

After You Public Company Limited



# MANAGEMENT DISCUSSION & ANALYSIS

Q2/2024





# Executive Summary:

Operating Highlights in Q2/2024	Q2/23	Q2/24	Change +/-)	1H/23	1H/24	Change +/-)
(THB million)			%YoY			%YoY
Operating Revenue	299	376	26%	563	716	27%
Gross Profit	192	250	30%	361	476	32%
EBITDA	96	135	41%	177	248	40%
<b>Net Profit (Loss) for the Company</b>	43	73	70%	77	127	65%
<b>Gross Profit Margin (%)</b>	<b>64.2%</b>	<b>66.5%</b>	<b>2.3%</b>	<b>64.1%</b>	<b>66.5%</b>	<b>2.4%</b>
<b>EBITDA Margin<sup>1</sup> (%)</b>	<b>31.8%</b>	<b>35.5%</b>	<b>3.7%</b>	<b>31.1%</b>	<b>34.3%</b>	<b>3.2%</b>
<b>Net Profit (Loss) Margin<sup>1</sup> (%)</b>	<b>14.2%</b>	<b>19.2%</b>	<b>5.0%</b>	<b>13.5%</b>	<b>17.6%</b>	<b>4.1%</b>
<b>Number of After You dessert café branches as of 30 June</b>	<b>55</b>	<b>61</b>	<b>10.9%</b>	<b>55</b>	<b>61</b>	<b>10.9%</b>

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

## Q2/2024 Key Financial Highlights



### REVENUE:

- After You Public Company Limited ("the Company") reported consolidated operating revenue of THB 376 million in Q2/2024 and THB 716 million in 1H/2024, increased by 26% from Q2/2023 and 27% from 1H/2023, respectively. The increase in revenue was mainly due to the growth in sales of dessert and beverage cafés which was a result of same-store sales growth (SSSG) and the 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 Q2/2024 and 1H/2024 was THB 250 million and THB 476 million respectively, increased by 30% from Q2/2023 and 32% from 1H/2023, corresponding to the increase in sales revenue from same-store sales growth and the increase in the number of branches, as well as the decrease in cost per unit from the increase in production volumes resulting in economies of scale.
- Gross Profit margin in Q2/2024 was 66.5%, increased from 64.2% in Q2/2023, and Gross Profit margin in 1H/2024 was 66.5%, increased from 64.1% in 1H/2023, mainly due to the increase in sales revenue and the Company's ability to manage cost-efficiently.



### EBITDA and EBITDA MARGIN:

- The Company's EBITDA in Q2/2024 and 1H/2024 was THB 135 million and THB 248 million respectively, increased by 41% from Q2/2023 and 40% from 1H/2023, corresponding to the increase in gross profit and the Company's ability to manage expenses effectively.
- EBITDA margin in Q2/2024 was 35.5%, increased from 31.8% in Q2/2023, and EBITDA margin in 1H/2024 was 34.3%, increased from 31.1% in 1H/2023. The increase was mainly due to the increase in gross profit, as well as the Company's ability to manage costs and expenses effectively.



### NET PROFIT and NET PROFIT MARGIN:

- The Company reported Net Profit in Q2/2024 and 1H/2024 of THB 73 million and THB 127 million respectively, increased by 70% from Q2/2023 and 65% from 1H/2023 respectively, corresponding to the increase in sales revenue from same-store sales growth and the increase in number of After You branches, as well as the decrease in cost per unit from the increase in production volumes resulting in economies of scale.
- Net profit margin in Q2/2024 was 19.2%, increased from 14.2% in Q2/2023, and Net profit margin in 1H/2024 was 17.6%, increased from 13.5% in 1H/2023, due to the increase in sales revenue and the Company's ability to manage costs and expenses effectively.

Executive Summary

Significant Event

Financial Performance

# Significant Event

## In Q2/2024:



### Continuously Introducing New Menus

In Q2/2024, the Company launched new menus which received positive feedback from customers.

- **Baby Pandan Custard Éclair**, a special menu to celebrate the Songkran festival, and **Baby Melon Éclair**, a special collaboration between After You and “Aclair Juepak”.
- **Durian Sticky Rice Kakigori**, a special summer menu featuring MonThong durian flesh sourced from Chanthaburi and Rayong provinces made into Kakigori, available in 14 branches.
- **Madan Kakigori with Chili Salt and Sweet Shrimp Paste Sauce**, a seasonal menu combining Madan and Salty Green Mango into one dish, and a **Salty Green Mango Chili Frappe**.

### Grand Opening of “Someday in Copenhagen” (Specialty Coffee Shop)

In mid-March 2024, the Company opened a new Danish-style specialty coffee shop under the name “Someday in Copenhagen” on Chuea Phloeng Road in the Sathorn district.

### “After You” collaborating with “Nestlé Extreme” to Launch “Shibuya Honey Toast Ice Cream” at 7-Eleven stores nationwide

In June 2024, the Company collaborated with Nestlé (Thai) Limited to launch the “Extreme X After You Shibuya Honey Toast Cone,” which was distributed through 7-Eleven stores nationwide. The Company anticipates that this collaboration with Nestlé (Thai) Company Limited will help expand the customer base for both brands.



## Significant Event and Business Direction:



### Focus on Continuous Branch Expansion of Dessert Café According to Plan

The Company plans to open an addition of 6-8 branches during 2H/2024. During Q2/2024, the Company expanded 1 new dessert café, located at Siam Center. The Company continues to focus on expanding branches to areas that are tourist attractions and residential areas with high purchasing power and have a large number of customers, to increase the opportunity to reach target customers comprehensively.



### Focus on Developing and Expanding Luggaw and Mikka café

The Company plans to open an additional 5 “Luggaw” branches during 2H/2024. In Q2/2024, the Company expanded 4 new Luggaw café, located at The Mall Bangkapi, Motorway, Future Park Rangsit, and Siam Center. The Company will focus on expanding to shopping malls in Bangkok. For Mikka café, the Company will continue to expand its Mikka cafés according to plan.



### Expand Product Sales Through Modern Trade Channels by Introducing Products to 7-Eleven Stores

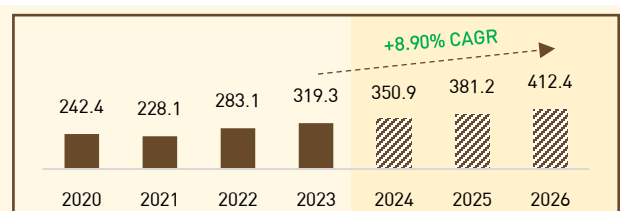
In July 2024, the Company expanded its distribution channels to 7-Eleven stores, starting with “Butter Bun” as the first product. This expansion aims to reach a wider customer base by leveraging the strength of 7-Eleven, which has over 14,000 branches nationwide, allowing for a more comprehensive consumer reach.



### Focus on Expanding Oversea Branches

Currently, the Company has opened 2 After You dessert cafés in Hong Kong: 1) Lee Tung Avenue and 2) Airside. The Company continues to seek overseas growth opportunities to diversify its revenue base away from domestic reliance and drive long-term growth. In September 2024, the Company plans to open its first branch in the CLMV region in Phnom Penh, Cambodia.

### Trends of the restaurant business in Thailand (Billion THB)



Sources : Euromonitor, MOTs

### Forecast of the Thai restaurant market in 2023-2026

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, with a market value of THB 319.3 Billion in 2023. The compound annual growth rate (CAGR) is expected to grow at 8.90% between 2023 and 2026, reaching a market value of THB 412.4 Billion in 2026.

In Q2/2024, the Company’s foreign customer ratio was 34.1%, increased from 26.1% of total customers in Q2/2023. This was driven by the increase in Asian tourists.

Note: The restaurant service business includes dessert shops, cafés, bars, limited-time restaurants, and self-service restaurants.



# Operating Results

## Of the Company:

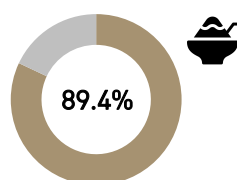
Overall operating results of the Company in Q2/2024	Q2/23	Q2/24	Change +/-	1H/23	1H/24	Change +/-
(THB million)			%YoY			%YoY
Operating Revenue	299	376	26%	563	716	27%
Cost of Sales	(107)	(126)	18%	(202)	(240)	19%
<b>Gross Profit</b>	<b>192</b>	<b>250</b>	<b>30%</b>	<b>361</b>	<b>476</b>	<b>32%</b>
Other income	3	4	33%	7	7	0%
Selling and Distribution Expenses	(92)	(104)	13%	(175)	(204)	17%
Administrative Expenses	(48)	(58)	21%	(94)	(119)	27%
Finance Cost <sup>1</sup>	(1)	(1)	0%	(3)	(2)	(33%)
<b>Profit (Loss) before Income Tax Expenses</b>	<b>54</b>	<b>91</b>	<b>69%</b>	<b>96</b>	<b>158</b>	<b>65%</b>
Tax Expenses	(11)	(18)	64%	(19)	(31)	63%
<b>Net Profit (Loss) for the Company</b>	<b>43</b>	<b>73</b>	<b>70%</b>	<b>77</b>	<b>127</b>	<b>65%</b>

## Analysis of Statement of Income

### 1. Revenue:

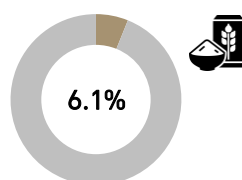
After You Public Company Limited operates dessert and bakery business. The Company divides its business into 4 categories as follows:

#### Revenue Breakdown in Q2/2024



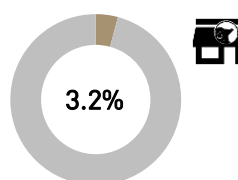
#### Dessert Café AND DRINKS

- In-store menu sales across 61 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. 64%:36%)
- Sales of beverages and desserts across 5 company-owned outlets under "Mikka" brand
- The sale of products from fresh fruit in Luggaw stores across 14 branches
- A specialty coffee shop with a total of 2 locations



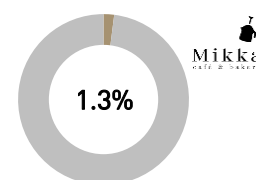
#### Sales of Goods AND RAW MATERIAL

- 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



<sup>1</sup> The proportion of In-store sales to take home products sales was calculated as of Q2/2024

Executive Summary

Significant Events

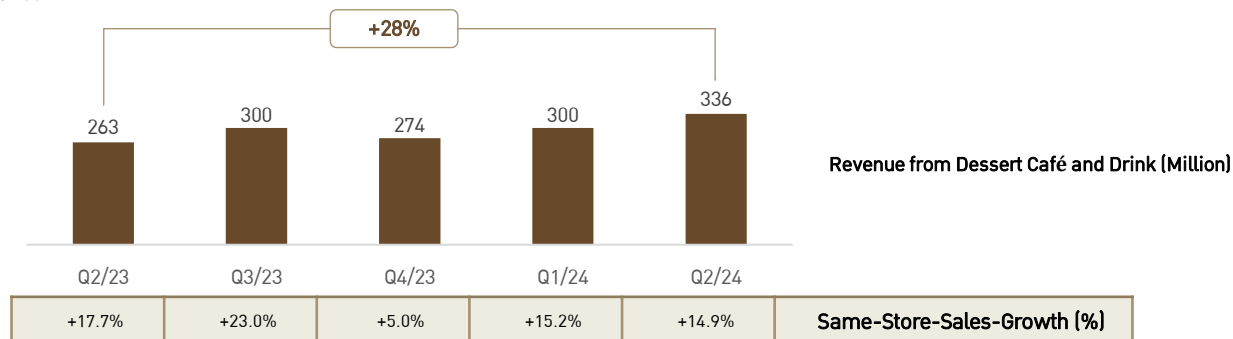


Financial Performance

Revenue	Q2/23	Q2/24	Change +/(-)	1H/23	1H/24	Change +/(-)
(THB Million)			%YoY			%YoY
Revenue from Dessert Café and Drinks	263	336	28%	491	636	30%
Revenue from Non-Café	20	23	15%	40	44	10%
Revenue from Catering / Pop-Up	11	12	9%	22	26	18%
Revenue from Franchising	5	5	0%	10	10	0%
<b>Total Operating Revenue</b>	<b>299</b>	<b>376</b>	<b>26%</b>	<b>563</b>	<b>716</b>	<b>27%</b>
Other Income	3	4	33%	7	7	0%
<b>Total Revenue</b>	<b>302</b>	<b>380</b>	<b>26%</b>	<b>570</b>	<b>723</b>	<b>27%</b>

Key Drivers	Q2/23	Q2/24	Change +/(-)	1H/23	1H/24	Change +/(-)
Number of branches at 30 June	55	61	11%	55	61	11%
Same-Store-Sales-Growth (SSSG)	17.7%	14.9%	(2.8%)	19.3%	15.2%	(4.1%)

Unit: THB Million



**YoY** Q2/2024 vs Q2/2023

- **Revenue from Dessert Café** in Q2/2024 was THB 336 million, increased by THB 73 million or 28% from Q2/2023, mainly due to the increase in same-store sales growth, and the higher sales per bill compared to Q2/2023. In addition, the number of After You stores has increased by 6 branches, from a total of 55 branches in Q2/2023 to 61 branches in Q2/2024.
- **Revenue from Non-café** in Q2/2024 was THB 23 million, increased by THB 3 million or 18% from Q2/2023, mainly due to growth of sales through modern trade channels.
- **Revenue from Catering and Pop-Up** in Q2/2024 was THB 12 million, increased by THB 1 million or 9% from Q2/2023, due to higher sales per booth.
- **Revenue from Franchising** in Q2/2024 was THB 5 million, unchanged from Q2/2023.

**1H** 1H/2024 vs 1H/2023

- **Revenue from Dessert Café** in 1H/2024 was THB 636 million, increased by THB 145 million or 30% from 1H/2023 due to an increase in same-store sales growth, and the higher sales per bill compared with the same period of the previous year. In addition, the number of After You stores has increased by 6 branches, from a total of 55 branches in 1H/2023 to 61 branches in 1H/2024.
- **Revenue from Non-café** in 1H/2024 was THB 44 million, increased by THB 4 million or 10% from 1H/2023 mainly due to the increase of revenue from existing customers and the growth of sales through modern trade channels.
- **Revenue from Catering and Pop-Up** in 1H/2024 was THB 26 million, increased by THB 4 million or 18% from 1H/2023, due to the higher sales per booth.
- **Revenue from Franchising** in 1H/2024 was THB 10 million, unchanged from 1H/2023.

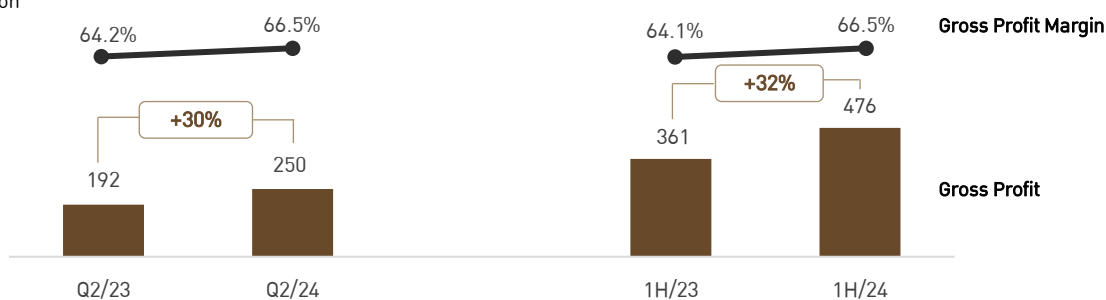
Executive Summary

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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 Q2/2024 vs Q2/2023

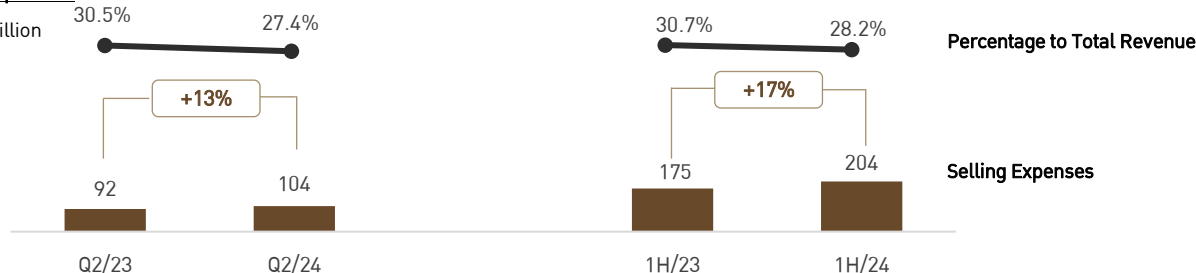
- **Gross Profit** in Q2/2024 was THB 250 million, increased by THB 58 million or 30% from Q2/2023, corresponding to the increase in sales revenue from same-store sales growth and the increase in number of branches, as well as the decrease in cost per unit from the increase in production volumes resulting in economies of scale.
- **Gross Profit Margin** in Q2/2024 was 66.5%, increased from 64.2% in Q2/2023, mainly due to the increase in sales revenue, as well as the Company’s ability to manage costs efficiently.

1H 1H/2024 vs 1H/2023

- **Gross Profit** in 1H/2024 was THB 476 million, increased by THB 115 million or 32% from 1H/2023, corresponding to the increase in sales revenue from same-store sales growth and the increase in number of branches, as well as the decrease in cost per unit from the increase in production volumes resulting in economies of scale.
- **Gross Profit Margin** in 1H/2024 was 66.5%, increased from 64.1% in 1H/2023, mainly due to the increase in sales revenue, as well as the Company’s ability to manage costs 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 Q2/2024 vs Q2/2023

- **Selling Expenses** in Q2/2024 was THB 104 million, increased by THB 12 million or 13% from Q2/2023 mainly due to the increase in branch staff employee expenses and rental fee of dessert café, corresponding to the increase in number of branches.
- **Selling Expenses to Total Revenue** in Q2/2023 was 27.4%, slightly improved from 30.5% in Q2/2023 due to the increase in sales revenue at a higher proportion than selling expenses, as well as the ability of the Company to control expenses effectively.

1H 1H/2024 vs 1H/2023

- **Selling Expenses** in 1H/2024 was THB 204 million, increased by THB 29 million or 17% from 1H/2023 mainly due to the increase in branch staff employee expenses and rental fee of dessert café, corresponding to the increase in number of branches.
- **Selling Expenses to Total Revenue** in 1H/2024 was 28.2%, improved from 30.7% in 1H/2023 due to the increase in sales revenue at a higher proportion than selling expenses, as well as the Company’s ability to control expenses effectively.



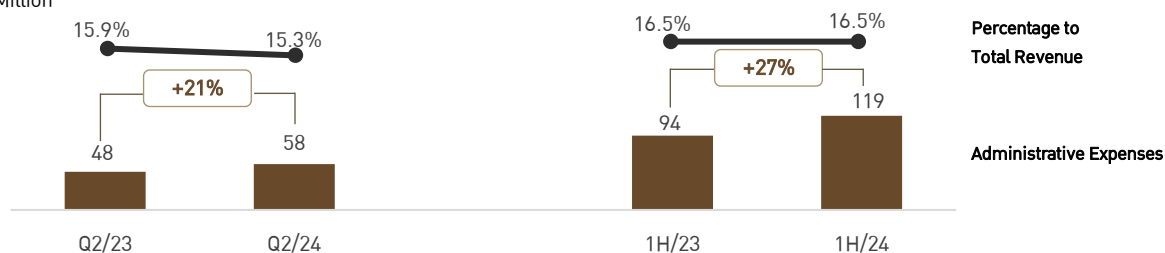
Executive Summary

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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** Q2/2024 vs Q2/2023

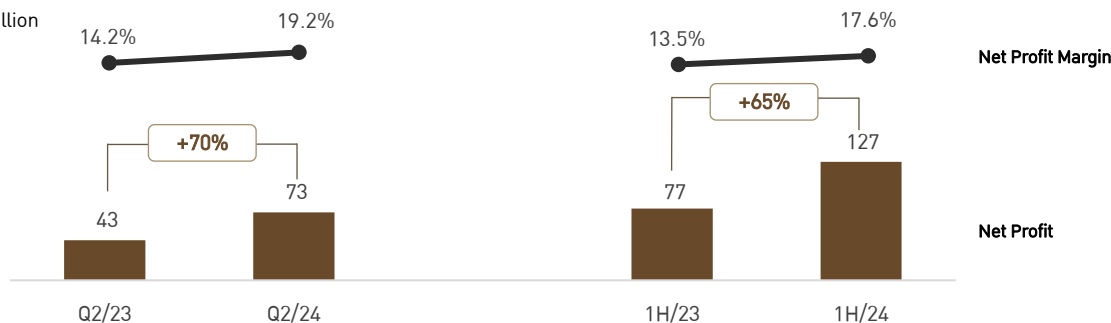
- **Administrative Expenses** in Q2/2024 was THB 58 million, increased by THB 10 million or 21% from Q2/2023 due to the increase in head office employee expenses from the annual salary adjustment and the increase in number of employees, as well as the increase in other operating expenses according to business expansion.
- **Administrative Expenses to Total Revenue** in Q2/2024 was 15.3%, improved slightly from 15.9% in Q2/2023 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.

**1H** 1H/2024 vs 1H/2023

- **Administrative Expenses** in 1H/2024 was THB 119 million, increased by THB 25 million or 27% from 1H/2023 due to the increase in employee expenses and other operating costs according to business expansion.
- **Administrative Expenses to Total Revenue** in 1H/2024 was 16.5%, unchanged from 1H/2023

5. Net Profit and Net Profit Margin:

Unit: THB Million



**YoY** Q2/2024 vs Q2/2023

- **Net Profit** in Q2/2024 was THB 73 million, increased by THB 30 million or 70% from Q2/2023, corresponding to the increase in sales revenue from same-store sales growth and the increase in number of branches, as well as the decrease in cost per unit from the increase in production volumes resulting in economies of scale.
- **Net Profit Margin** in Q2/2024 was 19.2%, increased from 14.2% in Q2/2023 due to the increase in sales revenue, as well as the Company’s ability to manage costs and expenses efficiently.

**1H** 1H/2024 vs 1H/2023

- **Net Profit** in 1H/2024 was THB 127 million, increased by THB 50 million or 65% from 1H/2023, corresponding to the increase in sales revenue from same-store sales growth and the increase in number of branches, as well as the decrease in cost per unit from the increase in production volumes resulting in economies of scale.
- **Net Profit Margin** in 1H/2024 was 17.6%, increased from 13.5% in 1H/2023 due to the increase in sales revenue, as well as the Company’s ability to manage costs and expenses efficiently.

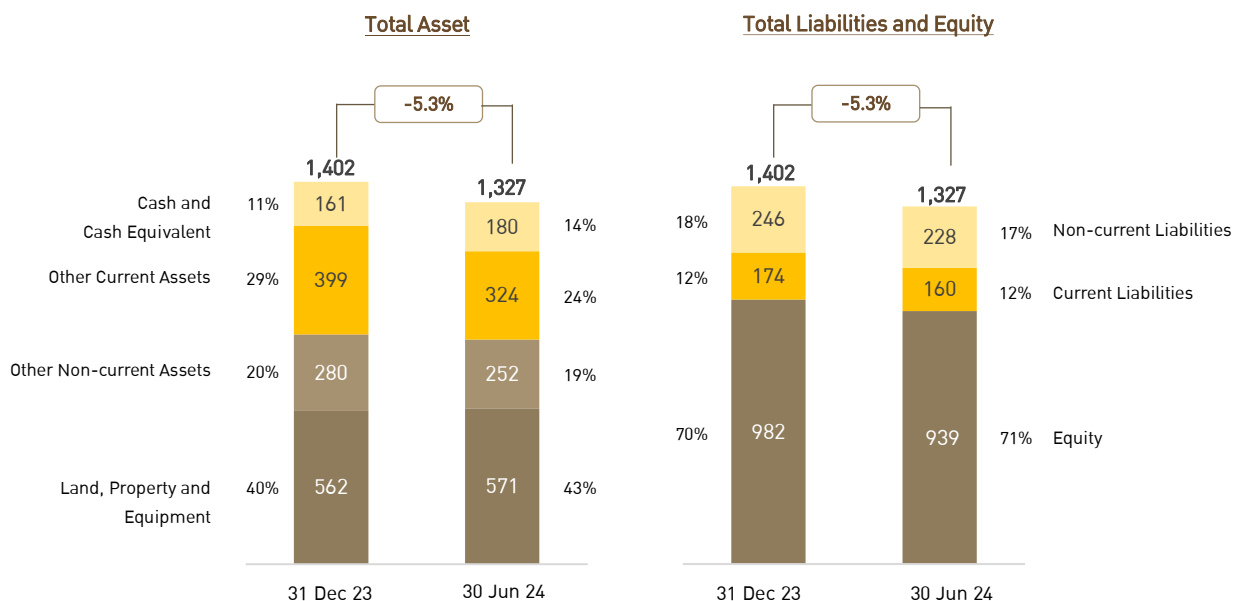


6. Financial Cost:

**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 2024, the total assets of the Company was THB 1,327 million, decreased by THB 75 million or 5.3% from 31 December 2023. Changes are highlighted as follows:

- **Cash and Cash Equivalent:** increased by THB 19 million from the higher operating revenue and cash received from matured investments, partially offset by annual dividend payments.
- **Other Current Assets:** decreased by THB 75 million mainly due to the sale of matured investments.
- **Other Non-current Assets:** decreased by THB 28 million mainly due to depreciation expense of right-of-use assets.

**L Total Liabilities**

As of 30 June 2024, the total liabilities of the Company was THB 388 million, decreased by THB 32 million or 7.4% from 31 December 2023. The decrease in liabilities was mainly due to:

- **Current Liabilities:** decreased by THB 18 million mainly due to the payment of the 2023 annual bonus and lease liabilities.
- **Non-current Liabilities:** decreased by THB 14 million mainly due to the decrease in lease liabilities.

**E Total Equity**

As of 30 June 2024, the total equity of the Company was THB 939 million, decreased by THB 43 million or 4.4% from 31 December 2023 mainly due to the annual dividend payment to shareholders on May 23, 2024, offset by the increase in net profit of THB 127 million in 1H/2024.