

10 November 2022

Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview

The epidemic situation of Coronavirus Disease 2019 (Covid-19) continues to affect the economic recovery both inside and outside the country. However, many business groups have adapted to operate their business under changing circumstances. As a consequence, overall investment projects in industrial sectors related to the Group's business can resume their usual operations as planned. Therefore, the Group was able to deliver work and had a better performance than the previous year's period. The revenue from contracts with customers for the third quarter of 2022 increased by Baht 43 million or 42%, and for the nine months increased by Baht 160 million or 53%. The net profit for the third quarter of 2022 increased by Baht 13 million or 777%, and for the nine months increased by Baht 20 million or 179%.

In addition, the Group had revenue from new business units, i.e., solar energy products, accounting for 7% of total income. This new business unit has a good prospect in the future. It 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.

The gross profit margin of the Group for the third quarter of 2022 increased by 4%, from the same period of the previous year, due to the delivery of special projects during the period. However, the overall gross profit margin for the nine months of 2022 decreased due to the measures to control the epidemic in many countries that affect the transport and manufacturing sectors throughout the supply chain. There were obstacles with delayed transportation and a shortage of raw materials, causing the cost of goods and services to increase both from steel prices and oil prices in the market including the cost of importing goods. In addition, with the impact of price competition that has significantly increased during the severe epidemic, the Group has to adjust the strategy of setting the selling price following the changing environmental factors. Furthermore, the Group needs to penetrate the market for solar energy products. Therefore, the selling price of the product is set to be lower as well.

The Group's products are fundamental products of various industrial projects. The Group continues to receive orders from customers. The amount of work that has not yet been delivered at the end of the third quarter of 2022 is approximately Baht 603 million, an increase of Baht 189 million or 46% compared to the



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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 third quarter and nine-month period of 2022

Operating Income						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q	3Q	%Chg.	9M	9M	%Chg.
	2022	2021		2022	2021	
Revenues from contracts with customers	143,745	100,932	42%	463,526	303,608	53%
Other income	644	178	262%	5,414	591	816%
Total Operating Income	144,389	101,110	43%	468,940	304,199	54%

Revenues structure						
	9M 2022		9M 2021		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from sales and services						
Crane and Electric Hoist	195,793	42%	133,292	44%	62,501	47%
Loading Dock and Equipment	83,190	18%	48,306	16%	34,884	72%
Solar cell system	32,404	7%	90	0%	32,314	35,904%
Warehouse management system and Equipment	1,300	0%	-	0%	1,300	100%
Total revenue from sales and services	312,687	67%	181,688	60%	130,999	72%
Revenue from after-sale services						
Crane and Electric Hoist	116,263	25%	93,904	31%	22,359	24%
Loading Dock and Equipment	34,144	7%	27,964	9%	6,180	22%
Training center	432	0%	52	0%	380	731%
Total revenue from after-sale services	150,839	32%	121,920	40%	28,919	24%
Other income	5,414	1%	591	0%	4,823	816%
Total Operating Income	468,940	100%	304,199	100%	164,741	54%

The total operating income for the third quarter of 2022 of the Group amounted to Baht 144 million, an increase of Baht 43 million or 43% from the same period last year. The nine months of 2022 amounted to Baht 469 million, an increase from the same period of the previous year in the amount of Baht 165 million or 54%. This is due to the adaptation of the business group, which resulted in the investment overview of various projects resuming as planned.



- Revenue from sales and services increased by Baht 131 million or 72%, increasing from both the crane and loading dock segment, due to the delivery of project works according to the customers' schedules. In addition, the Group also had an increase in income from the new business segment, solar cells, amounting to Baht 32 million as well.
- After-sales service revenue increased by Baht 29 million or 24%, increasing from both the crane and loading dock segment, from the repair service with replacement parts, maintenance and repair service contract, and structure moving services.
- Other incomes increased by Baht 5 million or 816%, mainly due to gains from foreign exchange rates.

As of September 2022, the Group had a revenue backlog of Baht 603 million, which increased by Baht 189 million or 46% compared to the prior year; such backlog will gradually be recognized as revenues from the fourth quarter of 2022 onward.

Operating Expenses						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q 2022	3Q 2021	%Chg.	9M 2022	9M 2021	%Chg.
Cost of sales and services	99,340	73,495	35%	346,712	213,033	63%
Selling expenses	7,753	6,662	16%	22,999	20,104	14%
Administrative expenses	20,003	19,236	4%	61,293	57,900	6%
Total Operating Expenses	127,096	99,393	28%	431,004	291,037	48%

Total operating expenses for the third quarter of 2022 of the Group amounted to Baht 127 million, an increase from the same period of the previous year by Baht 28 million or 28%, and for the nine months of 2022 amounted to Baht 431 million, increased from the same period last year in the amount of Baht 140 million or 48% mainly due to

- Cost of sales and services increased in line with revenue from contracts with customers.
- Selling expenses increased from expenses related to salesperson and employee commission expenses, which increase as income increases.
- Administrative expenses increased mainly from employee costs and depreciation from office renovation.



Other Items						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q	3Q	%Chg.	9M	9M	%Chg.
	2022	2021		2022	2021	
Finance income	341	316	8%	1,122	1,033	9%
Finance cost	(7)	(15)	(53%)	(25)	(64)	(61%)
Income tax expenses	(3,303)	(385)	758%	(7,436)	(2,806)	165%
Total Other Items	(2,969)	(84)	3,435%	(6,339)	(1,837)	245%

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

Profitability Analysis						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q	3Q	%Chg.	9M	9M	%Chg.
	2022	2021		2022	2021	
Gross profit	44,405	27,437	62%	116,814	90,575	29%
Gross profit margin	31%	27%		25%	30%	
Net profit	14,324	1,633	777%	31,597	11,325	179%
Net profit margin	10%	2%		7%	4%	
Basic earnings per share (Baht)	0.024	0.003	700%	0.053	0.019	179%

- Gross profit for the third quarter of 2022 and the nine-month period of 2022 increased from last year according to the increase in income. The gross profit margin for the third quarter of 2022 increased by 4%, from the same period of the previous year, due to the delivery of special projects during the period. However, the overall gross profit margin for the nine months of 2022 decreased due to the impact of price competition, along with the rising cost of goods and services from steel prices and oil prices in the market, including the cost of importing products. In addition, the Group needs to penetrate the demand for solar energy products. Therefore, the price of the product is set to be lower as well.
- Net profit and net profit margin for the third quarter of 2022 and the nine-month period of 2022 increased as revenue and profit increased.



Consolidated Financial Position for the nine-month period of 2022

Financial Position			
(Thousand Baht)	September 2022	December 2021	%Chg.
Total Assets	1,062,556	1,081,015	(2%)
Total Liabilities	221,038	241,094	(8%)
Total Shareholders' Equity	841,518	839,921	0%

- Total assets decreased by Baht 18 million or 2%. The main causes due to
 - Cash and cash equivalents decreased by Baht 82 million mainly due to cash used in operating activities of Baht 11 million. Cash paid for the investment in fixed assets of Baht 32 million, net investment in bonds of Baht 10 million, and dividend payment in the second quarter of Baht 30 million.
 - Trade receivables decreased by Baht 24 million due to debt collection. Other receivables increased by Baht 3 million due to prepaid expenses for imported goods from abroad.
 - Inventories increased by Baht 54 million from raw materials and worked to prepare for delivery. It is in line with the increasing revenue backlog.
 - Property, plant and equipment net increased by Baht 16 million. The main assets are the asset of the power purchase agreement from the solar cell by Baht 16 million and the renovation of the Company's office.
- Total liabilities decreased by Baht 20 million or 8% mainly due to the decrease of deposits received in advance by Baht 23 million due to the delivery of some projects during the period.
- Total shareholders' equity increased by Baht 2 million which dropped from the dividend payment of Baht 30 million and increased from the net profit of Baht 32 million.



Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	9M 2022	6M 2021
Net cash from (used in) operating activities	(10,839)	13,792
Net cash used in investing activities	(41,092)	(24,859)
Net cash used in financing activities	(30,321)	(43,159)
Net decrease in cash and cash equivalents	(82,252)	(54,226)
Beginning cash and cash equivalents	280,287	353,040
Ending cash and cash equivalents	198,035	298,814

For the nine months of 2022, the Group had a net decrease in cash and cash equivalent of Baht 82 million from the beginning balance of Baht 280 million. As a result, cash and cash equivalents at the end of the period was Baht 198 million. Details of cash flows by activities during the period were as follows:-

- Net cash used in operating activities was Baht 11 million.
- Net cash used in investing activities amounted to Baht 41 million, mainly due to cash paid for investing in fixed assets of Baht 32 million and net cash paid for investing in a debenture of Baht 10 million.
- Net cash used in financing activities was Baht 30 million, mainly due to dividend payments in the second quarter.

Ratios Analysis		
	9M 2022	9M 2021
Return on Asset (%)	6.33%	2.78%
Return on Equity (%)	6.50%	2.76%
Current ratio (x)	4.32	4.08
Total debt to equity (x)	0.26	0.29

The return on asset and the return on equity increased by 3.55% and 3.74%, respectively, due to the increase in profit compared to the same period of the previous year.

The current ratio and the debt-to-equity ratio were no significant changes.

