

11 May 2022

Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview for the first quarter of 2022

From the epidemic situation of the Coronavirus Disease 2019 (Covid-19) that continues to affect the economy in Thailand. As a result, it is still unable to fully recover. However, many business groups have adapted to be able to operate their business under changing circumstances. In consequence, an overall of investment projects in industrial sectors related to the Group's business is able to resume its usual operations as planned. As a result, the Group was able to deliver works and had revenue from sales and services increased by Baht 33 million or 35% compared to the same period of the previous year.

In addition, the Group had revenue from new business units, i.e. solar energy products, accounting for 5% of total revenue, which this new business unit has a good prospect in the future. This is due to the environmental conservation trend that will become an additional condition of the global trade structure. Including electricity rates that have a direction to increase as well.

However, due to the measures to control the epidemic in many countries. This affects the transport sector and the manufacturing sector throughout the supply chain. There were obstacles with delayed transportation and shortage of raw materials, causing the cost of goods and services to increase. Both from steel prices and oil prices in the market that rose significantly, including the increased cost of importing goods. As a result, the Group's gross profit margin has declined. In addition with the impact of price competition that has increased greatly, during the severe epidemic, the Group has to adjust the strategy of setting the selling price in accordance with the changing environmental factors.

The Group continues to manage expenses in all aspects to be efficient. Consequently, 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 first quarter of 2022 is approximately Baht 473 million, an increase of Baht 59 million or 14% 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.



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Consolidated Financial Performance for the first quarter of 2022

Operating Income			
(Thousand Baht)	1Q 2022	1Q 2021	%Chg.
Revenues from contracts with customers	123,117	90,865	35%
Other income	2,320	601	286%
Total Operating Income	125,437	91,466	37%

Revenues structure						
	1Q 2022		1Q 2021		Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%	Thousand Baht	%
Revenue from sales and services						
Crane and Electric Hoist	54,900	44%	35,144	38%	19,756	56%
Loading Dock and Equipment	18,996	15%	13,406	15%	5,590	42%
Solar cell system	6,170	5%	-	0%	6,170	100%
Warehouse system and Equipment	1,111	1%	-	0%	1,111	100%
Total revenue from sales and services	81,177	65%	48,550	53%	32,627	67%
Revenue from after sale services						
Crane and Electric Hoist	34,102	27%	30,847	34%	3,255	11%
Loading Dock and Equipment	7,778	6%	11,445	12%	(3,667)	(32%)
Training center	60	0%	23	0%	37	161%
Total revenue from after sale services	41,940	33%	42,315	46%	(375)	(1%)
Other income	2,320	2%	601	1%	1,719	286%
Total Operating Income	125,437	100%	91,466	100%	33,971	37%

Total operating income for the first quarter of 2022 of the Group was Baht 125 million, an increase of Baht 34 million or 37% from the same period of previous year.

- Revenue from sales and services increased by Baht 33 million or 67%, increasing in all segments. The revenue from crane and loading dock segment increased from the delivery of works according to the customers' schedule. In addition, the Group also had an increase in income from the new business segment, solar cells, amounting to Baht 6 million as well.
- Revenue from after sale services had no significant changed.
- Other incomes increased by Baht 2 million or 286% mainly due to gains from foreign exchange rates.



As at March 2022, the Group had revenues backlog of Baht 473 million, which increased by Baht 59 million or 14% compared to prior year, such backlog will gradually be recognized as revenues from the second of 2022 onward.

Operating Expenses			
(Thousand Baht)	1Q 2022	1Q 2021	%Chg.
Cost of sales and services	93,444	58,286	60%
Selling expenses	7,293	6,816	7%
Administrative expenses	20,007	17,702	13%
Total Operating Expenses	120,744	82,804	46%

Total operating expenses for the first quarter of 2022 of the Group were Baht 121 million, increased from the same period of prior year by Baht 38 million or 46%.

- Cost of sales and services increased according to the increase in revenue from contracts with customers.
- Selling expenses increased from employee commission expenses as income increases.
- Administrative expenses increased mainly from the expenses related to employees, depreciation from office and factory renovation and expenses for preventing and controlling the spread of the Coronavirus Disease 2019 within the Group's organization.

Other Items			
(Thousand Baht)	1Q 2022	1Q 2021	%Chg.
Finance income	331	330	0%
Finance cost	(10)	(27)	(63%)
Income tax expenses	(1,254)	(1,773)	(29%)
Total Other Items	(933)	(1,470)	(37%)

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

Profitability Analysis			
(Thousand Baht)	1Q 2022	1Q 2021	%Chg.
Gross profit	29,673	32,579	(9%)
Gross profit margin	24%	36%	
Net profit	3,760	7,192	(48%)
Net profit margin	3%	8%	
Basic earnings per share (Baht)	0.006	0.012	(50%)



- Gross profit for the first quarter of 2022 decreased by Baht 3 million or 9% from the same period last year, and gross profit margin for the first quarter of 2022 was 24%, decreased by 12% from the same period of previous year. This is due to the impact of intense price competition along with the rising cost of goods and services from steel prices and oil prices in the market that rose significantly. Including the cost of importing products that have increased as well.
- Net profit for the first quarter of 2022 decreased from the same period of the previous year by Baht 3 million or 48% and the net profit margin for the first quarter of 2022 was 3%, a decrease of 5% from the same period of the previous year, which decreased in line with lower gross profit.

Consolidated Financial Position for the first quarter of 2022

Financial Position			
(Thousand Baht)	March 2022	December 2021	%Chg.
Total Assets	1,090,161	1,081,015	1%
Total Liabilities	246,480	241,094	2%
Total Shareholders' Equity	843,681	839,921	0%

- Total assets increased of Baht 9 million or 1%, details as follows:
 - Cash and cash equivalents decreased by Baht 63 million mainly due to cash paid for purchase of goods and production expenses, and payments for investing in fixed assets and debentures.
 - Trade and other receivable decreased by Baht 24 million due to debt collection during the period.
 - Inventories increased by Baht 63 million from goods in transit and work in process to prepare for delivery. This is in line with the increasing revenue backlog.
 - Property, plant and equipment increased by Baht 19 million, mainly due to the asset of the power purchase agreement from solar cell by Baht 15 million and the renovation of the Company's office.
- Total liabilities increased by Baht 5 million or 2%. The mainly causes due to
 - Trade accounts payable increased by Baht 22 million due to the increase in purchase orders to support orders from customers.
 - Other payables decreased by Baht 6 million mainly due to payment of construction payables.
 - Deposit received in advance decreased by Baht 12 million due to the delivery of some projects during the period.
- Total shareholders' equity increased by Baht 4 million from net profit of the period.



Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	1Q 2022	1Q 2021
Net cash from (used in) operating activities	(25,469)	37,394
Net cash used in investing activities	(37,022)	(7,794)
Net cash used in financing activities	(110)	(398)
Net increase (decrease) in cash and cash equivalents	(62,601)	29,202
Beginning cash and cash equivalents	280,287	353,040
Ending cash and cash equivalents	217,686	382,242

For the first quarter of 2022, the Group had net decrease in cash and cash equivalent of Baht 62 million from the beginning balance of Baht 280 million. As a result, cash and cash equivalents at the end of the period was Baht 218 million. Details of cash flows by activities during the period were as follows:-

- Net cash used in operating activities amounted to Baht 25 million, mainly due to cash paid for purchase of goods and production expenses in order to prepare for the delivery of works according to the increasing customer orders.
- Net cash used in investing activities amounted to Baht 37 million, mainly due to cash paid for investing in fixed assets of Baht 27 million and net cash paid for investing in debenture of Baht 10 million.

Ratios Analysis		
	1Q 2022	1Q 2021
Return on Asset (%)	3.52%	4.27%
Return on Equity (%)	3.56%	4.24%
Current ratio (x)	3.83	4.58
Total debt to equity (x)	0.29	0.26

Return on asset and return on equity decreased by 0.75% and 0.68%, respectively, due to the decrease of profit compared to the previous year.

Current ratio decreased by 0.75x due to the decrease in current assets from investments in fixed assets and long-term debentures. Total debt to equity ratio increased by 0.03x which was not a significant change.

