

Ref. AU 004/2017

20 February 2017

Subject: Management Discussion and Analysis for the year ended 31 December 2016

To : Director and the President
The Stock Exchange of Thailand

Summary of the Company's Financial Position and Operating Result for the year ended 31 December 2016

After You Public Company Limited (the "Company") operates dessert and bakery businesses. The Company divided its businesses into 2 categories, including

- 1) Dessert café under the trademark name of "After You" and "Maygori". As of 31 December 2016, there are 18 branches of After You dessert café (15 branches as of 31 December 2015) and 2 branches of Maygori
- 2) Catering service and original equipment manufacturers (OEM) for parties, wedding receptions, and any festivals. In addition, the Company produces its products under its trademark for airline business, restaurants and etc. such products as pies, cookies and bakeries.

The Company has a subsidiary, Aurum and Aurum Company Limited (together with the Company, the "Group") which operates raw material and equipment sourcing and import.

Analysis of Financial Performance

Revenues

Business categories	Operated by	For the year ended 31 December				Changes Increase (Decrease)
		2015		2016		
		THB mm	%	THB mm	%	
Sales						
1. Sales from Dessert café	Company	406.6	98.0	597.8	98.3	47.0
2. Sales from Catering service and OEM	Company	7.7	1.9	8.6	1.4	11.7
Total sales		414.3	99.9	606.4	99.7	46.4
Other revenues		0.6	0.1	2.0	0.3	233.3
Total revenues		414.9	100.0	608.4	100.0	46.6

For the year ended 31 December 2016, sales increase significantly from THB 414.3 million in 2015 to THB 606.4 million or accounted for 46.4%. The sale growth was primarily attributed to same store sales growth (SSSG) of 7.7% due to the popularity of shaved ice dessert “Kagikori” and the new menu which attracted both new and existing customers to the café. In addition, the increased was also contributable by the introduction of 5 new branches from last year.

The Group had other revenues of THB 2.0 million in 2016 which increased from THB 0.6 million in 2015. Other revenues mainly consist of compensation for the delayed construction of the branch.

Cost of Sales and Gross Profit

Unit : THB mm Unless otherwise stated	For the year ended 31 December	
	2015	2016
Total sales	414.3	606.4
Cost of sales	156.2	217.8
Gross Profit	258.1	388.6
Gross Profit Margin (%)	62.3	64.1

For the year ended 31 December 2016, gross profit of the Group was THB 388.6 million or equivalent to gross profit of 64.1%. Comparing to gross profit margin of 62.3% last year, it showed that the Group had better cost management. In particular, cost management of raw materials used in production which is the main cost of sales of the Group.

Selling Expenses

Selling expenses mainly consist of salary for the café’s staff, space and equipment rental expenses at each After You dessert café and Maygori, utility expenses, and other selling expenses such as marketing and promotional expenses, and depreciation of asset in each branch. For the year ended 2015 and 2016, selling expenses was THB 122.2 million and 178.5 million, respectively. Selling expenses increased THB 56.4million or 46.1%, mainly attributable to increase expenses from new branches which require additional staff and increase rental expenses. Nevertheless, the selling expenses remains at 29.4% of total revenues which is lower than 29.5% of total revenues from last year. The decrease was mainly attributable to the more efficient cost management by the Company’s executives which impose a monthly cost control review since 2015 in order to manage and reduce cost in every aspect.

Administrative Expenses

For the year ended 31 December 2015 and 2016, administrative expenses increased from THB 58.3 million to THB 84.2 million which equal to THB 25.9 million increasing or accounted for 44.3%. This was mainly attributable to the increased employees at the Company's head office to support the increased sales and workloads in each café. In addition, the Company recorded the difference between the selling price and the fair value of the ordinary shares subscribed by the Company's management and/or employees according to the Company's employee stock option plan (ESOP), amounting to Baht 7.7 million, as expense in 2016. Percentage of administrative expenses to total revenue in 2016 excluded ESOP expense was 12.6% which was better than 13.1% in 2015 (not including loss from early termination of lease agreement of THB 4.1 million in 2015).

Financial Cost

Financial cost in 2015 and 2016 was THB 5.7 million and THB 6.8 million which accounted for 1.4% and 1.1% of total revenues, respectively. The increased financial cost was mainly attributable to increase in long-term loan from financial institution for land purchase, factory construction, and equipment purchase with the interest rate of MLR-1 per year and increase in loan from third parties with interest rate of 4.0% per year.

Tax Expenses

Tax expenses in 2015 and 2016 were 15.0 million and 22.3 million, respectively or equivalent to effective tax rate of 20.7% and 18.5%, respectively. Lower percentage in 2016 than 2015 was because the Group utilized the tax privilege for investment in assets according to the Royal Decree no. 604.

Net Profit and Net Profit Margin

Net profit significantly increased from THB 57.5 million in 2015 to THB 98.8 million in 2016 due to the great response to the shaved ice menu (Kagikori) since mid-2015, the introduction of 5 new branches of After You and Maygori in 2016, and better cost management including cost of sales, selling expenses, and administrative expenses. In addition, net profit margin also increases significantly from 13.9% in 2015 to 16.2% in 2016.

Analysis of Financial Position

Assets

As of 31 December 2015 and 31 December 2016, the Group had total assets of THB 363.8 million and THB 981.9 million, respectively which mainly consist of cash and cash equivalents, and property, plant and

equipment. The increase was mainly attributable to increase in cash and cash equivalents from the initial public offering (IPO) and increase in property, plant and equipment from the record of decoration and equipment in new branches and construction in progress of the head office, distribution and training center started since June 2016.

Liabilities

As of 31 December 2015 and 31 December 2016, the Group had total liabilities of THB 246.8 million and THB 173.1 million, respectively which mainly consist of trade and other payables, liabilities under financial lease, long-term loans from third parties, long-term loans from financial institution, deferred tax liabilities, and dividend payable. The decrease was mainly due to the full repayment of loans from unrelated parties and interest.

Shareholders' Equity

As of 31 December 2015 and 31 December 2016, the Group had shareholders' equity of THB 117.0 million and THB 808.8 million, respectively. The increase in shareholders' equity was mainly attributed to premium on shares from the initial public offering (IPO).

Please be informed accordingly,



Yours sincerely,

A handwritten signature in blue ink, appearing to read "Maetup T. Suwan".

(Mr. Maetup T. Suwan)

Managing Director