

9 November 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 third quarter of 2023 increased by Baht 30 million or 21%, and for the nine months of 2023 increased by Baht 86 million or 19%. The net profit for the third quarter of 2023 was an increase of Baht 11 million or 77%, and for the nine months of 2023, an increase of Baht 34 million or 108%.

The overall gross profit margin for the third quarter and the nine months of 2023 increased due to the delivery of special engineering projects, together with the management of 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 yet to be delivered at the end of the third quarter of 2023 is approximately Baht 518 million, a slight decrease of 5% 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 third quarter and the nine months of 2023**

Operating Income						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q 2023	3Q 2022	%Chg.	9M 2023	9M 2022	%Chg.
Revenues from contracts with customers	173,720	143,745	21%	549,702	463,526	19%
Other income	632	644	(2%)	3,038	5,414	(44%)
<b>Total Operating Income</b>	<b>174,352</b>	<b>144,389</b>	<b>21%</b>	<b>552,740</b>	<b>468,940</b>	<b>18%</b>



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Revenues structure						
	9M 2023		9M 2022		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
<b>Revenue from sales and services</b>						
Crane and Electric Hoist	238,327	43%	195,793	42%	42,534	22%
Loading Dock and Equipment	88,102	16%	83,190	18%	4,912	6%
Solar cell system	33,287	6%	32,404	7%	884	3%
Warehouse system and Equipment	4,029	1%	1,300	0%	2,729	210%
EV Charger Station	103	0%	-	-	103	100%
<b>Total revenue from sales and services</b>	<b>363,848</b>	<b>66%</b>	<b>312,687</b>	<b>67%</b>	<b>51,161</b>	<b>16%</b>
<b>Revenue from after-sales service</b>						
Crane and Electric Hoist	144,528	26%	116,263	25%	28,265	24%
Loading Dock and Equipment	40,643	7%	34,144	7%	6,499	19%
Training center	683	0%	432	0%	251	58%
<b>Total revenue from after-sales service</b>	<b>185,854</b>	<b>33%</b>	<b>150,839</b>	<b>32%</b>	<b>35,015</b>	<b>23%</b>
<b>Other income</b>	<b>3,038</b>	<b>1%</b>	<b>5,414</b>	<b>1%</b>	<b>(2,376)</b>	<b>(44%)</b>
<b>Total Operating Income</b>	<b>552,740</b>	<b>100%</b>	<b>468,940</b>	<b>100%</b>	<b>83,800</b>	<b>18%</b>

Total operating income for the third quarter of 2023 of the Group amounted to Baht 174 million, an increase of Baht 30 million or 21% from the same period last year. For the nine months of 2023, the amount was Baht 553 million, an increase from the same period the previous year of Baht 84 million or 18%. 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 51 million or 16%, mainly from the crane segment as from the delivery of work according to the customers' project schedule.
- Revenue from after-sales service increased by Baht 35 million or 23% 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 44%, mainly due to a gain on the exchange rate last year.



As of September 2023, the Group's backlog revenue was Baht 518 million, a slight decrease from the previous year in Baht 27 million or 5%, which will be gradually recognized as revenue from the fourth quarter of 2023 onwards.

Operating Expenses						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q 2023	3Q 2022	%Chg.	9M 2023	9M 2022	%Chg.
Cost of sales and services	113,390	99,340	14%	377,632	346,712	9%
Selling expenses	8,664	7,753	12%	25,489	22,999	11%
Administrative expenses	21,268	20,003	6%	69,571	61,293	14%
<b>Total Operating Expenses</b>	<b>143,322</b>	<b>127,096</b>	<b>13%</b>	<b>472,692</b>	<b>431,004</b>	<b>10%</b>

Total operating expenses for the third quarter of 2023 of the Group amounted to Baht 143 million, an increase of Baht 16 million or 13% from the same period last year, and for the nine months of 2023 amounted to Baht 473 million, an increase of Baht 42 million or 10% from the same period the previous year.

- Cost of sales and services increased following the increase in revenue from contracts with customers.
- Selling expenses increased mainly due to the costs related to sales staff and sales commission expenses, which increased in line with rising 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 nine-month periods		
	3Q 2023	3Q 2022	%Chg.	9M 2023	9M 2022	%Chg.
Finance income	848	341	149%	1,949	1,122	74%
Finance cost	(68)	(7)	871%	(99)	(25)	296%
Income tax expenses	(6,477)	(3,303)	96%	(16,204)	(7,436)	118%
<b>Total Other Items</b>	<b>(5,697)</b>	<b>(2,969)</b>	<b>92%</b>	<b>(14,354)</b>	<b>(6,339)</b>	<b>126%</b>

- 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.
	2023	2022		2023	2022	
Gross profit	60,330	44,405	36%	172,070	116,814	47%
Gross profit margin	35%	31%		31%	25%	
Net profit	25,333	14,324	77%	65,694	31,597	108%
Net profit margin	15%	10%		12%	7%	
Basic earnings per share (Baht)	0.042	0.024	75%	0.109	0.053	106%

- Gross profit for the third quarter and the nine-month period of 2023 of the Group increased from last year in the same direction as increasing income. The gross profit margin for the third quarter and the nine-month period of 2023 increased from the previous 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 third quarter and for the nine months of 2023 increased from last year in the same direction as the increase in revenue and gross profit.

#### Consolidated Financial Position for the nine months of 2023

Financial Position			
(Thousand Baht)	September 2023	December 2022	%Chg.
Total Assets	1,145,129	1,166,435	(2%)
Total Liabilities	258,278	303,278	(15%)
Total Shareholders' Equity	886,851	863,157	3%

- Total assets decreased by Baht 21 million or 2%, details as follows:
  - Cash and cash equivalents decreased by Baht 18 million. The Group had cash from operating activities of Baht 110 million and had cash used for investments in fixed deposits of Baht 80 million, investments in fixed assets of Baht 9 million, and paid dividends of Baht 42 million.
  - Trade accounts receivable decreased by Baht 47 million from receipt of payment. Other receivables decreased in the amount of Baht 30 million mainly due to advance payment for goods imported from abroad because the goods had already been imported during the period.
  - Other current financial assets increased by Baht 80 million from investments in fixed deposits.



- Total liabilities decreased by Baht 45 million or 15%, details as follows:
  - Trade and other payables decreased by Baht 18 million due to debt repayment during the period.
  - Deposit received in advance decreased by Baht 18 million due to the delivery of some projects during the period.
- Total shareholders' equity increased by Baht 24 million or 3%, increased from net profit for the period of Baht 66 million, and decreased from dividend payment of Baht 42 million.

### Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	9M 2023	9M 2022
Net cash from (used in) operating activities	109,746	(10,839)
Net cash used in investing activities	(85,381)	(41,092)
Net cash used in financing activities	(42,557)	(30,321)
<b>Net decrease in cash and cash equivalents</b>	<b>(18,192)</b>	<b>(82,252)</b>
Beginning cash and cash equivalents	239,188	280,287
<b>Ending cash and cash equivalents</b>	<b>220,996</b>	<b>198,035</b>

For the nine months of 2023, the Group had a net decrease in cash and cash equivalent of Baht 18 million from the beginning balance of Baht 239 million. As a result, cash and cash equivalents at the end of the period were Baht 221 million. Details of cash flows by activities during the period were as follows:-

- Net cash from operating activities amounted to Baht 110 million.
- Net cash used in investing activities amounted to Baht 85 million from investment in fixed deposits of Baht 80 million and paid for investment in fixed assets of Baht 9 million.
- Cash flow used in financing activities amounted to Baht 42 million, mainly due to dividend payments.



Ratios Analysis		
	9M 2023	9M 2022
Return on Asset (%)	9.86%	6.33%
Return on Equity (%)	10.10%	6.50%
Current ratio (x)	4.08	4.32
Total debt to equity (x)	0.29	0.26

Return on asset and return on equity increased by 3.53% and 3.60%, 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.

