving COVID-19 situation resulting in more customers willing to dine-out for desserts. In addition, the increase was due to the increase in the number of branches as well as in increase in foreign tourists.
- **Revenue from Non-café** in 9M/2022 was THB 53 million, increased by THB 25 million or 89% from 9M/2021 mainly due to the increase in sales of raw material to Mikka Café franchisees, which increased by 43 branches from 61 branches as of September 30, 2021 to 104 branches as of September 30, 2022. In addition, there was an increase in revenue from the Hong Kong dessert café franchise.
- **Revenue from Catering and Pop-Up** in 9M/2022 was THB 43 million, increased by THB 5 million or 13% from 9M/2021 due to the increase in average sales per pop-up store.
- **Revenue from Franchising** in 9M/2022 was THB 12 million, increased by THB 5 million or 71% from 9M/2021 due to the increase in initial franchise fees and royalty fees of Mikka Café branches and the revenue of the After You dessert café franchise in Hong Kong.



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 Q3/2022 vs Q3/2021

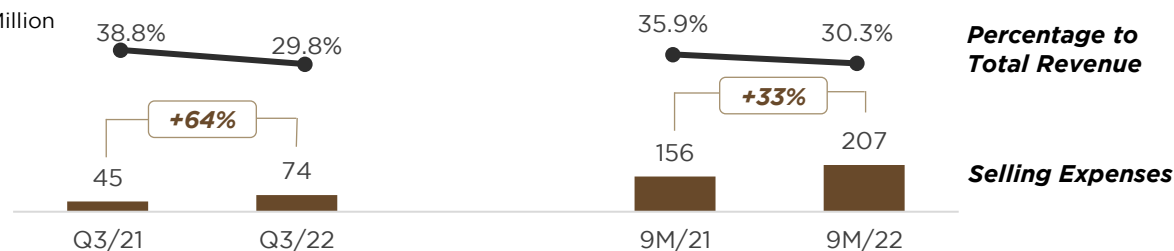
- **Gross Profit** in Q3/2022 was THB 159 million, increased by THB 99 million or 165% from Q3/2021, corresponding to the increase in total sales during Q3/2022 due to the improving COVID-19 situation, and the increase in price of some products since the beginning of this year.
- **Gross Profit Margin** in Q3/2022 was 64.6%, increased from 52.2% in Q3/2021, mainly due to increase in the proportion of sales from dessert café (Dine-in) which has a higher gross profit margin than sales from takeaways or purchasing through food delivery services.

9M 9M/2022 vs 9M/2021

- **Gross Profit** in 9M/2022 was THB 426 million, increased by THB 184 million or 76% from 9M/2021, corresponding to the increase in total sales due to the relaxation of COVID-19 measures.
- **Gross Profit Margin** in 9M/2022 was 63.2%, increased from 56.1% in 9M/2021, mainly due to increase in the proportion of sales from dessert café (Dine-in) which has a higher gross profit margin than sales from takeaways or purchasing through food delivery services. In addition, the Company was able to manage costs efficiently from the increasing production.

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 Q3/2022 vs Q3/2021

- **Selling Expenses** in Q3/2022 was THB 74 million, increased by THB 29 million or 64% from Q3/2021 mainly due to the increase in 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, as well as the increase in rental fee which received lower discount after the recovery of COVID-19 situation.
- **Selling Expenses to Total Revenue** in Q3/2022 was 29.8%, improved from 38.8% in Q3/2022 due to the increase in selling and distribution expenses at a lower proportion than the increase in total revenue. In addition, increased sales allow the Company to benefit from economies of scale in some costs, such as shipping costs

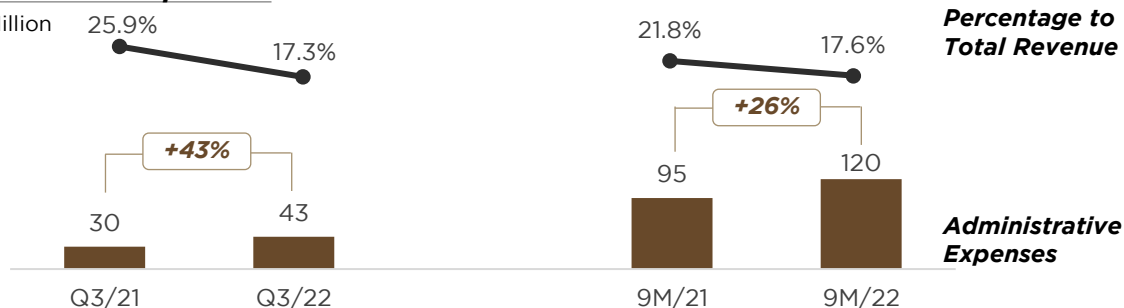
9M 9M/2022 vs 9M/2021

- **Selling Expenses** in 9M/2022 was THB 207 million, increased by THB 51 million or 33% from 9M/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 after the recovery of COVID-19.
- **Selling Expenses to Total Revenue** in 9M/2022 was 30.3%, improved from 35.9% in 9M/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 costs 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 Q3/2022 vs Q3/2021

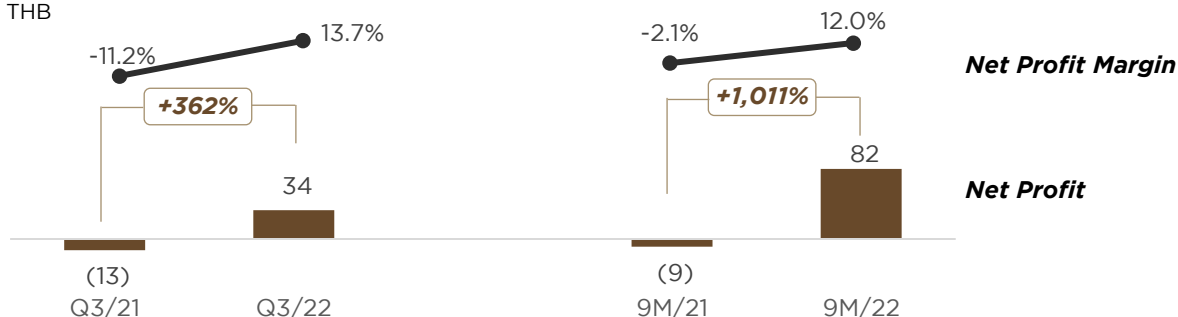
- **Administrative Expenses** in Q3/2022 was THB 43 million, increased by THB 13 million or 43% from Q3/2021. This was due to an increase in the head office employee expenses as well as other expenses such as property tax, repair and maintenance, and other miscellaneous expenses.
- **Administrative Expenses to Total Revenue** in Q3/2022 was 17.3%, improved from 25.9% in Q3/2021 mainly due to the increase sales revenue at a higher proportion than the increase in administrative expenses which are mostly fixed costs.

9M 9M/2022 vs 9M/2021

- **Administrative Expenses** in 9M/2022 was THB 120 million, increased by THB 25 million or 26% from 9M/2021. This was due to an increase in the head office employee expenses, property tax expenses, corresponding to the increase in the rent of branches and repair and maintenance expenses which was postponed from the COVID-19 period.
- **Administrative Expenses to Total Revenue** in 9M/2022 was 17.6%, improved from 21.8% in 9M/2021 due to the increase in administrative expenses at a lower proportion than the increase in sales revenue.

5. Net Profit and Net Profit Margin:

Unit: Million THB



YoY Q3/2022 vs Q3/2021

- **Net Profit** in Q3/2022 was THB 34 million, increased by THB 47 million or 362% from Q3/2021, corresponding to the increase in sales revenue due to the relaxation of COVID-19 measures resulting in the Company being able to run normal operations.
- **Net Profit Margin** in Q3/2022 was 13.7%, increased from a negative Net Profit margin of 11.2% in Q3/2021 mainly due to the increase in total revenue from the relaxation of COVID-19 control measures. The major growth came from the increase in proportion of sales from dessert café. In addition, the improved Net Profit Margin was a result of the Company's ability to manage costs efficiently allowing them to benefit from Economies of Scale.

9M 9M/2022 vs 9M/2021

- **Net Profit** in 9M/2022 was THB 82 million, increased by THB 91 million or 1,011% from 9M/2021, corresponding to the increase in sales revenue according to the improve COVID-19 situation, especially revenues from foreign tourists which has increased significantly.
- **Net Profit Margin** in 9M/2022 was 12.0%, improved from a negative Net Profit Margin of 2.1% in 9M/2021 mainly due to the increase in total revenue and the Company's ability to manage costs efficiently allowing them to benefit from Economies of Scale.

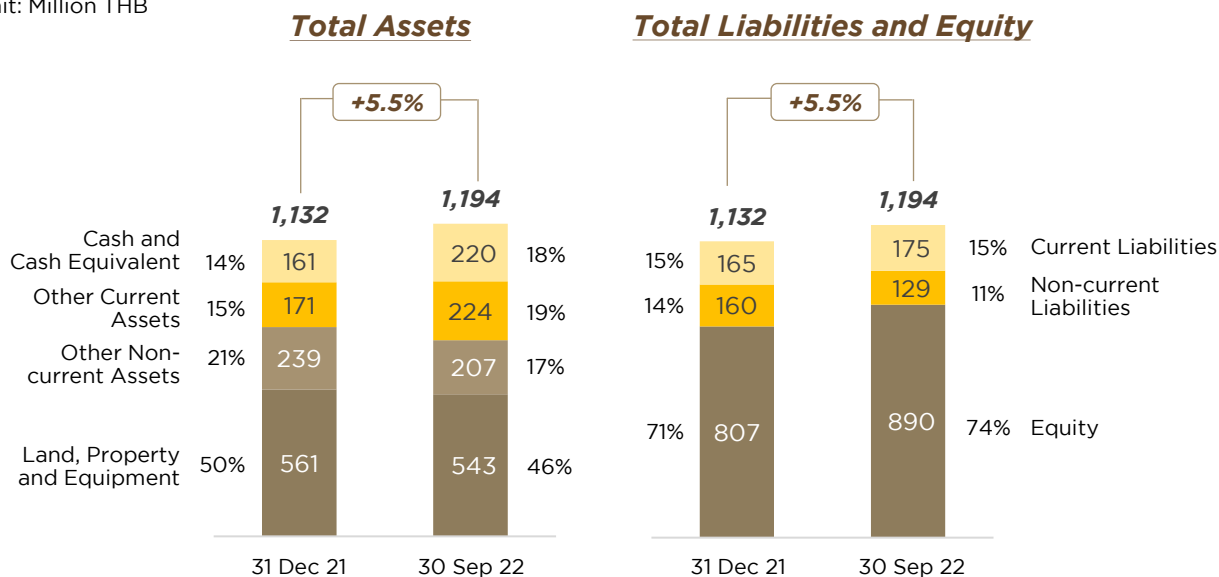


4. Finance Cost:

Finance cost arises from the recognition of interest expenses from the adoption of Thai Financial Reporting Standards 16 Leases (TFRS 16). The Company has no interest-bearing debt.

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Unit: Million THB



A Total Assets

As of 30 September 2022, the total assets of the Company were THB 1,194 million, increased by THB 62 million or 5.5% from 31 December 2021. Changes are highlighted as follows:

- **Cash and Cash Equivalent** increased by THB 59 million corresponding to the increase in sales performance due to the easing Covid-19 measures.
- **Other Current Assets** increased by THB 53 million mainly due to the increase in other current financial assets.
- **Other Non-Current Assets** decreased by THB 32 million mainly due to the recognition of depreciation expenses of right-of-use assets for the accounting period.
- **Land, Property and Equipment** decreased by THB 18 million mainly due to the recognition of depreciation on assets that are higher than assets purchased during the period.

L Total Liabilities

As of 30 Sep 2022, the total liabilities of the Company were THB 304 million, decreased by THB 21 million or 6.5% from 31 December 2021. The decrease was mainly due to:

- **Current Liabilities** increased by THB 10 million mainly due to the increase in income tax payable.
- **Non-current Liabilities** decreased by THB 31 million mainly due to the amortization of lease liabilities that are more than 12 months.

E Total Equity

As of 30 Sep 2022, the total equity of the Company was THB 890 million, increased by THB 83 million or 10.3% from 31 December 2021. The increase was due to the increase in profit during the 9-month period of 2022.