

22 February 2024

Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview of 2023

After the economic recovery following the outbreak of the coronavirus disease 2019 (COVID-19), it has affected the operations of projects in industries related to the businesses of the Group. This has led to a revival of overall investments in various projects, aligning more closely with the initially planned trajectories.

The positive impact from the improved situation has allowed the Group to deliver projects and consistently enhance business performance. Furthermore, the Group's reputation, strength and customer trust in the brand play a significant role and influence decision-making when choosing products or services from the Group. Therefore, the revenue from contracts with customers of the Group for the year 2023 amounted to Baht 843 million, increased by Baht 131 million or 18%. The net profit for the year 2023 amounted to Baht 108 million, increased by Baht 55 million or 104%.

The Group recognizes revenue from a new significant business unit, which is solar energy products or solar cells, totaling Baht 99 million or 12% of the total revenue of the entire Group. This revenue has increased by 96% compared to the previous year. This positive growth is attributed to the trend of environmental conservation, which is becoming a global trend and is expected to become an additional factor in the future structure of global trade. Additionally, this year, the Group also recognizes revenue from the sale of electric vehicle charging stations, amounting to Baht 15 million, expanding into an environmentally friendly business in line with the Group's vision. This business unit is expected to show even greater growth in the future due to the increasing importance placed on conservation and utilization of alternative energy.

The overall gross profit margin of the Group for the year 2023 increased by 6%, due to the successful delivery of special engineering projects throughout the year, combined with efficient management in both raw materials and expenses in all areas consistently.

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



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the end of the fourth quarter of the year 2023 is approximately Baht 492 million, a decrease of Baht 53 million or 10% 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 2023

Operating Income			
(Thousand Baht)	2023	2022	%Chg.
Revenues from contracts with customers	843,247	712,136	18%
Other income	3,542	6,787	(48%)
Total Operating Income	846,789	718,923	18%

Revenues structure						
	2023		2022		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
<u>Revenue from sales and services</u>						
Crane and Electric Hoist	299,591	35%	321,800	45%	(22,209)	(7%)
Loading Dock and Equipment	178,081	21%	139,327	19%	38,754	28%
Solar cell system	98,760	12%	50,282	7%	48,478	96%
Warehouse system and Equipment	5,199	1%	1,395	0%	3,804	273%
EV Charging Station	14,623	2%	-	-	14,623	100%
Total revenue from sales and services	596,254	71%	512,804	71%	83,450	16%
<u>Revenue from after-sales service</u>						
Crane and Electric Hoist	190,835	23%	150,214	21%	40,621	27%
Loading Dock and Equipment	55,279	6%	48,457	7%	6,822	14%
Training center	879	0%	661	0%	218	33%
Total revenue from after-sales service	246,993	29%	199,332	28%	47,661	24%
Other income	3,542	0%	6,787	1%	(3,245)	(48%)
Total Operating Income	846,789	100%	718,923	100%	127,866	18%

The total operating income for the fiscal year 2023 of the Group amounted to Baht 847 million, an increase of Baht 128 million or 18%. This growth is attributed to the economic recovery process following the COVID-19 pandemic, allowing various projects to proceed according to plan more



smoothly. Furthermore, the reputation and strength of the brand played a crucial role in influencing purchasing decisions for the Group's products and services. The income analysis categorized by business units is as follows:

- Crane and Electric Hoist: The portion of revenue was 35% of total revenues, decreasing from the previous year's amount of Baht 22 million or 7% due to the delayed importation process towards the end of the year. This is a result of the impact of the coup d'état that attacked cargo ships in the Red Sea, forcing the transportation company to change the cargo transportation route. Also, the adjustments in project plans and the rescheduling of delivery timelines based on the readiness of customer job sites. The main customer groups include the power plant business, automotive components business, oil and gas business, as well as the warehouse and logistics business.
- Loading Dock and Equipment: The portion of revenue was 21% of total revenues, increasing from the previous year's amount of Baht 39 million or 28%. The main customer groups include the construction contracting business, hypermarkets business, consumer goods and retail business, and the warehouse and logistics business.
- Solar cell system: The portion of revenue was 12% of total revenues, increasing from the previous year's amount of Baht 48 million or 96%. The main customer groups include the warehouse and logistics business and the petrochemical and chemical business.
- Warehouse system and Equipment: The portion of revenue was 1% of total revenues, increasing from the previous year's amount of Baht 4 million or 273%. The main customer groups include the retail and wholesale business and the automotive components business.
- EV Charging Station, a new addition to the company's portfolio in the current year: The portion of revenue was 2% of total revenues. The main customer group is the energy business and public utilities - government agencies.
- After-sales service: The portion of revenue was 29% of total revenues, increasing from the previous year's amount of Baht 48 million or 24%. This revenue comes from parts sales, repair and maintenance services, and contract maintenance services, aligned with the sales volume of the Group's products. The main customer groups include the automotive industry, the steel and aluminum industry, the consumer goods industry, and the hypermarkets business.



Other income decreased by Baht 3 million or 48% from the previous year. The main reason is a profit from the exchange rate in the previous year, but a loss from the exchange rate in the current year.

As of December 2023, the Group had a revenues backlog of Baht 492 million, which decreased by Baht 53 million or 10% compared to the prior year, such backlog will gradually be recognized as revenues from the first quarter of 2024 onward.

Operating Expenses			
(Thousand Baht)	2023	2022	%Chg.
Cost of sales and services	581,815	536,092	9%
Selling expenses	36,211	32,825	10%
Administrative expenses	96,680	85,710	13%
Total Operating Expenses	714,706	654,627	9%

Total operating expenses for the year 2023 of the Group were Baht 715 million, an increase from the prior year of Baht 60 million or 9%.

- Cost of sales and services increased by Baht 46 million or 9%, in line with revenue from contracts with customers.
- Selling expenses increased by Baht 3 million or 10% mainly from expenses related to salespersons, and employee commission expenses which increase as income increases.
- Administrative expenses increased by Baht 11 million or 13% mainly from employee expenses, allowance for credit losses of debtors, and loss from exchange rates.

Other Items			
(Thousand Baht)	2023	2022	%Chg.
Finance income	2,992	1,554	93%
Finance cost	(180)	(31)	481%
Income tax expenses	(26,547)	(12,675)	109%
Total Other Items	(23,735)	(11,152)	113%

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



Profitability Analysis			
(Thousand Baht)	2023	2022	%Chg.
Gross profit	261,432	176,044	49%
Gross profit margin	31%	25%	
Net profit	108,348	53,144	104%
Net profit margin	13%	7%	
Total comprehensive income	108,348	53,236	104%
Basic earnings per share (Baht)	0.18	0.09	100%

- Gross profit for the year 2023 increased from the previous year by Baht 85 million or 49%, driven primarily by revenue generated from contracts with customers. The gross profit margin for the year 2023 is 31%, up from the previous year's 25%, attributed to the successful delivery of special engineering projects throughout the year, coupled with efficient management of both raw materials and expenses in all aspects.
- Net profit for the year 2023 increased by Baht 55 million or 104% compared to the previous year, reflecting the growth in revenue and gross profit. The net profit margin for the year 2023 is 13%, which is higher than the previous year's 7%.

Consolidated Financial Position for the year 2023

Financial Position			
(Thousand Baht)	2023	2022	%Chg.
Total Assets	1,155,811	1,166,435	(1%)
Total Liabilities	226,306	303,278	(25%)
Total Shareholders' Equity	929,505	863,157	8%

- Total assets decreased by Baht 11 million or 1%, details as follows:
 - Trade accounts receivable increased in the amount of Baht 22 million, in the same direction as the increase in revenue.
 - Inventories decreased by Baht 72 million mainly from work in progress, as deliveries have been made during the year.
 - Other current financial assets increased by Baht 80 million from investments in fixed deposits.
 - Other current assets decreased by Baht 43 million, mainly due to advance payment for goods imported from abroad because the goods had already been imported during the year.



- Total liabilities decreased by Baht 77 million or 25%, details as follows:
 - Trade accounts payable decreased by Baht 16 million due to debt repayment during the year.
 - Income tax payable increased by Baht 7 million in line with the Group's performance.
 - Deposit received in advance decreased by Baht 72 million due to the completion of the delivery during the year.
 - Lease liabilities increased by Baht 4 million from the asset of the right to use - vehicles.
- Total shareholders' equity increased by Baht 66 million or 8% which increased from the total comprehensive income of the year by Baht 108 million and decreased from dividend payment of Baht 42 million.

Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	2023	2022
Net cash from operating activities	131,325	39,038
Net cash used in investing activities	(91,134)	(49,728)
Net cash used in financing activities	(42,950)	(30,409)
Net decrease in cash and cash equivalents	(2,759)	(41,099)
Beginning cash and cash equivalents	239,188	280,287
Ending cash and cash equivalents	236,429	239,188

For the year 2023, the Group had a net decrease in cash and cash equivalents of Baht 3 million from the beginning balance of Baht 239 million. As a result, cash and cash equivalents at the end of the year were Baht 236 million. Details of cash flows by activities during the year were as follows:-

- Net cash from operating activities was Baht 131 million.
- Net cash used in investing activities amounted to Baht 91 million, mainly due to the investment in fixed deposits of Baht 80 million and paid for investment in fixed assets of Baht 16 million.
- Net cash used in financing activities was Baht 43 million, mainly due to dividend payments in the second quarter of the year.



Ratios Analysis		
	2023	2022
Return on Asset (%)	11.63%	5.86%
Return on Equity (%)	12.09%	6.24%
Current ratio (x)	4.91	3.35
Total debt to equity (x)	0.24	0.35

The return on asset and the return on equity increased by 5.77% and 5.85%, respectively, due to the increase in profit compared to the previous year.

The current ratio increased by 1.56x and the debt-to-equity ratio decreased by 0.11x. The main reason is the reduction in current liabilities from trade accounts payable and deposit received in advance.

