

23 February 2022

Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

**Business Performance Overview of 2022**

From the economic condition in Thailand that are still uncertain due to the impact of the situation of the coronavirus infection (Covid-19) that began spreading since late Q1'2020 continued to the present. This greatly affects the operations of various business sectors and cannot be avoided. Nevertheless, the overall investment in industrial projects related to the Group's business, is still ongoing as planned but there may be a slowdown in the process according to the epidemic situation.

In addition, as a result of measures to control the epidemic in many countries affects the manufacturing sector throughout the supply chain. There is a shortage of raw materials due to disruption caused by factory closures or partial operations. It also affects the export sector i.e. a disruption in the transportation and a shortage of containers. Consequently, the Group has been affected by the delay in the process from importing goods from abroad to Thailand.

The labor shortage in Thai industrial sector continues to increase continuously. This also affects the operation of the Group in recruiting technician labor for the production of products and providing services.

From the impact of economic and industrial conditions as aforementioned, together with the revenue recognition of the Group that is subject to the delivery schedule according to the availability of the customers' on-site location, and scheduling service for a period of time that has been agreed with the customers which may be postponed in consonance with the circumstances. As well as greatly increased competition. As a result, the overall operating income of the Group has slightly decreased by 7%.

In the year 2021, the Group had revenue from new business unit, according to the business plan, by focusing on alternative energy such as solar cells. The Company's existing customers such as the cold storage industry and the warehouse and logistics industry, have physical characteristics that are appropriate and conducive to investment in such products. In addition, at the end of the fourth quarter of 2021, the Group's work in process have significantly increased by 112% which will be delivered from the first quarter of 2022 onwards.

The gross profit margin has decreased slightly by 1% from the previous year, due to the impact of price competition that has increased significantly from the current epidemic situation. Thus, the Group has to adjust the strategy of setting the selling price in accordance with the environmental factors. In addition, the cost of



goods and services has increased from the impact of the Thai baht depreciation, significant rise in steel prices and oil prices in the market including the increased cost of importing goods. However the Group continues to manage expenses in all aspects to be efficient. As a consequence, the Group still has operating profits under the current Thai economic situation.

The Group's products are fundamental products of various industrial projects. The Group continues to receive orders from customers. The amount of works that has not yet been delivered at the end of the fourth quarter of 2021 is approximately Baht 414 million, an increase of 23% compared to the end of the previous year. The Group maintains a solid financial structure, having a good liquidity ratio and a low debt to equity ratio. The Group has continued to operate and has not scaled down the business.

### Consolidated Financial Performance for the year 2021

Operating Income			
(Thousand Baht)	2021	2020	%Chg.
Revenues from contracts with customers	502,073	538,294	(7%)
Other income	3,467	3,673	(6%)
<b>Total Operating Income</b>	<b>505,540</b>	<b>541,967</b>	<b>(7%)</b>

Revenues structure						
	2021		2020		Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%	Thousand Baht	%
<b>Revenue from sales and services</b>						
Crane and Electric Hoist	241,040	48%	252,097	47%	(11,057)	(4%)
Loading Dock and Equipment	76,174	15%	110,673	20%	(34,499)	(31%)
Solar cell system	12,790	2%	-	0%	12,790	100%
Warehouse management system and Equipment	929	0%	2,895	1%	(1,966)	(68%)
<b>Total revenue from sales and services</b>	<b>330,933</b>	<b>65%</b>	<b>365,665</b>	<b>67%</b>	<b>(34,732)</b>	<b>(9%)</b>
<b>Revenue from after sale services</b>						
Crane and Electric Hoist	133,709	27%	139,903	26%	(6,194)	(4%)
Loading Dock and Equipment	37,296	7%	32,480	6%	4,816	15%
Training center	135	0%	246	0%	(111)	(45%)
<b>Total revenue from after sale services</b>	<b>171,140</b>	<b>34%</b>	<b>172,629</b>	<b>32%</b>	<b>(1,489)</b>	<b>(1%)</b>
<b>Other income</b>	<b>3,467</b>	<b>1%</b>	<b>3,673</b>	<b>1%</b>	<b>(206)</b>	<b>(6%)</b>
<b>Total Operating Income</b>	<b>505,540</b>	<b>100%</b>	<b>541,967</b>	<b>100%</b>	<b>(36,427)</b>	<b>(7%)</b>



Total operating income for year 2021 of the Group was Baht 506 million, a decrease of Baht 36 million or 7% from the previous year. This is mainly due to the impact of economic and industrial conditions as mentioned above. The delays in the import process. The slowdown of the work plans in accordance with the epidemic situation. The postponements of the delivery schedule according to the availability of the customers' site location. The postponements of scheduling service. Together with the increasing competition. In this regard, each type of business can be analyzed as follows.

- Crane and Electric Hoist: The portion of revenue was 48% of total revenues. The revenue decreased from prior year by Baht 11 million or 4%. The main customers were Power plant, Steel and Aluminum, Petroleum and Petrochemical business sector.
- Loading Dock and Equipment: The portion of revenue was 15% of total revenues. The revenue decreased from prior year by Baht 34 million or 31%. The main customers were Hypermarket, Food and Agriculture, Warehouse and Logistic business sector.
- Solar cell system, a new segment of the Group: The portion of revenue was 2% of total revenues. The main customer was Food and Agriculture business sector.
- After sale services: The portion of revenue was 34% of total revenues which decreased from crane and hoist segment of Baht 6 million or 4%, the main customers were Automotive and Steel and Aluminum business sector, and increased from loading dock and equipment segment of Baht 5 million or 15% which have a tendency to increase revenue every year. This is an after-sales income due to the sales of loading docks which has grown significantly during the year 2018. The main customers were Hypermarket, Food and Agriculture, Warehouse and Logistic business sector.

During the first quarter of 2021, the Company received dividend of Baht 7.5 million from its subsidiary, which this transaction had been eliminated in the consolidated financial statements.

As at December 2021, the Group had revenues backlog of Baht 414 million, which increased by Baht 77 million or 23% compared to prior year, such backlog will gradually be recognized as revenues from the first quarter of 2022 onward.

Operating Expenses			
(Thousand Baht)	2021	2020	%Chg.
Cost of sales and services	359,126	381,075	(6%)
Selling expenses	28,262	29,913	(6%)
Administrative expenses	77,297	78,956	(2%)
<b>Total Operating Expenses</b>	<b>464,685</b>	<b>489,944</b>	<b>(5%)</b>



Total operating expenses for year 2021 of the Group were Baht 465 million, decreased from prior year of Baht 25 million or 5%.

- Cost of sales and services decreased by Baht 22 million or 6% in line with revenue from contracts with customers.
- Selling expenses and Administrative expenses had not changed significantly.

Other Items			
(Thousand Baht)	2021	2020	%Chg.
Finance income	1,312	2,106	(29%)
Finance cost	(75)	(166)	(24%)
Income tax expenses	(8,431)	(10,815)	(58%)
Total Other Items	(7,194)	(8,875)	(61%)

- Income tax expenses decreased in line with the operating profits.

Profitability Analysis			
(Thousand Baht)	2021	2020	%Chg.
Gross profit	142,947	157,219	(9%)
Gross profit margin	28%	29%	
Net profit	33,661	43,149	(22%)
Net profit margin	7%	8%	
Total comprehensive income	33,661	43,149	(22%)
Basic earnings per share (Baht)	0.06	0.07	(14%)

- Gross profit for the year 2021 decreased from prior year of Baht 14 million or 9% which decreased as the revenue from contracts with customers decreased. The gross profit margin for the year 2021 was 28% decreased from prior year by 1% due to the impact of price competition. The cost of goods and services has also increased from the impact of the Thai baht depreciation, significant rise in steel prices and oil prices in the market including the increased cost of importing goods.
- Net profit for the year 2021 decreased from prior year of Baht 9 million or 22% and net profit margin for the year 2021 was 7% which decreased from prior year by 1% in line with the decrease of revenue and gross profit.



Consolidated Financial Position for the year 2021

Financial Position			
(Thousand Baht)	2021	2020	%Chg.
Total Assets	1,081,015	1,023,451	6%
Total Liabilities	241,094	175,191	38%
Total Shareholders' Equity	839,921	848,260	(1%)

- Total assets increased of Baht 58 million or 6%. The mainly causes due to
  - Cash and cash equivalent decreased by Baht 73 million, mainly due to payment for investments in fixed assets and the dividend payment during the second quarter.
  - Trade accounts receivable increased by Baht 25 million from the delivery of works during the fourth quarter.
  - Inventories increased by Baht 78 million from raw materials and work in progress to prepare for delivery. This is in line with the increasing revenue backlog.
  - Property, plant and equipment increased by Baht 26 million from the Company's office and factory renovation project.
- Total liabilities increased by Baht 66 million or 38%. The mainly causes due to
  - Trade accounts payable increased by Baht 8 million in line with purchase orders to support orders from customers.
  - Other payables increased by Baht 10 million from construction payables and import expenses.
  - Deposit received in advance increased by Baht 46 million in line with the increasing revenue backlog.
- Total shareholders' equity decreased of Baht 8 million or 1% which decreased from dividend payment of Baht 42 million and increased from net profit of the year by Baht 34 million.



## Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	2021	2020
Net cash from (used in) operating activities	(3,194)	124,293
Net cash from (used in) investing activities	(26,290)	120,538
Net cash used in financing activities	(43,269)	(61,927)
Net increase (decrease) in cash and cash equivalents	(72,753)	182,904
Beginning cash and cash equivalents	353,040	170,136
Ending cash and cash equivalents	280,287	353,040

For the year 2021, the Group had net decrease in cash and cash equivalent of Baht 73 million from the beginning balance of Baht 353 million. As a result, cash and cash equivalents at the end of the period was Baht 280 million. Details of cash flows by activities during the period were as follows:-

- Net cash from operating activities were Baht 3 million.
- Net cash used in investing activities were Baht 26 million mainly due to payment for investments in fixed assets.
- Net cash used in financing activities were Baht 43 million mainly due to dividend payment during the second quarter.

Ratios Analysis		
	2021	2020
Return on Asset (%)	4.01%	5.05%
Return on Equity (%)	3.99%	5.04%
Current ratio (x)	4.07	6.04
Total debt to equity (x)	0.29	0.21

Return on asset and return on equity decreased by 1.04% and 1.05%, respectively, due to the decrease of profit compared to the previous year.

Current ratio decreased by 1.97x and total debt to equity ratio increased by 0.08x, due to the increase of current liabilities from trade accounts payable, other payables and deposit received in advance.

