

AFTER YOU

EST. 2007
Bangkok



**After You
Public Company Limited**

Management Discussion & Analysis

Q2/2020

Executive Summary



Operating highlight in Q2/2020	Q2/19	Q2/20	Change +/-	1H/19	1H/20	Change +/-
(THB million)			YoY			1H
Operating Revenue	312	144	(54%)	599	363	(39%)
Gross Profit	201	79	(61%)	389	216	(44%)
EBITDA	95	27	(72%)	186	86	(54%)
Net Profit for the Company	63	(3)	(105%)	123	10	(92%)
Gross profit margin (%)	64.4%	54.9%	(9.5%)	64.9%	59.5%	(5.4%)
EBITDA margin¹ (%)	30.4%	18.6%	(11.8%)	30.9%	23.6%	(7.3%)
Net profit margin¹ (%)	20.1%	(2.1%)	(22.2%)	20.4%	2.7%	(17.7%)
Number of branches as at June 30	38	41	8%	38	41	8%

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

Q2/2020 Key Financial Highlights

Revenue

- After You Public Company Limited (“the Company”) reported consolidated operating revenue of THB 144 million in Q2/2020 and of THB 363 million in 1H/2020, which decreased by 54% from Q2/2019 and 39% from 1H/2019, respectively.
- The decrease was mainly from the decline in operating revenue due to the temporary closure of dine-in areas from late of March to mid-May.

Gross Profit and Gross Profit Margin

- The Company’s gross profit in Q2/2020 and 1H/2020 were THB 79 million and THB 216 million, respectively, which decreased by 61% from Q2/2019 and 44% from 1H/2019, corresponding to the decrease in total sales.
- Gross profit margin in Q2/2020 decreased by 9.5% from Q2/2019 and in 1H/2020 by 5.4% from 1H/2019.
- The decrease in gross profit margin was mainly from the temporary closure of dining area resulting in the increase of take-home products and higher orders through food delivery services, which usually have lower gross profit margin than products served on-site as a result of higher packaging cost.

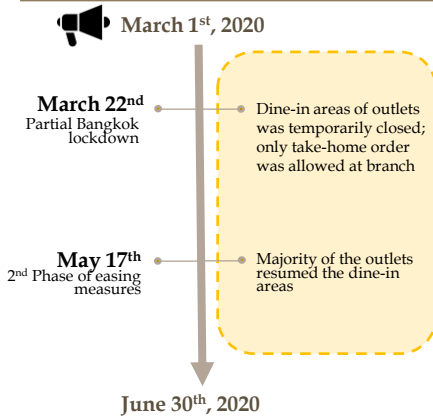
EBITDA and EBITDA margin

- The Company’s EBITDA in Q2/2020 and 1H/2020 were THB 27 million and THB 86 million, respectively, which decreased by 72% from Q2/2019 and 54% from 1H/2019.
- EBITDA margin in Q2/2020 decreased by 11.8% from Q2/2019, and in 1H/2019 decreased by 7.3% from 1H/2019.
- The decrease in EBITDA margin was as a result of the decline in operating revenue corresponding to the COVID-19 situation despite the extensive cost-saving plans to cut down selling and administrative expenses.

Net Profit and Net Profit Margin

- The Company reported net profit in Q2/2020 and 1H/2020 of THB -3 million and THB 10 million, respectively, which decreased by 105% from Q2/2019 and 92% from 1H/2019, respectively, corresponding to the decrease in operating revenue as a result of pandemic situation.
- Net profit margin in Q2/2020 decreased by 22.2% from Q2/2019, and in 1H/2020 decreased by 17.7% from 1H/2019.
- The decrease in net profit margin was mainly from the drop in operating revenue although SG&A expenses were also lowered from the cost-saving plans that have been carried out.

1H/2020 Significant Events

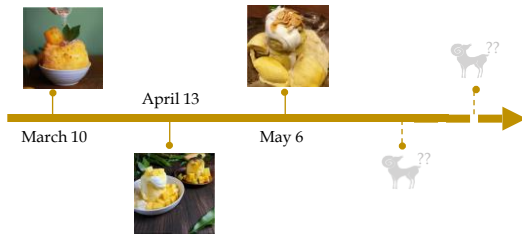


COVID Timeline and Cost-Saving Initiatives to Respond to the Situation

From March 22nd, 2020 to May 16th, 2020, the Company temporarily closed dine-in areas of the outlets while maintaining the operations of take-home orders, following the prevention and control measures imposed by the government agencies. On May 17th, 2020, the Company gradually resumed part of the dessert cafe operations when the pandemic situation started to relieve and reopened the dine-in areas. As a response to pandemic situation, the Company has reduced selling and distribution expenses by controlling part-time staff expenses, reducing numbers of day branch employee come to work and negotiating with certain department stores for the exemption of rental expenses during the store closure and potential extension of the reduced rental expenses until the end of Q3/2020 since retail traffic does not rebound to the pre-pandemic level. At the same time, the Company has also saved administrative expenses from offering head-office employee to temporarily leave without pay.

Positive signal from Mikka Coffee Stand during COVID prompted further outlet expansion

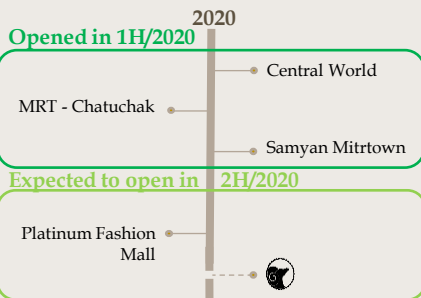
In Q1/2020, After You introduced and piloted new coffee stands under the brand “Mikka” in 3 locations - Pattanakarn 25, Sathorn, and Lalaisap Market, and, in Q2/2020 the Company further expanded one Mikka outlet in Victory Monument area and has set up Mikka temporary booth in Emquatier shopping mall. Thanks to the pandemic that has created the work-from-home culture, the Company’s newly-launched coffee stands has greatly benefited from the changing behavior, and the sales of take-away coffee beverage were somewhat outstanding. Currently, the Company is expanding the new coffee brand into more office locations and is exploring opportunities to add Mikka corner to some of the existing After You outlets. By the end of 2020, approximately 40-50 Mikka outlets are expected to be opened, and around 100 outlets are expected to be opened the following year.



After You launched 4 Seasonal Menus during H1/2020

After You has been continuously developing existing in-store menus. Four seasonal flavors of Kakigori were launched during H1/2020 including Mayongchid Kakigori, Mango Sticky Rice Kakigori, Mamuang Numpla-Wan Kakigori and Durian Kakigori.

2020 Outlook



Despite attempts to slowdown branch expansion, 1 new branch is ready to open in 2H/2020

The slump in tourism as a result of travel bans together with weak domestic consumption that has started since the last quarter of 2019 has led After You to slowdown major branch expansion and concentrate more on setting up pop-up stores. In 2H/2020, 1 new outlet is expected to open, while the previous plan to open other targeted branches that are still in the negotiation process will be reconsidered to when the situation is relieved.

New Pancake Mix to increase penetration in modern trade

The favorable responses from the launch of the original pancake mix has led the Company to introduce the new “Whole Wheat Pancake Mix” to increase choices for the customers. The launch of the new flavor in modern trade has reassured the Company’s position to continuously innovate new “To-Go” products and provides greater accessibility of the products to customers. In 2H/2020 and going forwards, the Company expects to increase modern trade penetration, where currently, the products are available only at certain stores of Villa Market, Gourmet Market and Tops Market.



The franchise outlet in Hong Kong will be ready in 1-2 month after the restriction on cross-border flight is lifted

The Company aims to start the operation of the Hong Kong branch as soon as possible; the branch has already been constructed and decorated. In addition, the Company has already test-run the logistics of raw materials and store equipment from Thailand in order to be most ready, waiting for the travel bans to be lifted. The Company aims to provide training sessions for Hongkong storefront staff as soon as a cross-border flight resumes, and the Company will be sending Thai staff to assist the first phase of the store opening in Hong Kong.

Operating Results

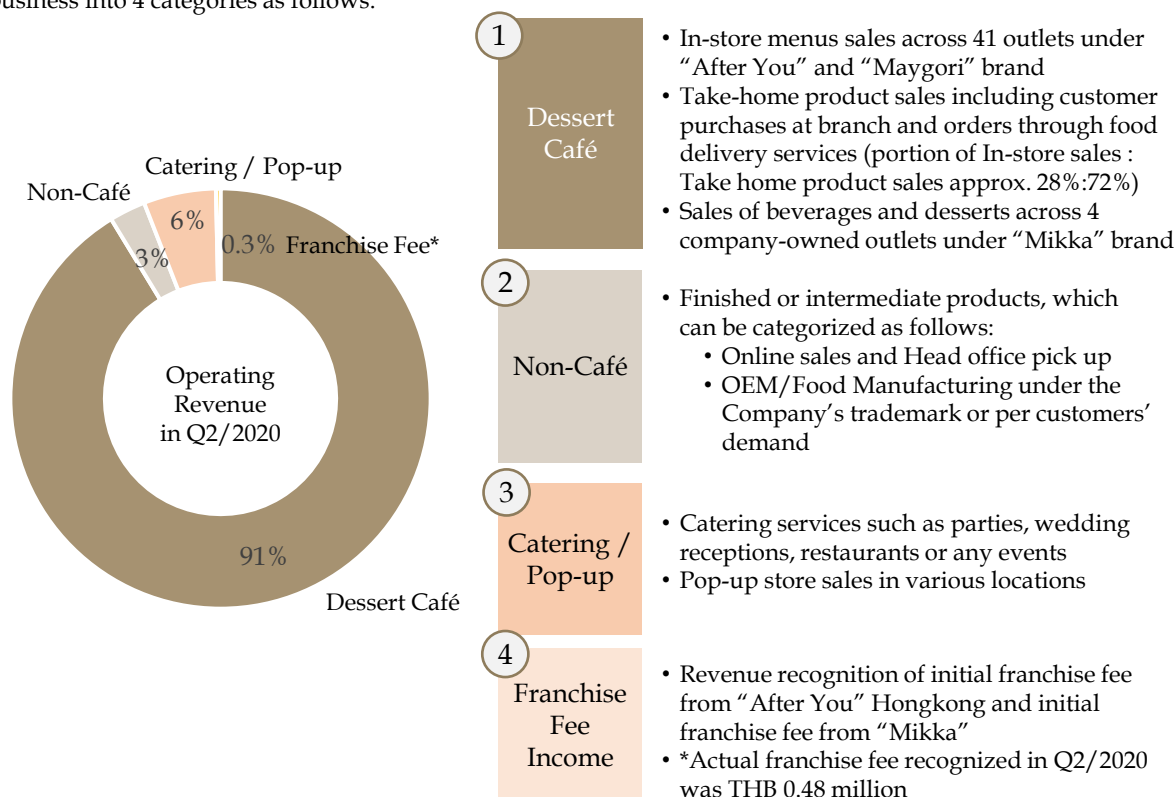


Overall operating results of the Company in Q2/2020	Q2/19	Q2/20	Change +/-	1H/19	1H/20	Change +/-
(THB million)			YoY			1H
Operating Revenue	312	144	(54%)	599	363	(39%)
Cost of sales	(111)	(65)	(41%)	(210)	(147)	(30%)
Gross Profit	201	79	(61%)	389	216	(44%)
Other Income	1	1	(0%)	3	2	(33%)
Selling and distribution expenses	(85)	(52)	(39%)	(160)	(128)	(20%)
Administrative expenses	(41)	(31)	(24%)	(82)	(74)	(10%)
Finance Cost	2	(2)	(200%)	2	(5)	(350%)
Profit before income tax expenses	78	(5)	(106%)	152	11	(93%)
Tax expenses	(15)	2	(113%)	(29)	(1)	(97%)
Net Profit for the Company	63	(3)	(105%)	123	10	(92%)

Analysis of Statement of Income

1. Revenue:

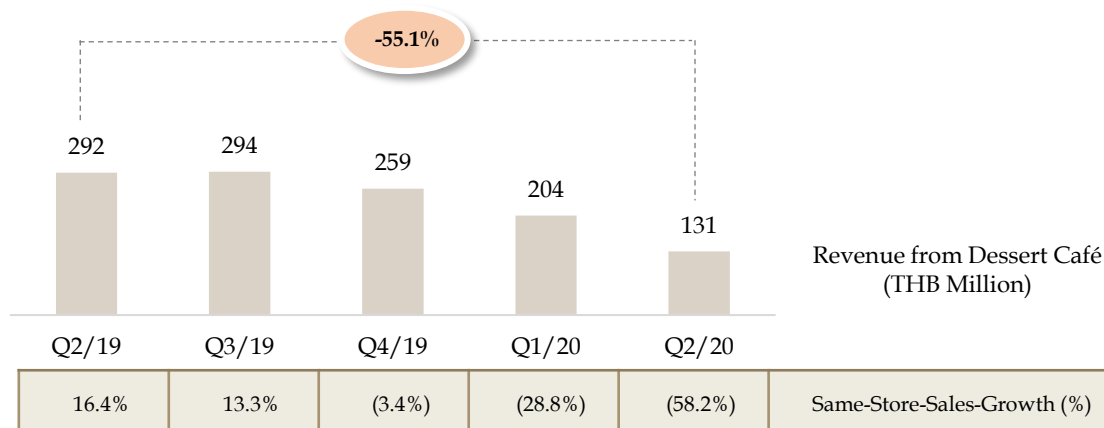
After You Public Company Limited operates dessert and bakery business. The Company divides its business into 4 categories as follows:



Revenue	Q2/19	Q2/20	Change +/-	1H/19	1H/20	Change +/-
(THB million)			YoY			1H
Revenue from Dessert Café	292	131	(55%)	558	334	(40%)
Revenue from Non-Café	14	4	(71%)	30	8	(73%)
Revenue from Catering / Pop-Up	6	8	33%	11	20	82%
Revenue from Franchising*	-	0.5	n.a.	-	1	n.a.
Total Operating Revenue	312	144	(54%)	599	363	(39%)
Other Income	1	1	(0%)	3	2	(33%)
Total Revenue	313	145	(54%)	602	365	(40%)

*Revenue from Franchise Fee Income in Q2/2020 was THB 0.48 million

Key Drivers	Q2/19	Q2/20	Change +/-	1H/19	1H/20	Change +/-
Number of branches as at June 30	38	41	8%	38	41	8%
Same-Store-Sales-Growth (SSSG)	16.4%	(58.2%)	(74.6%)	13.7%	(44.2%)	(57.9%)



YoY Q2/2020 vs Q2/2019

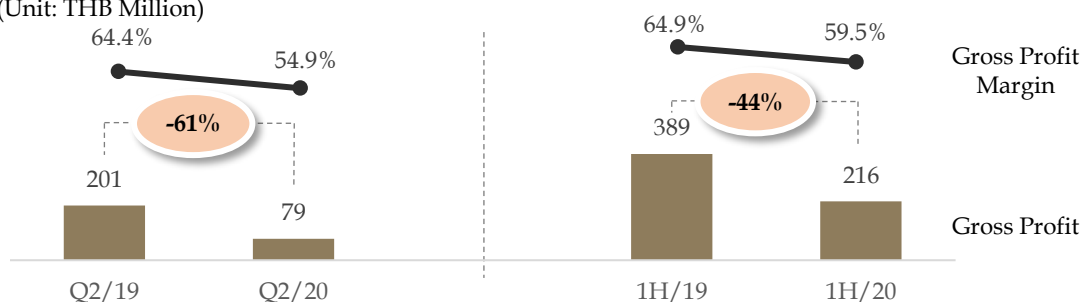
- **Revenue from Dessert Café** in Q2/2020 was THB 131 million which decreased by THB 161 million or 55% from Q2/2019 due to the temporary closure of dine-in areas from late of March to mid-May.
- **Revenue from Non-café** in Q2/2020 was THB 4 million which decreased by THB 10 million or 71% from Q2/2019 due to the lower volume of major OEM customers' orders.
- **Revenue from Catering and Pop-Up** in Q2/2020 was THB 8 million which slightly increased by THB 2 million or 33% from Q2/2019 due to additional catering teams and more numbers of pop-up stores that have been set up.

1H 1H/2020 vs 1H/2019

- For the first half (1H) of 2020, **total operating revenue** was THB 363 million which decreased by THB 236 million or 39% from 1H/2019, as the total operating revenue from both Q1 and Q2/2020 declined from the same period last year. The decrease was mainly due to:
 - **Revenue from Dessert Café** in 1H/2020 decreased by THB 224 million or 40% from 1H/2019 as a result of the temporary closure of dine-in areas, following the prevention and control measures imposed by the government agencies.
 - **Revenue from Non-Café** in 1H/2020 decreased by THB 22 million or 73% from 1H/2019 from lower OEM order volumes.

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 Q2/2020 vs Q2/2019

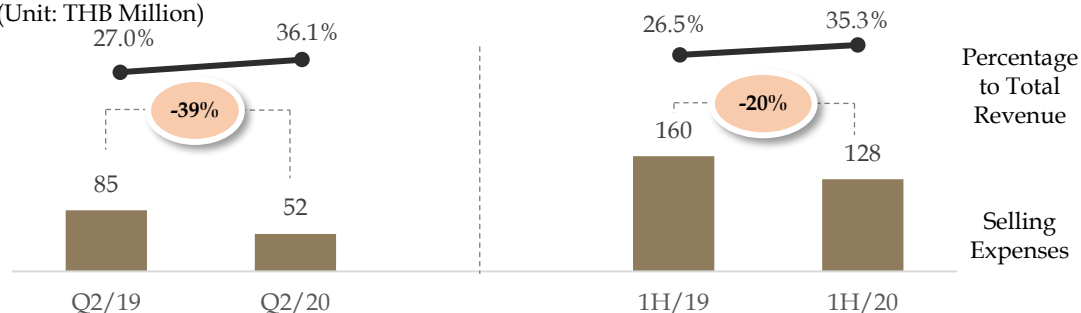
- Gross profit in Q2/2020 was THB 79 million which decreased by THB 122 million or 61% from Q2/2019 in line with lower sales in Q2/2020 compared to Q2/2019.
- Gross profit margin in Q2/2020 was 54.9% which decreased by 9.5% from Q2/2019, due to the temporary closure of dining areas resulting in the increase of take-home products and higher orders through food delivery services, which usually have lower gross profit margin than products served on-site as a result of higher packaging cost.

1H 1H/2020 vs 1H/2019

- For the first half (1H) of 2020, gross profit was THB 216 million which decreased by THB 173 million or 44% from 1H/2019. The decrease was mainly due to the temporary closure of the dine-in areas.
- Gross profit margin (GPM) in 1H/2020 was 59.5% which decreased by 5.4% from 1H/2019. The decrease was mainly attributable to the higher portion of take-home products and higher orders through food delivery services, which generate lower gross profit margin from higher packaging cost.

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 Q2/2020 vs Q2/2019

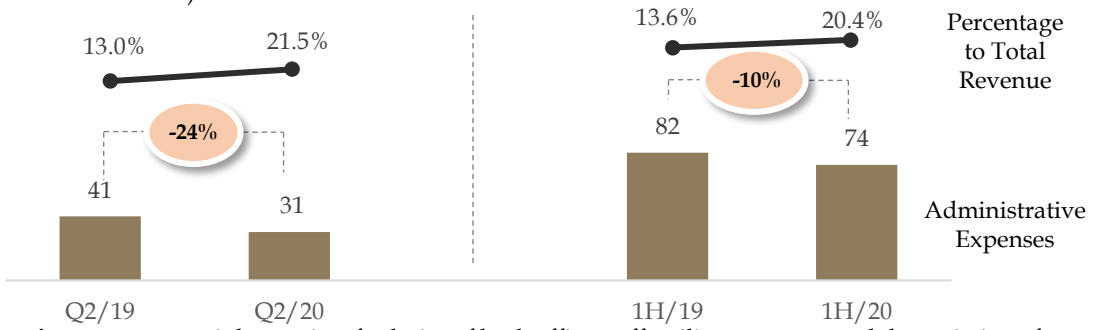
- Selling expenses in Q2/2020 was THB 52 million which decreased by THB 33 million or 39% from Q2/2019 due to the decrease in salary expenses of branch employees and the exemption of rental expenses.
- Selling expenses to total revenue in Q2/2020 was 36.1% which increased by 9.1% from Q2/2019 as the decline in operating revenues is greater than the cost saving from staff-related expenses and the exemption of rental expense.

1H 1H/2020 vs 1H/2019

- For the first half (1H) of 2020, selling expenses was THB 128 million, decreased by THB 32 million or 20% from 1H/2019 due to the cut down in branch employee-related expenses in Q2/2020 and the exemption of rental expenses as a result of the temporary closure of the dine-in areas.
- Selling expense to total revenue in H1/2020 was 35.3% which increased by 8.8% from 1H/2019 as the decrease in total operating revenues is greater than the cost saving from staff-related expenses and the exemption of rental expense.

4. Administrative Expenses:

(Unit: THB Million)



Administrative expenses mainly consist of salaries of back office staff, utility expenses, and depreciation of property, plant, and equipment in the back office.

YoY Q2/2020 vs Q2/2019

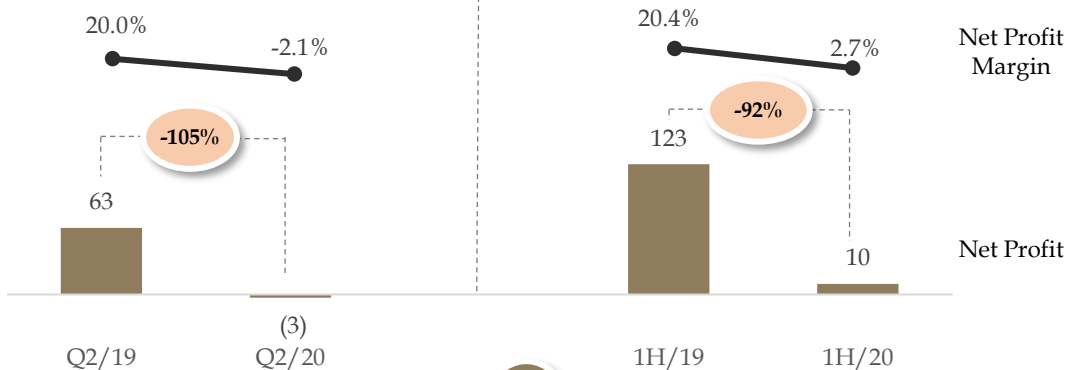
- Administrative expenses in Q2/2020 was THB 31 million, decreased by THB 10 million or 24% from Q2/2019 mainly due to the decrease in salary expenses of the back-office employee as a result of the leave-without-pay policy.
- Admin expenses to total revenue in Q2/2020 was 21.5% which increased by 8.5% from Q2/2019 due to the decline in operating revenue corresponding COVID-19 situation despite the extensive cost-saving plans to decrease administrative expenses.

1H 1H/2020 vs 1H/2019

- For the first half (1H) of 2020, administrative expenses was THB 74 million which slightly decreased by THB 8 million or 10% from 1H/2019 due to the saving in administrative expenses as a result of leave-without-pay policy.
- Admin expenses to total revenue in 1H/2020 was 20.4% which increased by 6.8% from 1H/2019 due to the decline in operating revenue in Q2/2020 despite the saving plan to cut down administrative expenses of back-office employee.

5. Net Profit and Net Profit Margin:

(Unit: THB Million)



YoY Q2/2020 vs Q2/2019

- Net profit in Q2/2020 was THB -3 million which decreased by THB 66 million or 105% from Q2/2019 due to the decrease in operating revenue as a result of pandemic situation.
- Net profit margin in Q2/2020 was -2.1% which decreased by 22.2% from Q2/2019 due to the decline in total revenue although SG&A expenses were also lowered from the cost-saving plans that have been carried out.

1H 1H/2020 vs 1H/2019

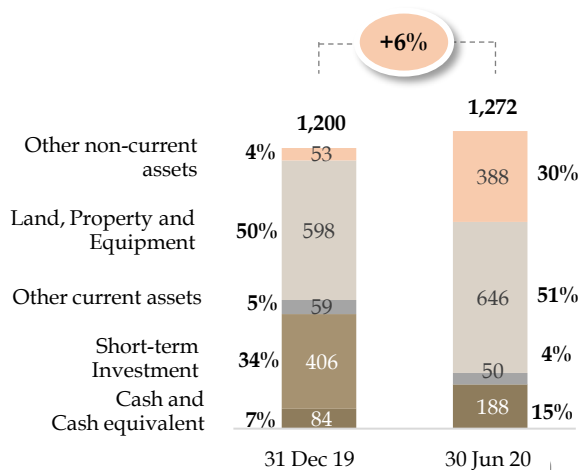
- For the first half (1H) of 2020, net profit was THB 10 million which decreased by THB 113 million or 92% from 1H/2019 due to the decrease in revenue as a result of the COVID-19 situation although the expenses declined as a result of the saving in salary expenses and the exemption in rental fee.
- Net profit margin in 1H/2020 was 2.7% which decreased by 17.7% from 1H/2019. The decrease reflects the decline in operating revenue despite lessen SG&A from the cost-cutting plans.



Analysis of Statement of Financial Position

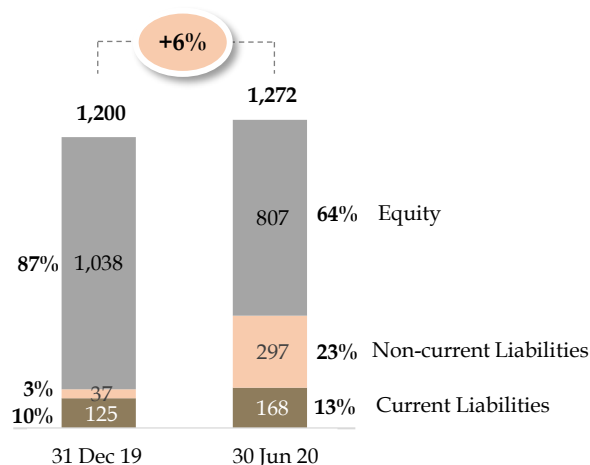
Total Assets

(THB million)



Total Liabilities and Equities

(THB million)



Total Assets

As of 30 June 2020, the total assets of the Company were THB 1,272 million, increased by THB 72 million or 6% from 31 December 2019. Significant changes are highlighted as follows:

- **Cash and Cash Equivalent** increased by THB 104 million as the Company intended to sell off all **short-term investments** to secure liquidity position in cash.
- **Land, property, plant and equipment** increased by THB 48 million or 8% because of the plant expansion to support overseas franchise and the opening of new 3 branches in Thailand.
- **Other non-current assets** increased by THB 335 million mainly due to the recognition of right-of-use assets amounting to THB 338 million following the adoption of IFRS 16.

Total Liabilities

As of 30 June 2020, the total liabilities of the Company were THB 465 million, increased by THB 303 million or 187% from 31 December 2019.

- **Current liabilities** increased by THB 43 million mainly due to the THB 81 million recognition of the **Current Portion of Liabilities under lease agreement**.
- **Non-Current liabilities** increased by THB 260 million mainly due to the THB 273 million increase in **Non-Current Portion of Liabilities under lease agreement** following the adoption of IFRS 16.

Total Equity

As of 30 June 2020, the total equity of the Company was THB 807 million, decreased by THB 231 million or 22% from 31 December 2019. The decrease was due to the **dividend** in Q2/2020 with the amount of THB 237 million.