

After You Public Company Limited



MANAGEMENT DISCUSSION & ANALYSIS

Q3/2023





Executive Summary:

Operating Highlights in Q3/2023	Q3/22	Q3/23	Change +/-	9M/22	9M/23	Change +/-
(THB million)			%YoY			%YoY
Operating Revenue	246	338	37%	674	900	34%
Gross Profit	159	223	40%	426	583	37%
EBITDA	81	111	36%	223	288	29%
Net Profit (Loss) for the Company	34	54	59%	82	131	60%
Gross Profit Margin (%)	64.6%	66.0%	1.3%	63.2%	64.8%	1.6%
EBITDA Margin¹ (%)	32.8%	32.6%	(0.2%)	32.6%	31.6%	(1.0%)
Net Profit (Loss) Margin¹ (%)	13.7%	15.8%	2.1%	12.0%	14.4%	2.4%
Number of After You dessert café branches as of 30 Sep	44	59	34.1%	44	59	34.1%

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

Q3/2023 Key Financial Highlights



REVENUE:

- After You Public Company Limited ("the Company") reported consolidated operating revenue of THB 338 million in Q3/2023 and THB 900 million in 9M/2023, increased by 37% from Q3/2022 and 34% from 9M/2022, respectively. The increase in revenue was mainly due to the growth in sales of dessert cafés which was a result of same-store sales growth as well as the increase in After You branches.



GROSS PROFIT and GROSS PROFIT MARGIN:

- The Company's Gross Profit in Q3/2023 and 9M/2023 were THB 223 million and THB 583 million respectively, increased by 40% from Q3/2022 and 37% from 9M/2022, corresponding to an increase in sales revenue from the same-store sales growth and the increase in number of branches. In addition, the cost per unit decreased due to the increased production volume (Economy of scale).
- Gross Profit margin in Q3/2023 was 66.0%, increased from 64.6% in Q3/2022, and Gross Profit margin in 9M/2023 was 64.8%, increased from 63.2% in 9M/2022, mainly due to the increase in the revenue from dessert cafés as well as the Company's ability to manage costs effectively and the result of economies of scale.



EBITDA and EBITDA MARGIN:

- The Company's EBITDA in Q3/2023 and 9M/2023 were THB 111 million and THB 288 million respectively, increased by 36% from Q3/2022 and 29% from 9M/2022, corresponding to the increase in gross profit.
- EBITDA margin in Q3/2023 was 32.6%, slightly decreased by 0.2% from Q3/2022, and in 9M/2023 was 31.6%, decreased by 1.0% from 9M/2022, mainly due to the increase in branch expenses and employee expenses.



NET PROFIT and NET PROFIT MARGIN:

- The Company reported net profit in Q3/2023 and 9M/2023 of THB 54 million and THB 131 million respectively, increased by 59% from Q3/2022 and 60% from 9M/2022 respectively, corresponding to an increase in sales revenue from the same-store sales growth and the increase in number of branches. In addition, the overall cost decreased due to the increase in production volume resulting in economies of scale.
- Net profit margin in Q3/2023 was 15.8%, increased from 13.7% in Q3/2022 and in 9M/2023 was 14.4%, increased from 12.0% in 9M/2022 due to the increase in sales revenue and the ability of the Company to manage cost efficiently.

Executive Summary

Significant Event

Financial Performance

Significant Event

In Q3/2023:



Launch a new menu: Pandan Coconut Custard Bun

In Q3/2023, the Company launched a new menu called **Pandan Coconut Custard Bun** which is available at all After You branches. The filling is a pandan custard topped with fresh coconut cream and roasted sesame seeds. The flavor is a creamy, sweet and salty. The menu is a fusion of Thai desserts and bakery that is targeted at customers who enjoy Thai desserts. The menu helped to increase the Company's revenue during the quarter.

Launch a pop-up ice cream soft-serve booth

In Q3/2023, the Company launched a pop-up soft-serve ice cream booth at various locations, such as the **Van Gogh Alive Bangkok exhibition, the Sretsis Parlour booth, Silom Complex, and Seacon Square**, after receiving a positive response from the Thaifex exhibition in Q2/2023. The soft-serve ice cream is available in a variety of flavors, including caramel, yogurt, and coffee.



Trial launch of automatic vending machines for desserts and beverages

In July 2023, the Company began a trial launch of automatic vending machines for desserts and beverages at **King Power Mahanakhon and Samyan Mitrtown**. The launch was aimed at expanding the Company's distribution channels to meet the needs of changing consumers behaviors who are looking for convenience and speed. Customers can pay by using the Thai QR system. The vending machines offer over 20 items of desserts and beverages, including butter bun, banana cake, cookies, milk tea, coffee, and bottled drinks.



Significant Event and Business Direction:



Focus on Continuous Branch Expansion of Dessert Café According to Plan

In Q3/2023, the Company expanded **4 new dessert café** in Bangkok, which are located at Unicorn Tower Phaya Thai, Susco Square Phutthabucha, PTT Station Tiwanon, and Design Village Bangna. In Q4/2023, After You plans to reopen 2 renovated stores at Bang Khae and Bang Kapi. The Company also plans to open two additional stores in strategic locations, such as tourist destinations and residential areas with high purchasing power. These expansions are expected to help After You reach a wider range of target customers.



Expansion of pop-up store branches at tourist destinations

The Company plans to open a pop-up store under the **After You Tea House concept** at Khao Soi Restaurant, Chiang Mai, from Nov 3, 2023 to Jan 31, 2024. All of the menu are new and not available at other branches, such as chestnut matcha toast and red bean match. In addition, the Company plans to open a pop-up store under the **After You Farm House concept** at Midwinter Restaurant, Khao Yai, from Nov 11, 2023 to Feb 28, 2024. Some of the menu items will use products from Suwan Corn Farm, such as corn soup kakigori, corn cheesecake soufflé, and corn soup bread.



Focus on Expanding Luggaw and Mikka Cafe

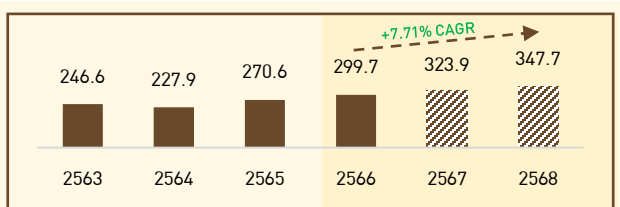
In Q3/2023, the Company opened a new Luggaw branch in July at Unicorn Tower Phayathai, and the another one in October at The Mall Bang Khae. Luggaw is a fruit-focused brand that sells a variety of products made from Thai fruits. In 2023, the Company plans to open 2 additional Luggaw branches in Bangkok shopping malls and also plans to continue expanding its Mikka coffee chain as planned.



Focus on Expanding Oversea Branches

In Q3/2023, After You opened its second branch in Hong Kong. The first branch in Hong Kong was temporarily closed in August to relocate to a new location. The Company is also looking for additional opportunities to grow overseas beyond Hong Kong and plans to open a franchise of After You dessert café in a CLMV country in April 2024. This will help to diversify the Company's revenue sources and create long-term growth.

Trends of the restaurant business in Thailand (Billion baht)



Sources : Krungthai COMPASS

Forecast of the Thai restaurant market in 2023-2024

The restaurant industry in Thailand has begun to recover after the full reopening of the country. The market for restaurant services is expected to continue to recover from THB 270.6 billion in 2022 to THB 299.7 billion in 2023 and THB 323.9 billion in 2024. The compound annual growth rate (CAGR) is expected to grow at 7.71% between 2023 and 2025. In 9M/2023, the Company's customer base by nationality was 21.77% Asian, 2.82% Arab, and 0.77% European. This is due to the return of Asian tourists, especially from Vietnam, who have become new customers since the end of 2022.



Operating Results

Of the Company:

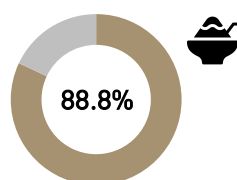
Overall operating results of the Company in Q3/2023	Q3/22	Q3/23	Change +/-	9M/22	9M/23	Change +/-
(THB million)			%YoY			%YoY
Operating Revenue	246	338	37%	674	900	34%
Cost of Sales	(87)	(115)	32%	(248)	(317)	28%
Gross Profit	159	223	40%	426	583	37%
Other income	2	3	50%	9	10	11%
Selling and Distribution Expenses	(74)	(100)	35%	(207)	(275)	33%
Administrative Expenses	(43)	(57)	33%	(120)	(151)	26%
Finance Cost	(2)	(2)	0%	(6)	(3)	(50%)
Profit (Loss) before Income Tax Expenses	42	67	60%	102	164	61%
Tax Expenses	(8)	(13)	63%	(20)	(33)	65%
Net Profit (Loss) for the Company	34	54	59%	82	131	60%

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:

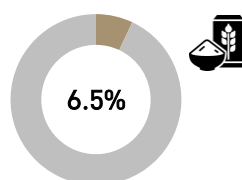
Revenue Breakdown in Q3/2023



Dessert Café

AND DRINKS

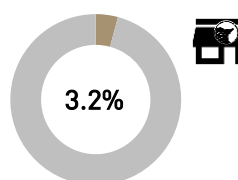
- In-store menu sales across 60 outlets under "After You"
- Take-home product sales at Dessert Café branch and under "After You Marketplace", as well as orders through food delivery services (portion of In-store sales : Take home product sales¹ approx. 69%:31%)
- Sales of beverages and desserts across 8 company-owned outlets under "Mikka" brand
- The sale of products from fresh fruit in Luggaw stores across 7 branches



Sales of Goods

AND RAW MATERIAL

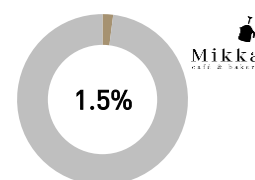
- Sale of raw materials to Mikka Café franchisees in Thailand and After You Dessert Café in Hong Kong.
- OEM/Food Manufacturing under the Company's trademark or per customers' demand
- Online sales products and Head office pick up



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 9M/2023

Executive Summary

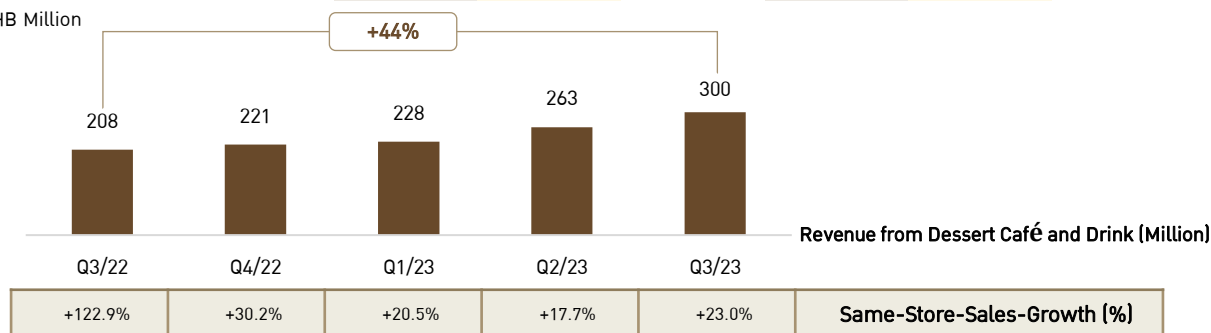
Significant Events

Financial Performance

Revenue	Q3/22	Q3/23	Change +/(−)	9M/22	9M/23	Change +/(−)
(THB Million)			%YoY			%YoY
Revenue from Dessert Café and Drinks	208	300	44%	566	790	40%
Revenue from Non-Café	21	22	5%	53	62	17%
Revenue from Catering / Pop-Up	12	11	(8%)	43	34	(21%)
Revenue from Franchising	5	5	0%	12	14	17%
Total Operating Revenue	246	338	37%	674	900	34%
Other Income	2	3	50%	9	10	11%
Total Revenue	248	341	38%	683	910	33%

Key Drivers	Q3/22	Q3/23	Change +/(−)	9M/22	9M/23	Change +/(−)
Number of branches at 30 Sep	44	59	34.1%	44	59	34.1%
Same-Store-Sales-Growth (SSSG)	122.9%	23.0%	(99.9%)	56.9%	21.1%	(35.8%)

Unit: THB Million



YoY

Q3/2023 vs Q3/2022

- **Revenue from Dessert Café** in Q3/2023 was THB 300 million, increased by THB 92 million or 44% from Q3/2022 mainly due to the increase in same-store sales growth, the number of foreign customers which increased by 12% compared to Q3/2022 due to the reopening of the country and the launch of Pandan Coconut Custard Bun product. In addition, the number of After You branch increased by 15 branches, from a total of 44 branches in Q3/2022 to 59 branches in Q3/2023.
- **Revenue from Non-café** in Q3/2023 was THB 22 million, increased by THB 1 million or 5% from Q3/2022. This was mainly due to the increase in revenue from the sale of raw materials to Mikka Café. During Q3/2023, the total number of Mikka Cafe was 114 branches, increased by 10 branches from Q3/2022.
- **Revenue from Catering and Pop-Up** in Q3/2023 was THB 11 million, decreased by THB 1 million or 8% from Q3/2022, as The Company have transformed some of the pop-up stores into an actual branch, after receiving positive feedback from many pop-up stores which was used to test the market.
- **Revenue from Franchising** in Q3/2023 was THB 5 million, unchanged from Q3/2022

9M

9M/2023 vs 9M/2022

- **Revenue from Dessert Café** in 9M/2023 was THB 790 million, increased by THB 224 million or 40% from 9M/2022 due to an increase in same-store sales growth and the number of foreign customers which increased by 17% compared to 9M/2022 due to the reopening of the country. In addition, the number of After You branch increased by 15 branches, from a total of 44 branches in 9M/2022 to 60 branches in 9M/2023.
- **Revenue from Non-café** in 9M/2023 was THB 62 million, increased by THB 9 million or 17% from 9M/2022 mainly due to the increase in sales of raw materials to Mikka Café franchisee.
- **Revenue from Catering and Pop-Up** in 9M/2023 was THB 34 million, decreased by THB 9 million or 21% from 9M/2022, as The Company have transformed some of the pop-up stores into an actual branch, after receiving positive feedback from many pop-up stores which was used to test the market.
- **Revenue from Franchising** in 9M/2023 was THB 14 million, increased by THB 2 million or 17% from 9M/2022 due to the increase in royalty fees of Mikka Café branches.

Executive Summary

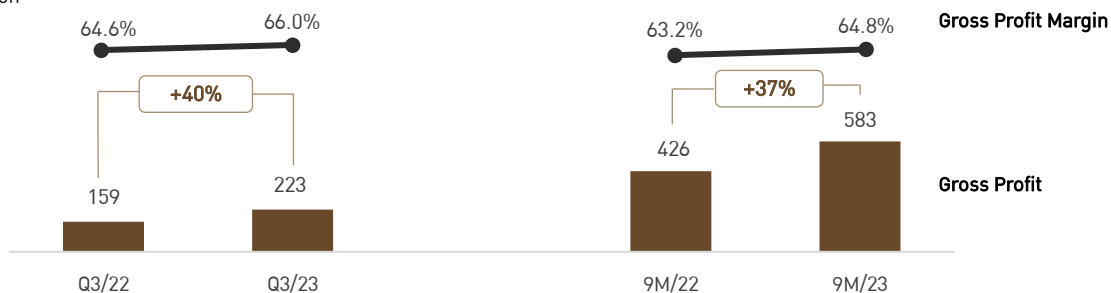
Significant Events



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 of kitchen utensils and space usage, expense of production unit. Major part of cost of sales is raw materials.

YoY Q3/2023 vs Q3/2022

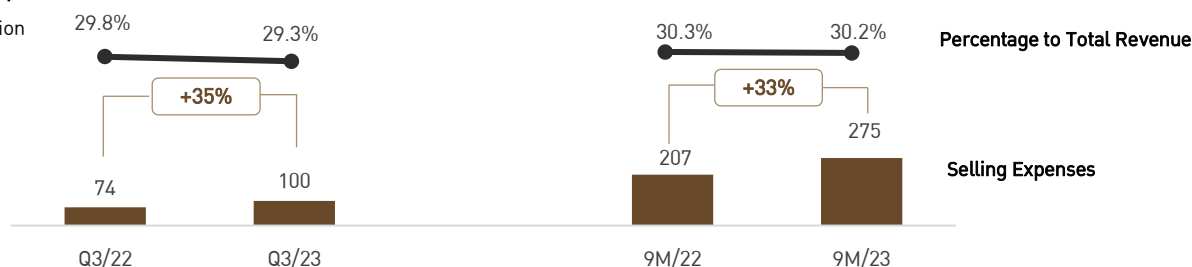
- **Gross Profit** in Q3/2023 was THB 223 million, increased by THB 64 million or 40% from Q3/2022, corresponding to the increase in sales revenue, as well as the decrease in costs from higher production volumes and in economies of scale.
- **Gross Profit Margin** in Q3/2023 was 66.0%, increased from 64.6% in Q3/2022, mainly due to the increase in revenue from dessert café. In addition, the Company have displayed the ability to manage cost efficiently.

9M 9M/2023 vs 9M/2022

- **Gross Profit** in 9M/2023 was THB 583 million, increased by THB 157 million or 37% from 9M/2022, corresponding to the increase in sales revenue from 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 9M/2023. In addition, the cost per unit decreased due to the higher production volumes resulting in economies of scale.
- **Gross Profit Margin** in 9M/2023 was 64.8%, increased from 63.2% in 9M/2022, mainly due to the increase in revenue from dessert café, as well as the increased in price of some products during March 2022. In addition, the Company have 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 Q3/2023 vs Q3/2022

- **Selling Expenses** in Q3/2023 was THB 100 million, increased by THB 26 million or 35% from Q3/2022 mainly due to an increase in employee expenses and rental fee of dessert café, corresponding to the increase in the number of branches.
- **Selling Expenses to Total Revenue** in Q3/2023 was 29.3%, slightly decreased from 29.8% in Q3/2022 mainly due to the increase in sales revenue at a higher proportion than selling expenses, as well as the Company’s ability to manage expenses effectively.

9M 9M/2023 vs 9M/2022

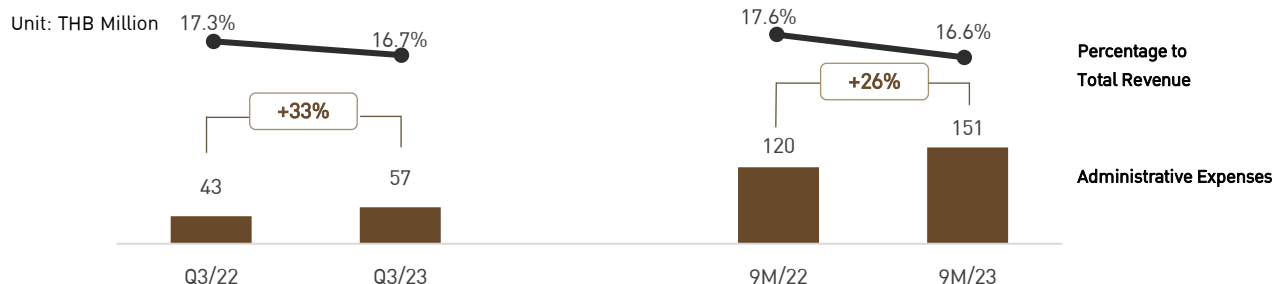
- **Selling Expenses** in 9M/2023 was THB 275 million, increased by THB 68 million or 33% from 9M/2022 due to an increase in employee expenses and rental fees of dessert café, corresponding to the increase in the number of branches.
- **Selling Expenses to Total Revenue** in 9M/2023 was 30.2%, similarly to 30.3% in 9M/2022.

Executive Summary

Significant Events

Financial Performance

4. Administrative Expenses:



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.

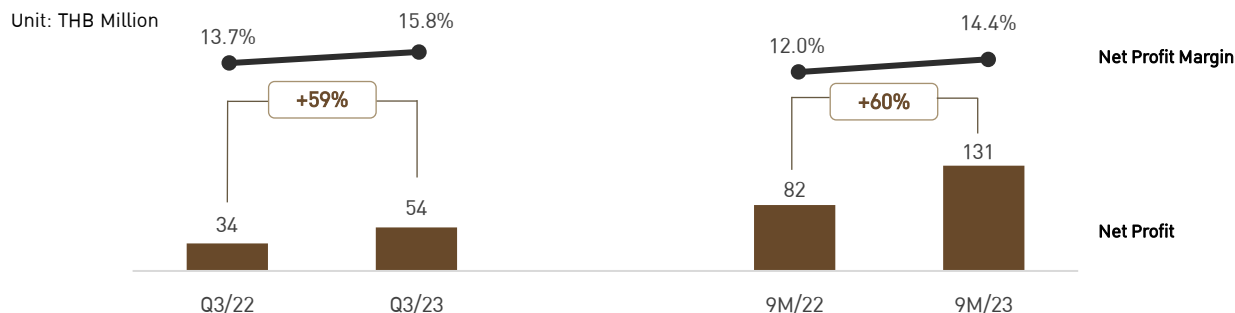
YoY Q3/2023 vs Q3/2022

- **Administrative Expenses** in Q3/2023 was THB 57 million, increased by THB 14 million or 33% from Q3/2022 mainly due to the increase in employee expenses.
- **Administrative Expenses to Total Revenue** in Q3/2023 was 16.7%, improved from 17.3% in Q3/2022 due to the increase in sales revenue at a higher proportion than administrative expenses, as well as the Company’s ability to control administrative expenses effectively.

9M 9M/2023 vs 9M/2022

- **Administrative Expenses** in 9M/2023 was THB 151 million, increased by THB 31 million or 26% from 9M/2022 due to an increase in employee expenses, as well as the cost of consumables, office supplies, utilities expenses, repair and maintenance fee, bank fees and property tax corresponding to the expansion of the business.
- **Administrative Expenses to Total Revenue** in 9M/2023 was 16.6%, improved from 17.6% in 9M/2022 due to the increase in sales revenue at a higher proportion than administrative expenses, as well as the Company’s ability to control administrative expenses effectively.

5. Net Profit and Net Profit Margin:



YoY Q3/2023 vs Q3/2022

- **Net Profit** in Q3/2023 was THB 54 million, increased by THB 20 million or 59% from Q3/2022, corresponding to the increase in sales revenue from higher same-store sales growth and the increase in number of branches, as well as the decrease in unit cost due to the increase in production volumes resulting in economy of scale.
- **Net Profit Margin** in Q3/2023 was 15.8%, increased from 13.7% in Q3/2022 due to the increase in sales revenue as well as the Company’s ability to manage costs and expenses effectively.

9M 9M/2023 vs 9M/2022

- **Net Profit** in 9M/2023 was THB 131 million, increased by THB 49 million or 60% from 9M/2022, corresponding to an increase in sales revenue from higher 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 the full period of 9M/2023. In addition, the overall expense have decreased from higher production volumes resulting in economy of scale.
- **Net Profit Margin** in 9M/2023 was 14.4%, increased from 12.0% in 9M/2022 due to the increase in sales revenue as well as the Company’s ability to manage costs and expenses effectively.

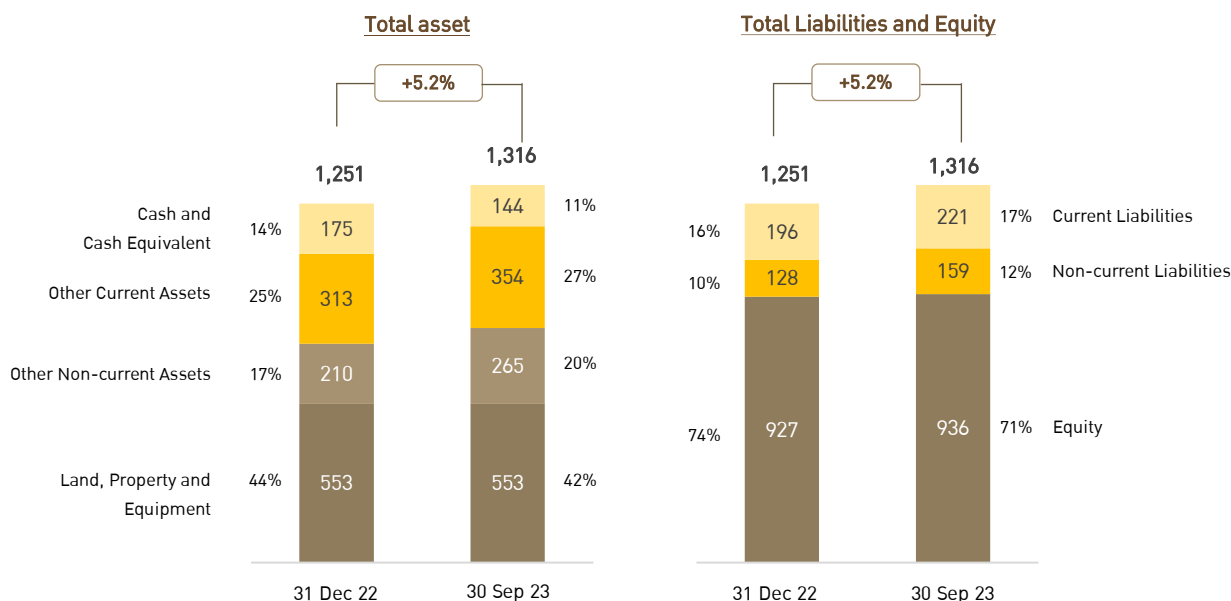


6. Financial Cost:

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 September 2023, the total assets of the Company were THB 1,316 million, increased by THB 65 million or 5.2% from 31 December 2022. Changes are highlighted as follows:

- **Cash and Cash Equivalent:** decreased by THB 31 million mainly due to the payment of dividends to shareholders.
- **Other Current Assets:** increased by THB 41 million mainly due to the increase in investments in other current financial assets.
- **Other Non-Current Assets:** increased by THB 55 million mainly due to the increase in right-of-use assets.

L Total Liabilities

As of 30 September 2023, the total liabilities of the Company were THB 380 million, increased by THB 56 million or 17.3% from 31 December 2022. The increase in liabilities was mainly due to:

- **Current Liabilities:** increased by THB 25 million mainly due to the increase in lease liabilities that are due within one year.
- **Non-current Liabilities:** increased by THB 31 million mainly due to an increase in lease liabilities.

E Total Equity

As of 30 September 2023, the total equity of the Company was THB 936 million, increased by THB 9 million or 0.1% from 31 December 2022 due to the increase in profits of THB 131 million in the 9M/2023. However, the Company paid THB 122 million for the 2023 annual dividends.