

After You Public Company Limited



# MANAGEMENT DISCUSSION & ANALYSIS

Q3/2024





# Executive Summary:

Operating Highlights in Q3/2024	Q3/23	Q3/24	Change +/-	9M/23	9M/24	Change +/-
(THB million)			%YoY			%YoY
Operating Revenue	338	428	27%	900	1,144	27%
Gross Profit	223	280	26%	583	756	30%
EBITDA	111	148	33%	288	396	38%
<b>Net Profit (Loss) for the Company</b>	<b>54</b>	<b>83</b>	<b>54%</b>	<b>131</b>	<b>210</b>	<b>60%</b>
<b>Gross Profit Margin (%)</b>	<b>66.0%</b>	<b>65.4%</b>	<b>(0.6%)</b>	<b>64.8%</b>	<b>66.1%</b>	<b>1.3%</b>
<b>EBITDA Margin<sup>1</sup> (%)</b>	<b>32.6%</b>	<b>34.3%</b>	<b>1.7%</b>	<b>31.6%</b>	<b>34.3%</b>	<b>2.7%</b>
<b>Net Profit (Loss) Margin<sup>1</sup> (%)</b>	<b>15.8%</b>	<b>19.2%</b>	<b>3.4%</b>	<b>14.4%</b>	<b>18.2%</b>	<b>3.8%</b>
<b>Number of After You dessert café branches as of 30 Sep</b>	<b>59</b>	<b>61</b>	<b>3.4%</b>	<b>59</b>	<b>61</b>	<b>3.4%</b>

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

## Q3/2024 Key Financial Highlights



### REVENUE:

- After You Public Company Limited ("the Company") reported consolidated operating revenue of THB 428 million in Q3/2024 and THB 1,144 million in 9M/2024, increased by 27% from Q3/2023 and 27% from 9M/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. In addition, there was growth in sales through modern trade channels, particularly convenience stores such as 7-Eleven, which began product distribution in July 2024.



### GROSS PROFIT and GROSS PROFIT MARGIN:

- The Company's Gross Profit in Q3/2024 and 9M/2024 was THB 280 million and THB 756 million respectively, increased by 26% from Q3/2023 and 30% from 9M/2023, corresponding to the increase in sales revenue
- Gross Profit margin in Q3/2024 was 65.4%, slightly decreased from 66.0% in Q3/2023, due to the increased proportion of revenue from sales through Modern Trade channels, which have a lower gross profit margin compared to revenue from dessert and beverage cafés. The gross profit margin in 9M/2024 was 66.1%, increased from 64.8% in 9M/2023, mainly due to revenue growth and the decrease in cost per unit from the increase in production volumes resulting in economies of scale.



### EBITDA and EBITDA MARGIN:

- The Company's EBITDA in Q3/2024 and 9M/2024 was THB 148 million and THB 396 million respectively, increased by 33% from Q3/2023 and 38% from 9M/2023, corresponding to the increase in gross profit and the Company's ability to manage expenses effectively.
- EBITDA margin in Q3/2024 was 34.3%, increased from 32.6% in Q3/2023, and EBITDA margin in 9M/2024 was 34.3%, increased from 31.6% in 9M/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 Q3/2024 and 9M/2024 of THB 83 million and THB 210 million respectively, increased by 54% from Q3/2023 and 60% from 9M/2023 respectively, corresponding to the increase in sales revenue.
- Net profit margin in Q3/2024 was 19.2%, increased from 15.8% in Q3/2023, and Net profit margin in 9M/2024 was 18.2%, increased from 14.4% in 9M/2023, due to the increase in sales revenue and the Company's ability to manage costs and expenses effectively.

# Significant Event

## In Q3/2024:



### Expand sales through modern trade channels by distributing products through 7-Eleven stores

In July 2024, the Company began selling its own product "Butter Bun" in 7-Eleven convenience stores across Bangkok, metropolitan area, and the Southern region. The Company plans to increase production capacity to distribute the product to branches nationwide. In addition, in September 2024, the Company collaborated with the EZY BAKE brand to launch a new product "Layer Toast" to be available in 14,000 7-Eleven stores nationwide.



### Introducing a new brand "Good Grobb" and new products in the snacks category

In Q3/2024, the Company launched a new brand "Good Grobb" to sell products in the snacks category and introduced new items including Shitake Mushroom Chips, as well as Original-flavor and Mala-flavor Tofu Chips initially available at all After You branches.



### After You open a concept store in Chinatown with a unique store design and exclusive menu items

In August 2024, the Company opened a new After You branch in Chinatown, located on Phadung Dao Alley (Texas Suki) near Wat Mangkon MRT station. The branch features exclusive menu items such as various flavors of French toast, Kanom Tian Mochi Cookies, and beverages from Songwat Coffee Roasters.

## Significant Event and Business Direction:



### Focus on Continuous Branch Expansion of After You and Subsidiary Brands According to Plan

In Q4/2024, the Company plans to expand an additional 1-2 After You branches. 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.



### Expand Growth Internationally by Launching the First After You Branch in Phnom Penh

In October 2024, the Company opened its first After You dessert Café in Cambodia, located in Phnom Penh, which was well-received by customers. The Company continues to seek for new growth opportunities in foreign markets to diversify its revenue streams and achieve long-term growth.



### Rebranding of Mikka Cafe

In Q4/2024, the Company plans to rebrand Mikka Cafe from "Mikka Café" to "Mikka Coffee Roasters" to develop and strengthen the brand, positioning Mikka as a market leader and fostering long-term customer loyalty. The rebranding will also involve expanding the menu to offer greater variety, catering to a broader customer base.



### Expanding Pop-up Store Locations at Tourist Destinations

The Company plans to open a store under the "After You Dairy Farm" concept at the Midwinter restaurant in Khao Yai, operating from November 1, 2024, to January 31, 2025. Some of the beverage menu items will use Grass Fed Milk products from the Dairy Home brand, while other special products will also be available at the store including Dairy Home Honeycomb and Dairy Home Chocolate Malt.



### After You Partners with "Thai Airways" to Serve 4 Flavors of After You Breads on Flights

From October 1, 2024 to May 31 2025, Thai Airways will serve After You breads on domestic and outbound flights to China, Laos, Myanmar, Vietnam, and Japan, in both Economy and Premium classes. There are a total of four flavors available: 1) Thai Tea Butter Bread, 2) Pandan Coconut Custard Bun, 3) Taro Custard Bun, and 4) Palm Sugar Butter Bun.

# Business Overview

## Strategy and Plan in 2024:

### Store Expansion

- Continuous branch expansion of After You Dessert Café, Luggaw, and SCR (Song Wat Coffee Roaster)
- Develop new versions of Pop-up stores under different concepts
- Expand Mikka Café to upcountry to capture new customer segment

### Building Brand Awareness and Customer Loyalty

- Participate in food exhibitions
- Communicate marketing content through online platforms
- After You Membership Program
- Rebranding Mikka coffee Café

### R&D New Products and Exploring New Channels

- More R&D on take-home products and dine-in products
- Creating new collaboration products through strategic partnerships.
- Developing new products for modern trade channels.
- Introducing new products designed for each OEM customer.

### Continuously Seeking for New Markets

- Capturing overseas markets by focusing on Hongkong, CLMV and the Middle East market

## Sustainability Developments:

### E Environment

- Installing a solar power generation system to reduce reliance on non-renewable energy or fuels within the factory and headquarters.
- Water quality testing and installation of a biological wastewater treatment system.
- Focusing on maximizing the utilization of production waste and utilizing waste disposal services that employ environmentally friendly disposal methods.
- Planning efficient operations to reduce greenhouse gas emissions.

### S Social

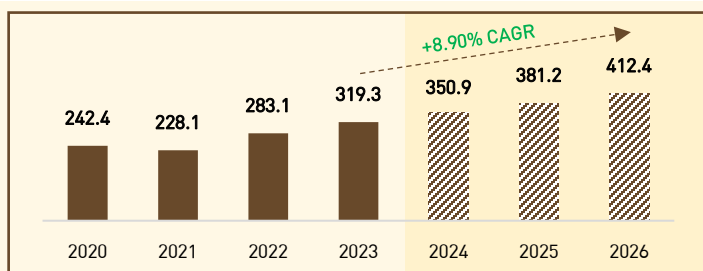
- Conducting business with care and consideration for stakeholders, the economy, society, and the environment, guided by morality, ethics, and integrity.
- Supporting and developing the society with focus on donations and educational support.
- Participating in dual-track vocational education programs with various colleges.
- Collaborating in various activities with surrounding communities in the areas where the Company operates.

### G Governance

- International Organization for Standardization (ISO 22000)
- Hazard Analysis and Critical Control Point (HACCP)
- Good Manufacturing Practices-GMP
- Halal standards

## Thailand Chained Restaurant Service Industry:

Chained Restaurant Service Trends in Thailand (Billion THB)



Forecast of the Thai Restaurant Service 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 Q3/2024, the Company's foreign customer ratio was 40.5%, increased from 31.0% of total customers in Q3/2023. This was driven by the increase in customers from Malaysia.



# Operating Results

## Of the Company:

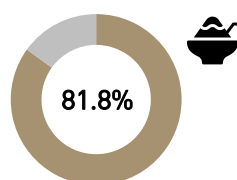
Overall operating results of the Company in Q3/2024	Q3/23	Q3/24	Change +/-	9M/23	9M/24	Change +/-
(THB million)			%YoY			%YoY
Operating Revenue	338	428	27%	900	1,144	27%
Cost of Sales	(115)	(148)	29%	(317)	(388)	22%
<b>Gross Profit</b>	<b>223</b>	<b>280</b>	<b>26%</b>	<b>583</b>	<b>756</b>	<b>30%</b>
Other income	3	4	33%	10	11	10%
Selling and Distribution Expenses	(100)	(115)	15%	(275)	(319)	16%
Administrative Expenses	(57)	(64)	12%	(151)	(183)	21%
Finance Cost <sup>1</sup>	(2)	(1)	(50%)	(3)	(3)	0%
<b>Profit (Loss) before Income Tax Expenses</b>	<b>67</b>	<b>104</b>	<b>55%</b>	<b>164</b>	<b>262</b>	<b>60%</b>
Tax Expenses	(13)	(21)	62%	(33)	(52)	58%
<b>Net Profit (Loss) for the Company</b>	<b>54</b>	<b>83</b>	<b>54%</b>	<b>131</b>	<b>210</b>	<b>60%</b>

## Analysis of Statement of Income

### 1. Revenue:

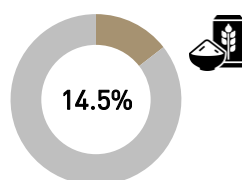
After You Public Company Limited operates dessert and bakery business. The Company divides its business into 4 categories as follows:

#### Revenue Breakdown in Q3/2024



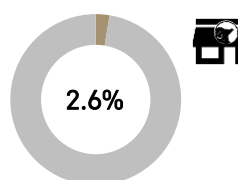
#### Dessert Café AND DRINKS

- 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. 61%:39%)
- 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
- Specialty coffee shops in 2 locations



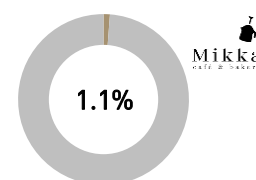
#### Sales of Goods AND RAW MATERIAL

- 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 Q3/2024

Executive Summary

Significant Events & Business Overview

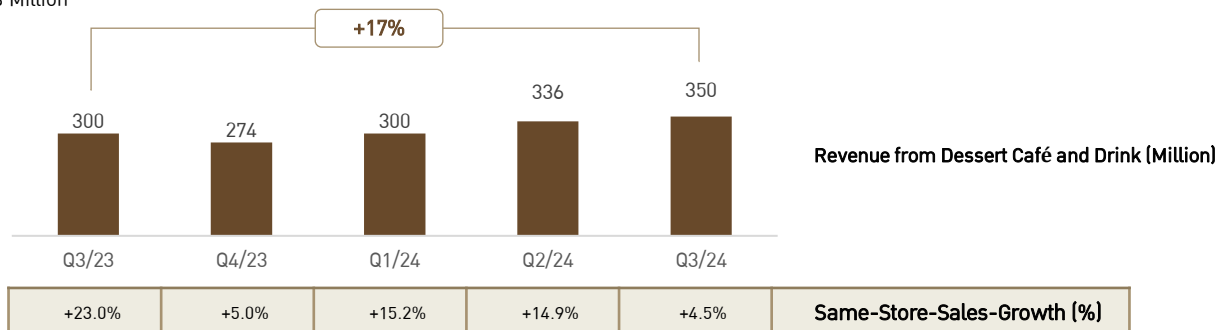


Financial Performance

Revenue	Q3/23	Q3/24	Change +/-	9M/23	9M/24	Change +/-
(THB Million)			%YoY			%YoY
Revenue from Dessert Café and Drinks	300	350	17%	790	986	25%
Revenue from Non-Café	22	62	182%	62	106	71%
Revenue from Catering / Pop-Up	11	11	0%	34	37	9%
Revenue from Franchising	5	5	0%	14	15	7%
<b>Total Operating Revenue</b>	<b>338</b>	<b>428</b>	<b>27%</b>	<b>900</b>	<b>1,144</b>	<b>27%</b>
Other Income	3	4	33%	10	11	10%
<b>Total Revenue</b>	<b>341</b>	<b>432</b>	<b>27%</b>	<b>910</b>	<b>1,155</b>	<b>27%</b>

Key Drivers	Q3/23	Q3/24	Change +/-	9M/23	9M/24	Change +/-
Number of After You branches as of 30 Sep	59	61	3%	59	61	3%
Same-Store-Sales-Growth (SSSG)	23.0%	4.5%	(18.5%)	21.1%	10.5%	(10.6%)
Number of other branches as of 30 Sep	14	21	50%	14	21	50%

Unit: THB Million



YoY

Q3/2024 vs Q3/2023

- **Revenue from Dessert Café** in Q3/2024 was THB 350 million, increased by THB 50 million or 17% from Q3/2023, mainly due to the increase in same-store sales growth, and the higher sales per bill compared to Q3/2023. In addition, the number of After You stores has increased by 2 branches, from a total of 59 branches in Q3/2023 to 61 branches in Q3/2024.
- **Revenue from Non-café** in Q3/2024 was THB 62 million, increased by THB 40 million or 182% from Q3/2023, mainly due to growth in sales from modern trade channels, particularly convenience stores such as 7-Eleven, which began product distribution in July 2024.
- **Revenue from Catering and Pop-Up** in Q3/2024 was THB 11 million, unchanged from Q3/2023.
- **Revenue from Franchising** in Q3/2024 was THB 5 million, unchanged from Q3/2023.

9M

9M/2024 vs 9M/2023

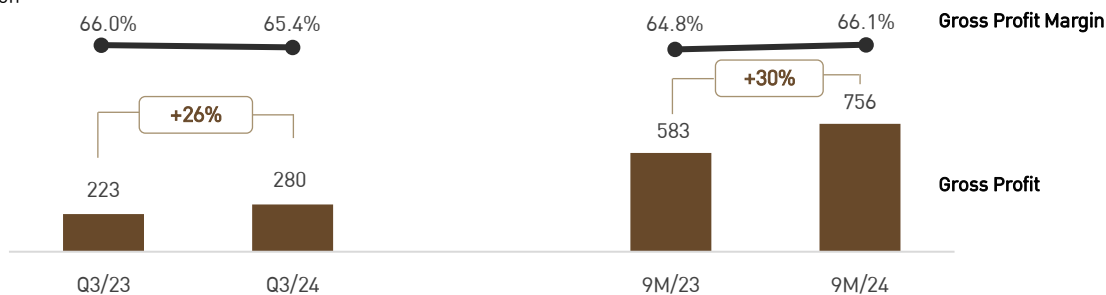
- **Revenue from Dessert Café** in 9M/2024 was THB 986 million, increased by THB 196 million or 25% from 9M/2023 due to the increase in same-store sales growth, the higher sales per bill compared to the same period in 2023, and the number of After You stores which increased by 2 branches, from a total of 59 branches in 9M/2023 to 61 branches in 9M/2024.
- **Revenue from Non-café** in 9M/2024 was THB 106 million, increased by THB 44 million or 71% from 9M/2023 mainly due to the increase in revenue from existing customers and the growth in sales from modern trade channels, particularly convenience stores such as 7-Eleven, which began product distribution in July 2024.
- **Revenue from Catering and Pop-Up** in 9M/2024 was THB 37 million, increased by THB 3 million or 9% from 9M/2023, due to the higher sales per booth.
- **Revenue from Franchising** in 9M/2024 was THB 15 million, increased by THB 1 million or 7% from 9M/2023, due to the increase in revenue from royalty fees associated with After You dessert café 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 Q3/2024 vs Q3/2023**

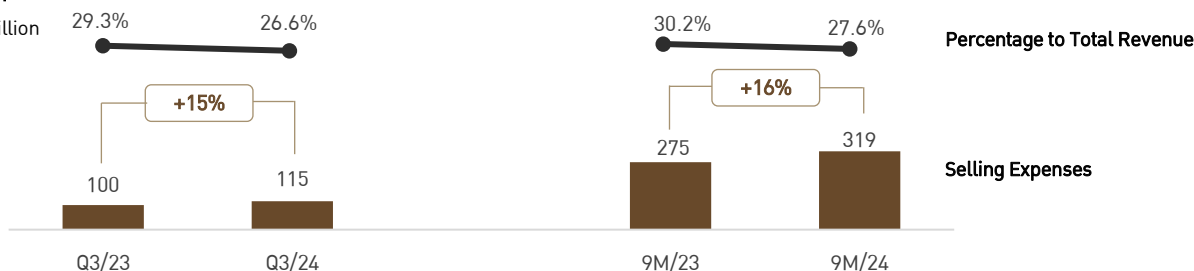
- **Gross Profit** in Q3/2024 was THB 280 million, increased by THB 57 million or 26% from Q3/2023, corresponding to the increase in sales revenue.
- **Gross Profit Margin** in Q3/2024 was 65.4%, slightly decreased from 66.0% in Q3/2023, mainly due to the Company’s increased proportion of sales through modern trade channels, which have lower gross profit margins compared to revenue from dessert and beverage cafés.

**9M 9M/2024 vs 9M/2023**

- **Gross Profit** in 9M/2024 was THB 756 million, increased by THB 173 million or 30% from 9M/2023, corresponding to the increase in sales revenue.
- **Gross Profit Margin** in 9M/2024 was 66.1%, increased from 64.8% in 9M/2023, mainly due to the increase in sales revenue, the decrease in cost per unit from the increase in production volumes resulting in economies of scale, as well as the Company’s ability to manage costs and expenses 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 Q3/2024 vs Q3/2023**

- **Selling Expenses** in Q3/2024 was THB 115 million, increased by THB 15 million or 15% from Q3/2023 mainly due to the increase in employee expenses, branch rental expenses, and transportation expenses.
- **Selling Expenses to Total Revenue** in Q3/2024 was 26.6%, improved from 29.3% in Q3/2023 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.

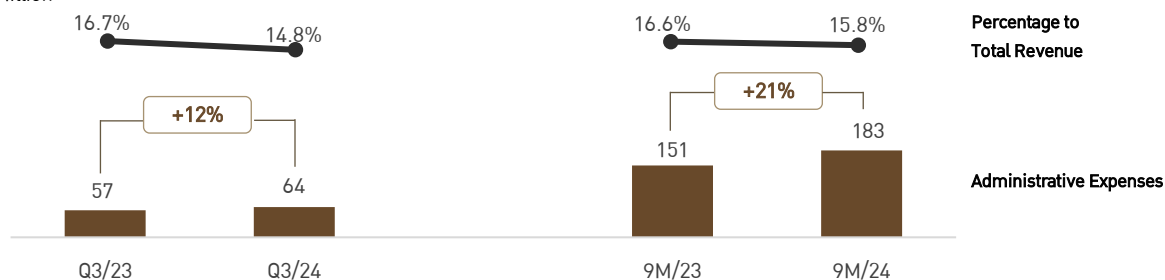
**9M 9M/2024 vs 9M/2023**

- **Selling Expenses** in 9M/2024 was THB 319 million, increased by THB 44 million or 16% from 9M/2023 mainly due to the increase in employee expenses and branch rental expenses.
- **Selling Expenses to Total Revenue** in 9M/2024 was 27.6%, improved from 30.2% in 9M/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.



**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**

**Q3/2024 vs Q3/2023**

- **Administrative Expenses** in Q3/2024 was THB 64 million, increased by THB 7 million or 12% from Q3/2023 mainly due to the increase in employee expenses.
- **Administrative Expenses to Total Revenue** in Q3/2024 was 14.8%, improved from 16.7% in Q3/2023 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.

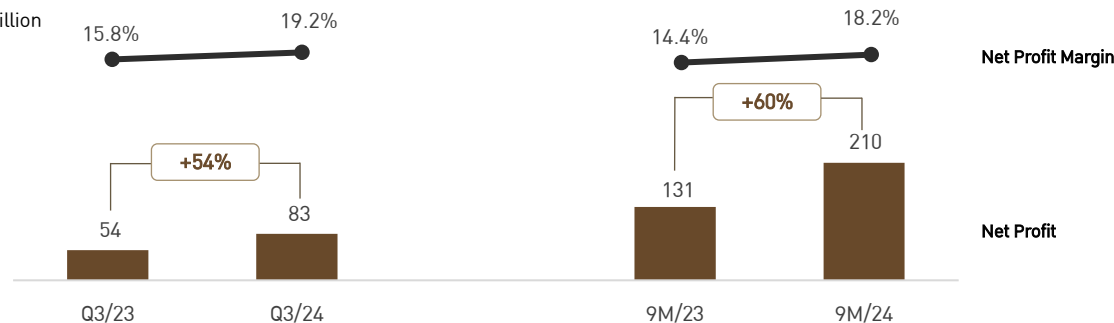
**9M**

**9M/2024 vs 9M/2023**

- **Administrative Expenses** in 9M/2024 was THB 183 million, increased by THB 32 million or 21% from 9M/2023 due to the increase in employee expenses and other operating costs according to business expansion.
- **Administrative Expenses to Total Revenue** in 9M/2024 was 15.8%, improved from 16.6% in 9M/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.

**5. Net Profit and Net Profit Margin:**

Unit: THB Million



**YoY**

**Q3/2024 vs Q3/2023**

- **Net Profit** in Q3/2024 was THB 83 million, increased by THB 29 million or 54% from Q3/2023, corresponding to the increase in sales revenue.
- **Net Profit Margin** in Q3/2024 was 19.2%, increased from 15.8% in Q3/2023 due to the increase in sales revenue, as well as the Company’s ability to manage costs and expenses efficiently.

**9M**

**9M/2024 vs 9M/2023**

- **Net Profit** in 9M/2024 was THB 210 million, increased by THB 79 million or 60% from 9M/2023, corresponding to the increase in sales revenue.
- **Net Profit Margin** in 9M/2024 was 18.2%, increased from 14.4% in 9M/2023 due to the increase in sales revenue, as well as the decrease in cost per unit from the increase in production volumes resulting in economies of scale. In addition, the improve in Net profit Margin also came from the Company’s ability to manage costs and expenses efficiently.



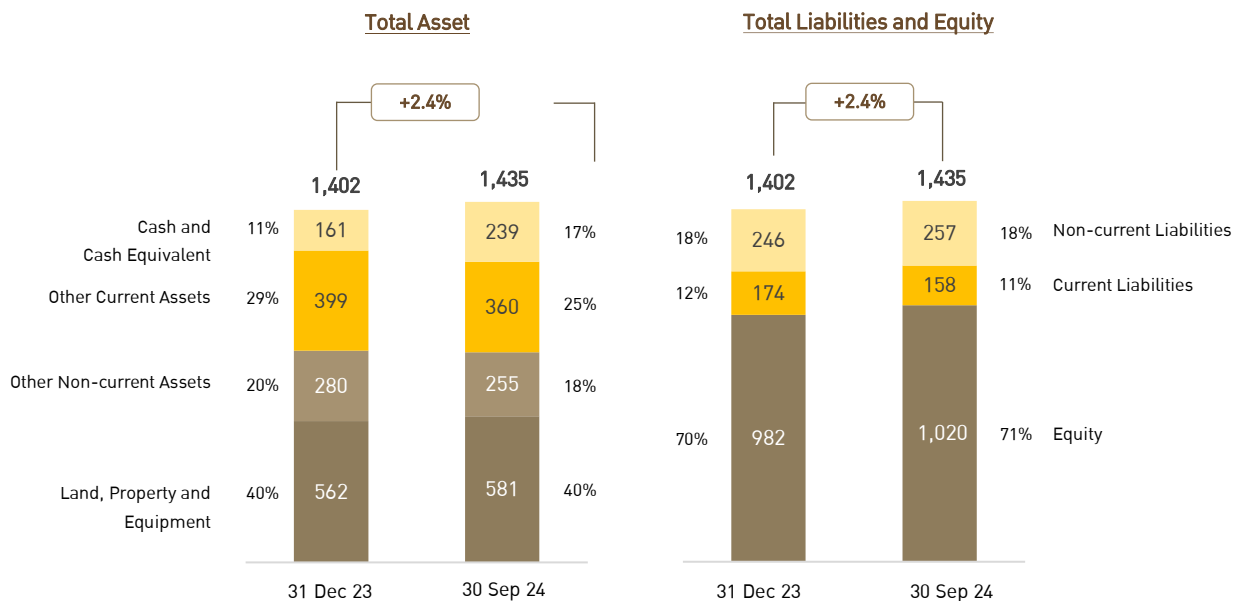


6. Financial Cost:

**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 September 2024, the total assets of the Company was THB 1,435 million, increased by THB 33 million or 2.4% from 31 December 2023. Changes are highlighted as follows:

- **Cash and Cash Equivalent:** increased by THB 78 million from the higher operating revenue and cash received from matured investments, offset by annual dividend payments.
- **Other Current Assets:** decreased by THB 39 million mainly due to the sale of matured investments totaling THB 82 million, offset by the increase in trade receivables and inventory of THB 35 million and THB 7 million, respectively.
- **Other Non-current Assets:** decreased by THB 25 million mainly due to depreciation expense of right-of-use assets.

**L Total Liabilities**

As of 30 September 2024, the total liabilities of the Company was THB 415 million, decreased by THB 5 million or 1.2% from 31 December 2023. The decrease in liabilities was mainly due to:

- **Current Liabilities:** increased by THB 11 million due to the increase in trade payables by THB 14 million, other payables and accrued expenses increased by THB 18 million, offset by the decrease in lease liabilities and accrued income tax of THB 17 million and THB 5 million respectively.
- **Non-current Liabilities:** decreased by THB 16 million mainly due to the decrease in lease liabilities.

**E Total Equity**

As of 30 September 2024, the total equity of the Company was THB 1,020 million, increased by THB 38 million or 3.9% from 31 December 2023 mainly due to the increase in profit of THB 210 million in 9M/2024, offset by the 2023 annual dividend payment of THB 171 million in May 2024.