

9 August 2023

Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

**Business Performance Overview**

As a result of the economic recovery after the outbreak of Coronavirus Disease 2019, the overall investment in various projects in the industrial sector related to the business of the Group was able to resume operations as planned. Consequently, the Group was able to deliver work and have better operating results compared to the same period last year. The revenue from contracts with customers for the second quarter of 2023 increased by Baht 1 million or 1% and for the six-month period of 2023 increased by Baht 56 million or 18%. The net profit for the second quarter of 2023, an increase of Baht 11 million or 81%, and for the six-month period of 2023, an increase of Baht 23 million or 137%.

The overall gross profit margin for the second quarter and the six-month period of 2023 of the Group increased due to the delivery of special engineering projects during the period, together with the management of both raw materials and expenses in every aspect to be effective continuously.

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 second quarter of 2023 is approximately Baht 522 million, a slight decrease of 4% 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 second quarter and the six-month period of 2023**

Operating Income						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q	2Q	%Chg.	6M	6M	%Chg.
	2023	2022		2023	2022	
Revenues from contracts with customers	197,996	196,664	1%	375,982	319,781	18%
Other income	2,113	2,450	(14%)	2,406	4,770	(50%)
<b>Total Operating Income</b>	<b>200,109</b>	<b>199,114</b>	<b>0%</b>	<b>378,388</b>	<b>324,551</b>	<b>17%</b>



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Revenues structure						
	6M 2023		6M 2022		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
<b>Revenue from sales and services</b>						
Crane and Electric Hoist	166,100	44%	145,220	45%	20,880	14%
Loading Dock and Equipment	52,868	14%	53,829	17%	(961)	(2%)
Solar cell system	30,221	8%	26,792	8%	3,429	13%
Warehouse system and Equipment	3,576	1%	1,111	0%	2,465	222%
EV Charger Station	33	0%	-	-	33	100%
<b>Total revenue from sales and services</b>	<b>252,798</b>	<b>62%</b>	<b>226,952</b>	<b>70%</b>	<b>25,846</b>	<b>11%</b>
<b>Revenue from after-sales service</b>						
Crane and Electric Hoist	96,449	25%	73,921	23%	22,528	30%
Loading Dock and Equipment	26,356	7%	18,693	6%	7,663	41%
Training center	379	0%	215	0%	164	76%
<b>Total revenue from after-sales service</b>	<b>123,184</b>	<b>32%</b>	<b>92,829</b>	<b>29%</b>	<b>30,355</b>	<b>33%</b>
<b>Other income</b>	<b>2,406</b>	<b>1%</b>	<b>4,770</b>	<b>1%</b>	<b>(2,364)</b>	<b>(50%)</b>
<b>Total Operating Income</b>	<b>378,388</b>	<b>100%</b>	<b>324,551</b>	<b>100%</b>	<b>53,837</b>	<b>17%</b>

Total operating income for the second quarter of 2023 of the Group amounted to Baht 200 million, an increase of Baht 1 million or 0% from the same period last year, and for the six-month period of 2023, an increase of Baht 378 million from the same period last year in the amount of Baht 54 million or 17%. This is due to the recovery of the economy after the outbreak of the coronavirus disease 2019, resulting in the overall investment of various projects that can resume operations as planned more normally.

- Revenue from sales and services increased by Baht 26 million or 11% mainly from the crane segment as from the delivery of work according to the customer's project schedule.
- Revenue from after-sales service increased by Baht 30 million or 33% from sales of spare parts, repair service, and maintenance service contracts according to the number of products sold by the group of companies.
- Other income decreased by Baht 2 million or 50% mainly due to a gain on exchange rate last year.



As of June 2023, the Group's backlog revenue was Baht 522 million, a slight decrease from the previous year in the amount of Baht 24 million or 4%, which will be gradually recognized as revenue from the third quarter of 2023 onwards.

Operating Expenses						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q 2023	2Q 2022	%Chg.	6M 2023	6M 2022	%Chg.
Cost of sales and services	136,949	153,928	(11%)	264,242	247,372	7%
Selling expenses	8,811	7,953	11%	16,825	15,246	10%
Administrative expenses	24,572	21,283	15%	48,303	41,290	17%
<b>Total Operating Expenses</b>	<b>170,332</b>	<b>183,164</b>	<b>(7%)</b>	<b>329,370</b>	<b>303,908</b>	<b>8%</b>

Total operating expenses for the second quarter of 2023 of the Group amounted to Baht 170 million, a decrease of Baht 13 million or 7% from the same period last year, and for the six-month period of 2023 amounted to Baht 329 million. An increase of Baht 25 million or 8% from the same period last year.

- Cost of sales and services for the six-month period increased following the increase in revenue from contracts with customers. For the second quarter, it decreased due to the management of both raw materials and expenses in every aspect for continuous efficiency.
- Selling expenses increased mainly due to the expenses related to sales staff and sale commission expenses, which increased in line with increasing revenues.
- Administrative expenses increased mainly from employee expenses, allowance for credit losses of debtors, and loss from exchange rates.

Other Items						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q 2023	2Q 2022	%Chg.	6M 2023	6M 2022	%Chg.
Finance income	697	450	55%	1,101	781	41%
Finance cost	(26)	(8)	225%	(31)	(18)	72%
Income tax expenses	(5,940)	(2,879)	106%	(9,727)	(4,133)	135%
<b>Total Other Items</b>	<b>(5,269)</b>	<b>(2,437)</b>	<b>116%</b>	<b>(8,657)</b>	<b>(3,370)</b>	<b>157%</b>

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



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Profitability Analysis						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q	2Q	%Chg.	6M	6M	%Chg.
	2023	2022		2023	2022	
Gross profit	61,047	42,736	43%	111,740	72,409	54%
Gross profit margin	31%	22%		30%	23%	
Net profit	24,508	13,513	81%	40,361	17,273	134%
Net profit margin	12%	7%		11%	5%	
Basic earnings per share (Baht)	0.041	0.023	78%	0.067	0.029	131%

- Gross profit for the second quarter and the six-month period of 2023 of the Group increased from the same period last year, in the same direction as increasing income. The gross profit margin for the second quarter and the six-month period of 2023 increased from the same period last year. Due to the delivery of special engineering projects during the period, together with the management of both raw materials and expenses in every aspect to be continuously efficient.
- Net profit and net profit margin for the second quarter and for the six-month period of 2023 increased from the same period last year, in the same direction as the increase in revenue and gross profit.

#### Consolidated Financial Position for the six-month period of 2023

Financial Position			
(Thousand Baht)	June 2023	December 2022	%Chg.
Total Assets	1,121,818	1,166,435	(4%)
Total Liabilities	260,300	303,278	(14%)
Total Shareholders' Equity	861,518	863,157	0%

- Total assets decreased by Baht 45 million or 4%, details as follows:
  - Cash and cash equivalents decreased by Baht 13 million. The Group had cash from operating activities of Baht 61 million and had cash used for investments in fixed deposits of Baht 30 million, investments in fixed assets of Baht 4 million, and paid dividends of Baht 42 million.
  - Trade accounts receivable decreased in the amount of Baht 25 million baht from receipt of payment. Other receivables decreased in the amount of Baht 38 million mainly due to advance payment for goods imported from abroad because the goods have already been imported during the period.
  - Other current financial assets increased by Baht 30 million from investments in fixed deposits.



- Total liabilities decreased by Baht 43 million or 14%, details as follows:
  - Trade and other payables decreased by Baht 13 million due to debt repayment during the period.
  - Deposit received in advance increased by Baht 14 million which was in the same direction as the order received from customers.
  - Accrued expenses decreased by Baht 12 million from the payment to contractor and employee bonuses in April.
- Total shareholders' equity decreased by Baht 2 million or 0%, increased from net profit for the period Baht 40 million, and decreased from dividend payment of Baht 42 million.

### Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	6M 2023	6M 2022
Net cash from operating activities	60,697	777
Net cash used in investing activities	(32,039)	(39,558)
Net cash used in financing activities	(42,218)	(30,206)
<b>Net decrease in cash and cash equivalents</b>	<b>(13,560)</b>	<b>(68,987)</b>
Beginning cash and cash equivalents	239,188	280,287
<b>Ending cash and cash equivalents</b>	<b>225,628</b>	<b>211,300</b>

For the six-month period of 2023, the Group had a net decrease in cash and cash equivalent of Baht 13 million from the beginning balance of Baht 239 million. As a result, cash and cash equivalents at the end of the period were Baht 226 million. Details of cash flows by activities during the period were as follows:-

- Net cash from operating activities amounted to Baht 61 million.
- Net cash used in investing activities amounted to Baht 32 million from investment in fixed deposits in the amount of Baht 30 million and paid for investment in fixed assets in the amount of Baht 4 million.
- Cash flow used in financing activities amounted to Baht 42 million mainly due to dividend payment during the period.



Ratios Analysis		
	6M 2023	6M 2022
Return on Asset (%)	8.63%	5.03%
Return on Equity (%)	9.03%	5.02%
Current ratio (x)	3.86	3.84
Total debt to equity (x)	0.30	0.29

Return on asset and return on equity increased by 3.60% and 4.01%, respectively, in line with the increase in profit compared to the same period last year.

There is no significant change in the current ratio and debt-to-equity ratio.

