

After You Public Company Limited



MANAGEMENT DISCUSSION & ANALYSIS

Q2/2023





Executive Summary:

Operating Highlights in Q1/2023	Q2/22	Q2/23	Change +/-)	1H/22	1H/23	Change +/-)
(THB million)			%YoY			%YoY
Operating Revenue	230	299	30%	428	563	32%
Gross Profit	147	192	31%	267	361	35%
EBITDA	83	96	16%	142	177	25%
Net Profit (Loss) for the Company	34	43	26%	49	77	57%
Gross Profit Margin (%)	63.9%	64.2%	0.3%	62.4%	64.1%	1.7%
EBITDA Margin¹ (%)	35.5%	31.8%	(3.7%)	32.6%	31.1%	(1.5%)
Net Profit (Loss) Margin¹ (%)	14.5%	14.2%	(0.3%)	11.3%	13.5%	2.2%
Number of After You dessert café branches as of 30 June	43	55	27.9%	43	55	27.9%

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

Q2/2023 Key Financial Highlights



REVENUE:

- After You Public Company Limited ("the Company") reported consolidated operating revenue of THB 299 million in Q2/2023 and THB 563 million in 1H/2023, increased by 30% from Q2/2022 and 32% from 1H/2022, respectively. The increase in revenue was mainly due to the growth in sales of dessert cafés due to same-store sales growth, corresponding to the increase in the number of dine-in customers and higher sales per bill, as well as the increase in After You branches.



GROSS PROFIT and GROSS PROFIT MARGIN:

- The Company's Gross Profit in Q2/2023 and 1H/2023 were THB 192 million and THB 361 million respectively, increased by 31% from Q2/2022 and 35% from 1H/2022, corresponding to an increase in sales revenue from the same-store sales growth and the increase in number of branches, as well as the decrease in overall expense from increased production volumes (economies of scale).
- Gross Profit margin in Q2/2023 was 64.2%, increased from 63.9% in Q2/2022, and Gross Profit margin in 1H/2023 was 64.1%, increased from 62.4% in 1H/2022, mainly due to the increase in sales revenue from dessert café which has a higher gross profit margin than sales from other distribution channels. The Company has also displayed the ability to manage cost efficiently.



EBITDA and EBITDA MARGIN:

- The Company's EBITDA in Q2/2023 and 1H/2023 were THB 96 million and THB 177 million respectively, increased by 16% from Q2/2022 and 25% from 1H/2022, corresponding to the increase in gross profit.
- EBITDA margin in Q2/2023 was 31.8%, decreased by 3.7% from Q2/2022, and EBITDA margin in 1H/2023 was 31.1%, slightly decreased by 1.5% from 1H/2022. The decline was mainly due to an increase in branch-based expenses.



NET PROFIT and NET PROFIT MARGIN:

- The Company reported Net Profit in Q2/2023 and 1H/2023 of THB 43 million and THB 77 million respectively, increased by 26% from Q2/2022 and 57% from 1H/2022 respectively, corresponding to an increase in sales revenue from the same-store sales growth and the increase in number of branches. The Company has also experienced a decrease in overall expenses from increased production volumes (economies of scale).
- Net profit margin in Q2/2023 was 14.2%, slightly decreased by 0.3% from Q2/2022 and Net Profit margin in 1H/2023 was 13.5%, increased by 2.2% from 1H/2022 due to the increase in total revenue and the ability of the Company to manage cost efficiently.

Executive Summary

Significant Event

Financial Performance

Significant Event

In Q2/2023:

Launched New brand “SCR” or “Song Wat Coffee Roaster”

During May 2023, the Company opened a specialty coffee store and a coffee roasting factory under the name “SCR” or “Song Wat Coffee Roaster” on Songwad Road to sell coffee from high-quality self-roasted coffee beans. The Company plans continue to expand its branches.



Opened Van Gogh Café by After You

During March 2023, the Company opened the “Van Gogh Café by After You” at Van Gogh Alive Bangkok, an exhibition showcasing the work of Van Gogh artist, held at ICONSIAM Department Store, scheduled to open from March 30, 2023 to August 14, 2023

Exhibited at THAIFEX - Anuga Asia 2023

During May 23-27 2023, the Company have exhibited and displayed the Company’s and Affiliated Company’s Products and services at IMPACT Challenger Hall 1. Services were presented during the exhibition including organizing catering services, OEM and international business opportunities (International Franchise). The exhibition received positive feedbacks as After You had the opportunities to capture new customers both domestic and international, as well as acquiring new business partners



Continuously Launching New Products According to Seasonality Trends to Enhance Customer Experience

During Q2/2023, the Company continued to launch its new unique products such as the Songkhla Salty Green Mangoes, a new product from Hat Yai originated Mango, Songkhla Province. The new products includes Mango Juice smoothie with chili salt and Mango Kakigori with special sauce, first released during May 2023. Furthermore, there were also products reintroduced for seasonal sale due to positive feedback, such as the durian sticky rice Kakigori. The Company also introduced the new soft serve ice cream during THAIFEX and started selling the ice cream at various pop-up stores with plans to expand to all After You dessert café.

Significant Event and Business Direction:



Focus on Continuous Branch Expansion of Dessert Café According to Plan

During July 2023, **the Company expanded 2 more After You dessert café** in Bangkok and at Unicorn Phayathai Building and Susco Square Buddhachula. In addition, during the remaining 2H/2023, **the Company plans to open 5-7 additional branches** mainly focusing on areas with his number of tourists, residential areas with high spending power and populated in order to expand its reach to more potential customers.



Focus on Expanding Luggaw and Mikka Cafe

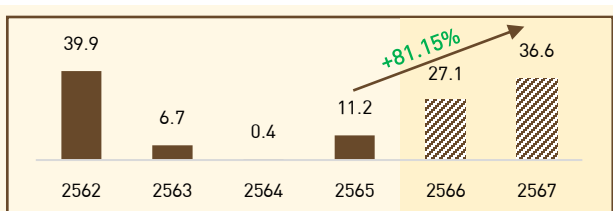
During Q2/2023, **the Company opened a new Luggaw branch in Samyan Mitrtown and opened another store at Unicorn Phayathai in July.** The Company focuses on selling products made from Thai fruits and has received overwhelming feedbacks from health-conscious customers. This has resulted in the opening and the operation of a total of 7 branches. In 2023, the Company plans to expand 3 more branches, focusing on shopping malls and community malls in Bangkok and Metropolitan areas. In addition, the Company continues to expand its Mikka coffee shop as planned.



Focus on Expanding Oversea Branches

During September 2023, **the Company plans to open the 2nd After You branch in Hong Kong.** Currently, the first branch is temporarily closed from August onwards in order to move to the new location. In addition, the Company continues to seek for growth opportunities abroad beyond Hong Kong, with plans to sign contracts with franchisees in CLMV countries to open After You dessert cafe in order to diversify risk of relying solely on domestic income and to create long-term sustainable growth.

Number of Foreign Tourists Entering Thailand (Million)



Foreign Tourists Boost Thai Tourism Sector in 2023-2024

The Thai tourism sector is expected to continue to recover from 11.2 million tourists in 2022 to 27.1 million in 2023 and forecasts 36.6 million in 2024. During June 2023, the proportion of customers by nationality are Asia, Arab, and Europe, of 24.61%, 5.89%, and 0.80% respectively, mainly due to the return of the large number of Chinese tourists along with their high spending power and being the main group of tourists coming to Thailand to help the recovery the tourism sector, which is an important factor of the Thai economy.



Operating Results

Of the Company:

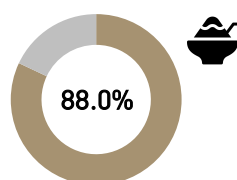
Overall operating results of the Company in Q2/2022	Q2/22	Q2/23	Change +/-	1H/22	1H/23	Change +/-
(THB million)			%YoY			%YoY
Operating Revenue	230	299	30%	428	563	32%
Cost of Sales	(83)	(107)	29%	(161)	(202)	25%
Gross Profit	147	192	31%	267	361	35%
Other income	4	3	(25%)	7	7	0%
Selling and Distribution Expenses	(71)	(92)	30%	(133)	(175)	32%
Administrative Expenses	(36)	(48)	33%	(76)	(94)	24%
Finance Cost ¹	(2)	(1)	(50%)	(4)	(3)	(25%)
Profit (Loss) before Income Tax Expenses	42	54	29%	61	96	57%
Tax Expenses	(8)	(11)	38%	(12)	(19)	58%
Net Profit (Loss) for the Company	34	43	26%	49	77	57%

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:

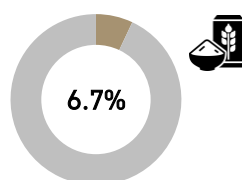
Revenue Breakdown in Q2/2023



Dessert Café

AND DRINKS

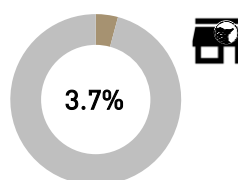
- In-store menu sales across 56 outlets under "After You"
- Take-home product sales at Dessert Café branch and under "After You Marketplace", as well as orders through food delivery services (portion of In-store sales : Take home product sales¹ approx. 70%:30%)
- Sales of beverages and desserts across 6 company-owned outlets under "Mikka" brand
- The sale of products from fresh fruit in Luggaw stores across 8 branches



Sales of Goods

AND RAW MATERIAL

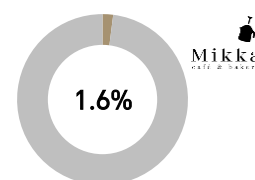
- Sale of raw materials to Mikka Café franchisees in Thailand and After You Dessert Café in Hong Kong.
- OEM/Food Manufacturing under the Company's trademark or per customers' demand
- Online sales products and Head office pick up



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



¹ The proportion of In-store sales to take home products sales was calculated as of 1H/2023

Executive Summary

Significant Events

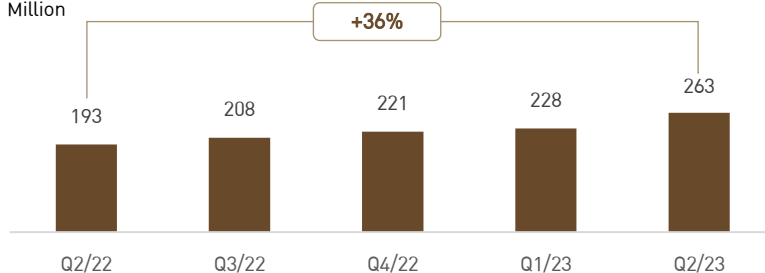


Financial Performance

Revenue	Q2/22	Q2/23	Change + / (-)	1H/22	1H/23	Change + / (-)
(THB Million)			%YoY			%YoY
Revenue from Dessert Café and Drinks	193	263	36%	358	491	37%
Revenue from Non-Café	18	20	11%	32	40	25%
Revenue from Catering / Pop-Up	15	11	(27%)	31	22	(29%)
Revenue from Franchising	4	5	25%	7	10	43%
Total Operating Revenue	230	299	30%	428	563	32%
Other Income	4	3	(25%)	7	7	0%
Total Revenue	234	302	29%	435	570	31%

Key Drivers	Q2/22	Q2/23	Change + / (-)	1H/22	1H/23	Change + / (-)
Number of branches at 30 June	43	55	27.9%	43	55	27.9%
Same-Store-Sales-Growth (SSSG)	69.8%	17.7%	(52.1%)	34.7%	19.3%	(15.4%)

Unit: THB Million



Revenue from Dessert Café and Drink (Million)

Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Same-Store-Sales-Growth (%)
+69.8%	+122.9%	+30.2%	+20.5%	+17.7%	

YoY

Q2/2023 vs Q2/2022

- **Revenue from Dessert Café** in Q2/2023 was THB 263 million, increased by THB 70 million or 36% from Q2/2022 mainly due to the increase in same-store sales growth, corresponding to the increase in dine-in customers and higher sales per bill compared with Q2/2022. This displays a good sign for the recovery of consumer spending. In addition, the number of After You stores has increased by 12 branches, from a total of 43 branches in Q2/2022 to 55 branches in Q2/2023.
- **Revenue from Non-café** in Q2/2023 was THB 20 million, increased by THB 2 million or 11% from Q2/2022. This was mainly due to the increase in revenue from the sale of raw materials to Mikka Café. During Q2/2023, total number of Mikka Cafe was 116 branches, increased from 18 branches from Q2/2022.
- **Revenue from Catering and Pop-Up** in Q2/2023 was THB 11 million, decreased by THB 4 million or 27% from Q2/2022, as The Company have transformed the pop-up stores into a storefront branch instead, after receiving positive feedback from many pop-up stores which was used to test the market.
- **Revenue from Franchising** in Q2/2023 was THB 5 million, increased by THB 1 million or 25% from Q2/2022 due to an increase in revenue of royalty fees from the Mikka Café franchise and the Hong Kong dessert café franchise.

1H

1H/2023 vs 1H/2022

- **Revenue from Dessert Café** in 1H/2023 was THB 491 million, increased by THB 133 million or 37% from 1H/2022 due to an increase in same-store sales growth. In addition, the number of After You stores has increased by 13 branches, from a total of 43 branches in 1H/2022 to 56 branches in 1H/2023.
- **Revenue from Non-café** in 1H/2023 was THB 40 million, increased by THB 8 million or 25% from 1H/2022 mainly due to the increase in sales of raw materials to Mikka Café franchisee.
- **Revenue from Catering and Pop-Up** in 1H/2023 was THB 22 million, decreased by THB 9 million or 29% from 1H/2022, as 4 pop-up stores was transformed into After You Dessert Café storefront branches instead.
- **Revenue from Franchising** in 1H/2023 was THB 10 million, increased by THB 3 million or 43% from 1H/2022 due to the increase in royalty fees of Mikka Café branches and the Hong Kong dessert café franchise.

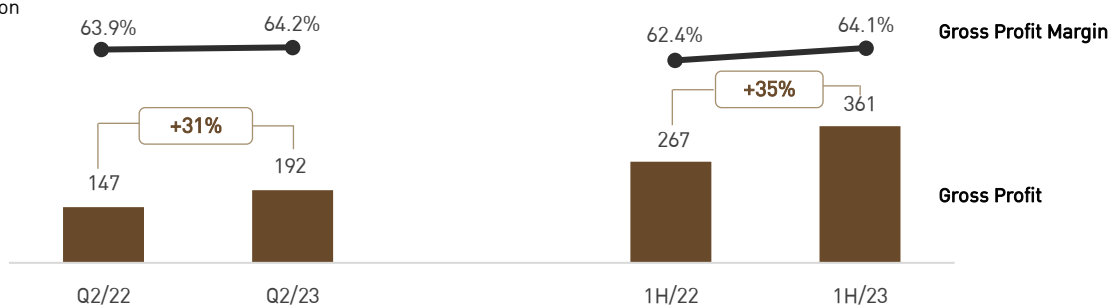
Executive Summary

Significant Events

Financial Performance

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 Q2/2023 vs Q2/2022

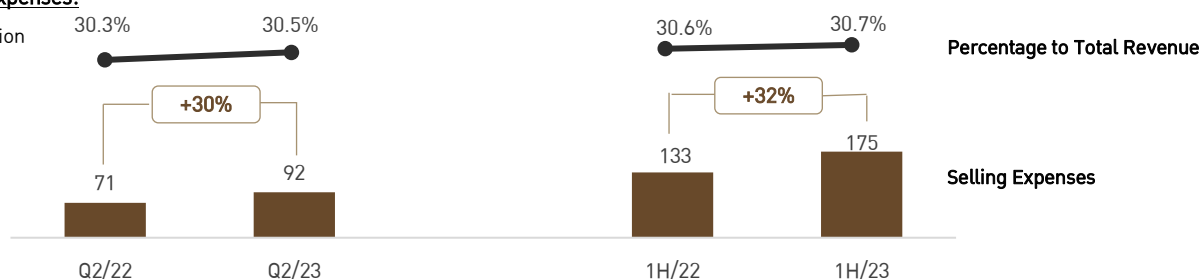
- **Gross Profit** in Q2/2023 was THB 192 million, increased by THB 45 million or 31% from Q2/2022, corresponding to the increase in sales revenue, as well as the decrease in overall expense from higher production volumes resulting in economies of scale.
- **Gross Profit Margin** in Q2/2023 was 64.2%, increased from 63.9% in Q2/2022, mainly due to the increase in sales revenue from dessert café, which has a higher gross profit margin than sales from other distribution channels. The Company has also displayed the ability to manage cost efficiently.

1H 1H/2023 vs 1H/2022

- **Gross Profit** in 1H/2023 was THB 361 million, increased by THB 94 million or 35% from 1H/2022, corresponding to an increase in sales revenue from the same-store sales growth and the increase in number of branches. In addition, the Company have increased the price of some products during March 2022 allowing the Company to realize the revenue increase for full period of 1H/2023. The Company have also experienced a decrease in overall expense from higher production volumes resulting in economies of scale.
- **Gross Profit Margin** in 1H/2023 was 64.1%, increased from 62.4% in 1H/2022, mainly due to the increase in sales revenue from dessert café, as well as the adjustment of the price of some products during March 2022. In addition, The Company has also displayed the ability to manage cost efficiently.

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 Q2/2023 vs Q2/2022

- **Selling Expenses** in Q2/2023 was THB 92 million, increased by THB 21 million or 30% from Q2/2022 mainly due to an increase in staff expenses and rental fee of the newly expanded dessert café branches.
- **Selling Expenses to Total Revenue** in Q2/2023 was 30.5%, slightly increased from 30.3% in Q2/2022 mainly due to an increase in rental fee from newly expanded branches.

1H 1H/2023 vs 1H/2022

- **Selling Expenses** in 1H/2023 was THB 175 million, increased by THB 42 million or 32% from 1H/2022 due to an increase in staff expenses and rental fees as the dessert café have resumed to normal operation and from the newly expanded branches.
- **Selling Expenses to Total Revenue** in 1H/2023 was 30.7%, slightly increased from 30.6% in 1H/2022.

Executive Summary

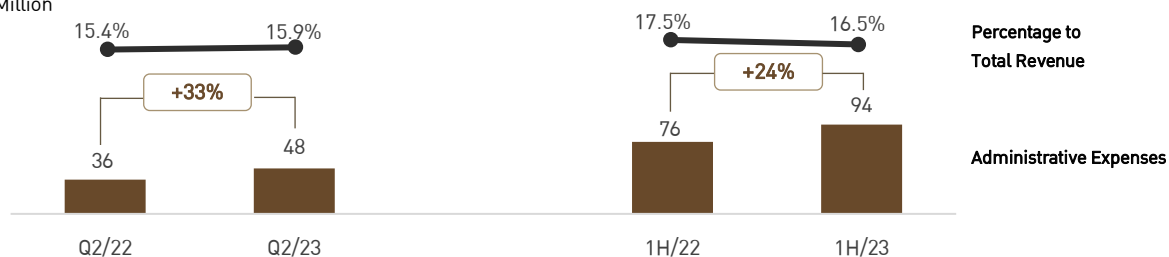
Significant Events



Financial Performance

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 Q2/2023 vs Q2/2022

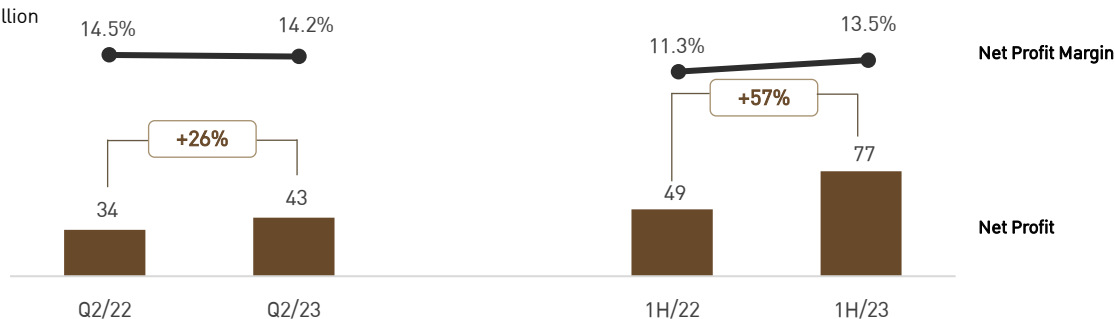
- **Administrative Expenses** in Q2/2023 was THB 48 million, increased by THB 12 million or 33% from Q2/2022 due to an increase in the head office employee expenses from the annual salary adjustment policy, the increase in the number of employees, as well as an increase in the cost of consumables, office supplies, repair and maintenance fee, bank fees and property tax according to business expansion.
- **Administrative Expenses to Total Revenue** in Q2/2023 was 15.9%, increased slightly from 15.4% in Q2/2022 mainly due to the efficient cost management, resulting in no significant difference in administrative expenses to total revenue for 2022 and 2023.

1H 1H/2023 vs 1H/2022

- **Administrative Expenses** in 1H/2023 was THB 94 million, increased by THB 18 million or 24% from 1H/2022 due to an increase in the head office employee expenses. In addition, the cost of consumables, office supplies, utilities expenses, repair and maintenance fee, bank fees and property tax.
- **Administrative Expenses to Total Revenue** in 1H/2023 was 16.5%, improved from 17.5% in 1H/2022 due to the increase in sales revenue at a higher proportion than administrative expenses, as well as the Company was also able to control administrative expenses effectively.

5. Net Profit and Net Profit Margin:

Unit: THB Million



YoY Q2/2023 vs Q2/2022

- **Net Profit** in Q2/2023 was THB 43 million, increased by THB 9 million or 26% from Q2/2022, corresponding to the increase in sales revenue from higher same-store sales growth and the increase in number of branches, as well as the decreased overall expense from increased production volumes resulting in economies of scale, and lower depreciation.
- **Net Profit Margin** in Q2/2023 was 14.2%, slightly decreased from 14.5% in Q2/2022. This shows the ability of the Company to maintain profitability.

1H 1H/2023 vs 1H/2022

- **Net Profit** in 1H/2023 was THB 77 million, increased by THB 28 million or 57% from 1H/2022, corresponding to an increase in sales revenue from higher same-store sales growth, the number of branches. In addition, the Company have increased the price of some products during March 2022 allowing the Company to realize the revenue increase for the full period of 1H/2023. The Company have also experienced a decrease in overall expense from higher production volumes resulting in economies of scale, and also benefitted from lower depreciation.
- **Net Profit Margin** in 1H/2023 was 13.5%, increased from 11.3% in 1H/2022 mainly due to the increase in sales revenue and the efficient cost management.

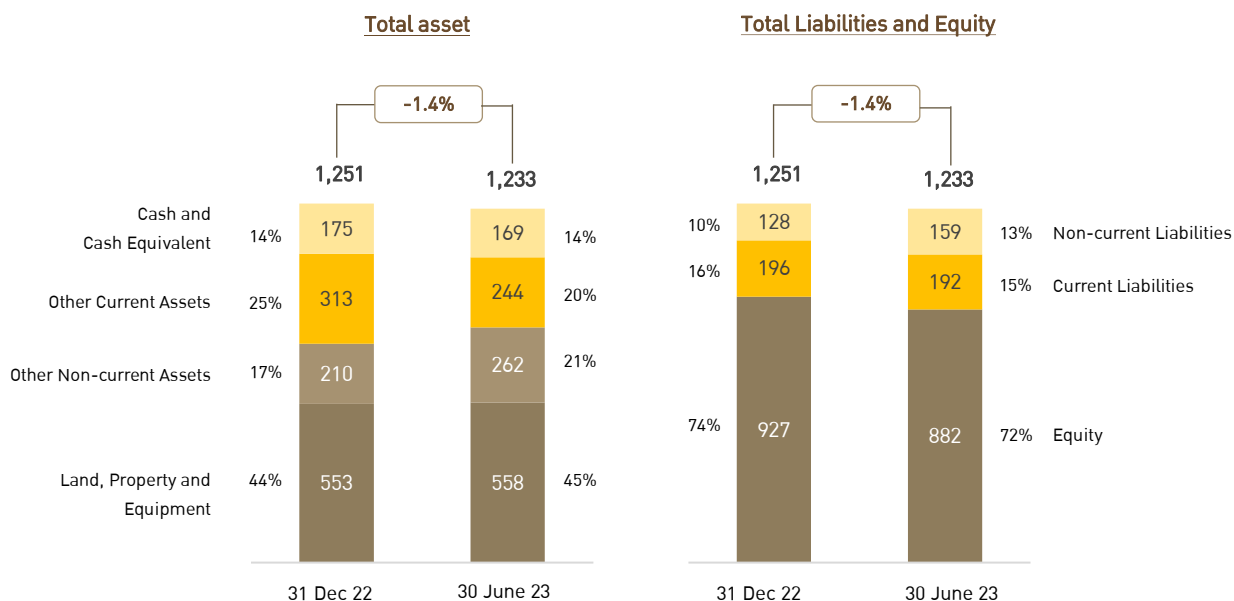


6. Financial Cost:

Financial 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: THB Million



A Total Assets

As of 30 June 2023, the total assets of the Company were THB 1,233 million, decreased by THB 18 million or 1.4% from 31 December 2022. Changes are highlighted as follows:

- **Other Current Assets:** decreased by THB 69 million mainly due sale of other current assets.
- **Other Non-Current Assets:** increased by THB 52 million mainly due to an increase in right-of-use assets.
- **Land, Property, and Equipment:** increased by THB 5 million mainly due to the value of investment in branch expansion and the purchase of additional assets higher than the depreciation during the period.

L Total Liabilities

As of 30 June 2023, the total liabilities of the Company were THB 351 million, increased by THB 27 million or 8.3% from 31 December 2022. The decrease in liabilities was mainly due to:

- **Current Liabilities:** decreased by THB 4 million mainly due to the payment of accrued bonus and accrued tax during period.
- **Non-current Liabilities:** increased by THB 31 million mainly due to an increase in right-of-use assets.

E Total Equity

As of 30 June 2023, the total equity of the Company was THB 882 million, decreased by THB 45 million or 5.0% from 31 December 2022 due to an annual dividend payment to shareholders of THB 122 million, on May 23, 2023.