

21 February 2023

Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview of 2022

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. The revenue from contracts with customers for the year 2022 increased by Baht 210 million or 42%. The net profit for the year 2022 increased by Baht 20 million or 58%.

In addition, the Group had revenue from new business units, i.e., solar energy products, in the amount of Baht 50 million or 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 overall gross profit margin of the Group for the year 2022 decreased by 3%, due to the increase in price competition from the current economic situation. 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 cost of goods and services also raised both from steel prices and oil prices in the market. Due to the recovery after the outbreak of Coronavirus Disease 2019 (Covid-19), the demand for steel in the industrial sector has increased, while raw materials remain scarce due to disruptions during the epidemic. This has continued to affect the imported goods that are delayed from the schedule. Including the state of the Russian-Ukrainian war that affects higher energy costs. Also, the labor shortage in the 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.



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 2022 is approximately Baht 545 million, an increase of Baht 131 million or 32% 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 2022

Operating Income			
(Thousand Baht)	2022	2021	%Chg.
Revenues from contracts with customers	712,136	502,073	42%
Other income	6,787	3,467	96%
Total Operating Income	718,923	505,540	42%

Revenues structure						
	2022		2021		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from sales and services						
Crane and Electric Hoist	321,800	45%	241,040	48%	80,760	34%
Loading Dock and Equipment	139,327	19%	76,174	15%	63,153	83%
Solar cell system	50,282	7%	12,790	2%	37,492	293%
Warehouse management system and Equipment	1,395	0%	929	0%	466	50%
Total revenue from sales and services	512,804	71%	330,933	65%	181,871	55%
Revenue from after-sale services						
Crane and Electric Hoist	150,214	21%	133,709	27%	16,505	12%
Loading Dock and Equipment	48,457	7%	37,296	7%	11,161	30%
Training center	661	0%	135	0%	526	390%
Total revenue from after-sale services	199,332	28%	171,140	34%	28,192	16%
Other income	6,787	1%	3,467	1%	3,320	96%
Total Operating Income	718,923	100%	505,540	100%	213,383	42%

The total operating income for the year 2022, of the Group, was Baht 719 million, an increase of Baht 213 million or 42% from the previous year. This is due to the adaptation of the business groups, which resulted in the investment overview of various projects resuming as planned. As a



result, the Group was able to deliver work and had a better performance than the previous year. In this regard, each type of business can be analyzed as follows.

- Crane and Electric Hoist: The portion of revenue was 45% of total revenues. The revenue increased from the prior year by Baht 81 million or 34%. The main customers were Power plants, Food preservation film, Automotive, Real Estate, Energy, and Government agency business sectors.
- Loading Dock and Equipment: The portion of revenue was 19% of total revenues. The revenue increased from the prior year by Baht 63 million or 83%. The main customers were Construction contractors, Hypermarkets, Food & Agriculture, and Warehouses & Logistic business sectors.
- Solar cell system, a new segment of the Group: The portion of revenue was 7% of total revenues. The revenue increased from the prior year by Baht 37 million or 293%. The main customer were Packaging, and Food & Agriculture business sectors.
- After-sale services: The portion of revenue was 28% of total revenues. The revenue increased from the prior year by Baht 28 million or 16%, increasing from both the crane and loading dock segments. The main customers were Automotive, Steel & Aluminum, Hypermarket, and Food & Agriculture business sectors.

Other income increased by Baht 3 million or 96% from the previous year, mainly due to gains from exchange rates and income from damage recovered from the letter of guarantee of the office building contractor.

As of December 2022, the Group had a revenues backlog of Baht 545 million, which increased by Baht 131 million or 32% compared to the prior year, such backlog will gradually be recognized as revenues from the first quarter of 2023 onward.

Operating Expenses			
(Thousand Baht)	2022	2021	%Chg.
Cost of sales and services	536,092	359,126	49%
Selling expenses	32,825	28,262	16%
Administrative expenses	85,710	77,297	11%
Total Operating Expenses	654,627	464,685	41%

Total operating expenses for the year 2022 of the Group were Baht 655 million, an increase from the prior year of Baht 190 million or 41%.



- Cost of sales and services increased by Baht 177 million or 49%, in line with revenue from contracts with customers.
- Selling expenses increased by Baht 5 million or 16% mainly from expenses related to salespersons, and employee commission expenses which increase as income increases.
- Administrative expenses increased by Baht 8 million or 11% mainly from employee costs and depreciation from office renovation.

Other Items			
(Thousand Baht)	2022	2021	%Chg.
Finance income	1,554	1,312	18%
Finance cost	(31)	(75)	(59%)
Income tax expenses	(12,675)	(8,431)	50%
Total Other Items	(11,152)	(7,194)	55%

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

Profitability Analysis			
(Thousand Baht)	2022	2021	%Chg.
Gross profit	176,044	142,947	23%
Gross profit margin	25%	28%	
Net profit	53,144	33,661	58%
Net profit margin	7%	7%	
Total comprehensive income	53,236	33,661	58%
Basic earnings per share (Baht)	0.09	0.06	50%

- Gross profit for the year 2022 increased from last year by Baht 33 million or 23% according to the increase in income. The gross profit margin for the year 2022 was 25%, which decreased by 3%, from the same period of the previous year, 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. 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 for the year 2022 increased by Baht 19 million or 58% from the previous year, in line with the increase in revenue and gross profit. The net profit margin was 7%, the same as last year.



Consolidated Financial Position for the year 2022

Financial Position			
(Thousand Baht)	2022	2021	%Chg.
Total Assets	1,166,435	1,081,015	8%
Total Liabilities	303,278	241,094	26%
Total Shareholders' Equity	863,157	839,921	3%

- Total assets increased by Baht 85 million or 8%. The main causes due to
 - Cash and cash equivalents decreased by Baht 41 million. The Group had cash received from operating activities of Baht 39 million. Also paid for the investment in fixed assets of Baht 41 million, net investment in corporate bonds of Baht 10 million, and dividend payment in the second quarter of Baht 30 million.
 - Trade accounts receivable increased in the amount of Baht 39 million, in the same direction as the increase in revenue. Other receivables increased by Baht 40 million from advance payments for imported goods to support customer orders.
 - Inventories increased by Baht 12 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 net increased by Baht 19 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.
 - Other non-current financial assets net increase of Baht 10 million from investors in corporate bonds.
- Total liabilities increased by Baht 62 million or 26%. The main causes due to
 - Trade accounts payable increased by Baht 28 million in line with purchase orders to support orders from customers. Other payables decreased by Baht 7 million mainly due to the payment of construction creditors.
 - Deposit received in advance increased by Baht 9 million in line with the increasing revenue backlog.
 - Accrued expenses increased by Baht 17 million mainly due to employee bonus expenses and employee commission expenses which are in the same direction as operating results and revenues that have increased.
 - Provision for long-term employee benefits increased by Baht 5 million due to the Group reassessing the liabilities in the current year.



- Total shareholders' equity increased by Baht 23 million or 3% which increased from the total comprehensive income of the year by Baht 53 million and decreased from dividend payment of Baht 30 million.

Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	2022	2021
Net cash from (used in) operating activities	39,038	(3,194)
Net cash used in investing activities	(49,728)	(26,290)
Net cash used in financing activities	(30,409)	(43,269)
Net decrease in cash and cash equivalents	(41,099)	(72,753)
Beginning cash and cash equivalents	280,287	353,040
Ending cash and cash equivalents	239,188	280,287

For the year 2022, the Group had a net decrease in cash and cash equivalents of Baht 41 million from the beginning balance of Baht 280 million. As a result, cash and cash equivalents at the end of the year were Baht 239 million. Details of cash flows by activities during the year were as follows:-

- Net cash from operating activities was Baht 39 million.
- Net cash used in investing activities amounted to Baht 50 million, mainly due to cash paid for investing in fixed assets of Baht 41 million and net cash paid for investing in corporate bonds of Baht 10 million.
- Net cash used in financing activities was Baht 30 million, mainly due to dividend payments in the second quarter of the year.

Ratios Analysis		
	2022	2021
Return on Asset (%)	5.86%	4.01%
Return on Equity (%)	6.24%	3.99%
Current ratio (x)	3.35	4.07
Total debt to equity (x)	0.35	0.29

The return on asset and the return on equity increased by 1.85% and 2.25%, respectively, due to the increase in profit compared to the previous year.



The current ratio decreased by 0.72x and the debt-to-equity ratio increased by 0.06x due to an increase in the current liabilities portion from trade accounts payable and accrued expenses.

