8 August 2024 Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview

The revenue from customer contracts for the Group has decreased compared to the same period last year. The main reason is the revenue recognition method of the business, which depends on the project delivery schedule or the availability of the client's site. Each project has different plans and readiness, especially large-scale projects that require a long time and are complex, resulting in high variability in delivery schedules and revenue recognition. Additionally, delays in the delivery of components and spare parts from overseas have also impacted revenue. The Group expects the revenue recognition situation to improve in the next quarter.

However, despite the decrease in revenue due to the aforementioned factors, the Group has seen an increase in gross margin. This improvement is attributed to the successful delivery of special projects and effective cost management. As a result, the Group's net profit has increased.

The Group's products are fundamental to various industrial projects. The Group continues to receive orders from customers, with a backlog of work amounting to Baht 521 million as of the end of Q2-2024. The Group maintains a strong financial structure, with good liquidity ratios and a low debt-to-equity ratio. The Group continues its operations without any reduction in business size.

Consolidated Financial Performance for the second quarter and the six-month period of 2024

Operating Income						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q 2024	2Q 2023	%Chg.	6M 2024	6M 2022	%Chg.
Revenues from contracts with customers	174,370	197,996	(12%)	307,469	375,982	(18%)
Other income	1,002	2,113	(53%)	1,419	2,406	(41%)
Total Operating Income	175,372	200,109	(12%)	308,888	378,388	(18%)

Revenues structure						
	6M 2024		6M 2023		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from sales and services						
Crane and Electric Hoist	85,207	28%	166,100	44%	(80,893)	(49%)
Loading Dock and Equipment	90,811	29%	52,868	14%	37,943	72%
Solar cell system	14,391	5%	30,221	8%	(15,830)	(52%)
Warehouse system and Equipment	6,029	2%	3,576	1%	2,453	69%
EV Charging Station	3,774	1%	33	0%	3,741	11,336%
Total revenue from sales and services	**200,212**	**65%**	**252,798**	**67%**	**(52,586)**	**(21%)**
Revenue from after-sales service						
Crane and Electric Hoist	83,980	27%	96,449	25%	(12,469)	(13%)
Loading Dock and Equipment	23,002	7%	26,356	7%	(3,354)	(13%)
Training center	275	0%	379	0%	(104)	(27%)
Total revenue from after-sales service	**107,257**	**35%**	**123,184**	**32%**	**(15,927)**	**(13%)**
Other income	**1,419**	**0%**	**2,406**	**1%**	**(987)**	**(41%)**
Total Operating Income	308,888	100%	378,388	100%	(69,500)	(18%)

For Q2-2024, the Group's total operating revenue was Baht 175 million, a decrease of Baht 25 million or 12% compared to the same period last year. For the six-month period of 2024, the revenue was Baht 309 million, a decrease of Baht 70 million or 18% compared to the same period last year. The primary reason for the decline in revenue was the decrease in sales from cranes and electric hoists, mainly due to factors related to the delivery schedule based on the client's site readiness and delays in the delivery of components and spare parts from abroad.

As of the end of June 2024, the Group had a backlog of work amounting to Baht 521 million. Although the Group has recognized revenue of Baht 307 million for the six-month period, this backlog has increased by Baht 28 million or 6% compared to the end of the previous year. This backlog of work is expected to gradually contribute to revenue starting from Q3-2024.

Operating Expenses						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q 2024	2Q 2023	%Chg.	6M 2024	6M 2023	%Chg.
Cost of sales and services	109,617	136,949	(20%)	190,850	264,242	(28%)
Selling expenses	9,058	8,811	3%	17,860	16,825	6%
Administrative expenses	22,159	24,572	(10%)	43,774	48,303	(9%)
Total Operating Expenses	140,834	170,332	(17%)	252,484	329,370	(23%)

For Q2-2024, the Group's total operating expenses amounted to Baht 141 million, a decrease of Baht 29 million or 17% compared to the same period last year. For the six-month period of 2024, operating expenses were Baht 252 million, a decrease of Baht 77 million or 23% compared to the same period last year.

- Cost of sales and services: This decreased in line with the reduction in revenue from customer contracts.
- Selling expenses: No significant changes were observed.
- Administrative expenses: This decreased mainly because, in 2023, the Group experienced losses from exchange rates and recorded allowance for expected credit losses. However, in 2024, the Group gained from exchange rates and reversed some of the allowance for expected credit losses, as payments had been received.

Other Items						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q 2024	2Q 2023	%Chg.	6M 2024	6M 2023	%Chg.
Finance income	845	697	21%	1,734	1,101	57%
Finance cost	(116)	(26)	346%	(207)	(31)	568%
Income tax expenses	(7,013)	(5,940)	18%	(11,530)	(9,727)	19%
Total Other Items	(6,284)	(5,269)	19%	(10,003)	(8,657)	16%

- Finance income and Finance cost did not change significantly.
- Income tax expenses increased in line with the operating profits.

Profitability Analysis						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q 2024	2Q 2023	%Chg.	6M 2024	6M 2023	%Chg.
Gross profit	64,753	61,047	6%	116,619	111,740	4%
Gross profit margin	37%	31%		38%	30%	
Net profit	28,254	24,508	15%	46,401	40,361	15%
Net profit margin	16%	12%		15%	11%	
Basic earnings per share (Baht)	0.047	0.041	15%	0.077	0.067	15%

- Gross Profit and Gross Margin: These increased compared to the same period last year due to the delivery of special projects during the period, combined with effective cost management across all areas.
- Net Profit and Net Margin: These also increased compared to the same period last year, in line with the higher gross profit and lower administrative expenses.

Consolidated Financial Position for the six-month period of 2024

Financial Position			
(Thousand Baht)	June 2024	December 2023	%Chg.
Total Assets	1,159,498	1,155,812	0%
Total Liabilities	255,592	226,307	13%
Total Shareholders' Equity	903,906	929,505	(3%)

- Total assets increased by Baht 4 million or 0%, with the following details:
  - Cash and cash equivalents decreased by Baht 47 million. The Group generated cash from operating activities amounting to Baht 7 million, received Baht 30 million from maturing fixed deposits, invested Baht 13 million in fixed assets, and paid Baht 72 million in dividends.
  - Trade receivables decreased by Baht 31 million due to payments received and a decrease in revenue recognition.
  - Inventories increased by Baht 92 million, due to work in progress in preparation for project delivery.
  - Other current financial assets decreased by Baht 30 million due to the redemption of term deposits upon maturity.
  - Other current assets increased by Baht 13 million due to prepaid expenses for importing goods.

- Total liabilities increased by Baht 29 million or 13%, with the following details:
  - Deposit received in advance increased by Baht 43 million in line with customer orders.
  - Accrued expenses decreased by Baht 14 million, mainly due to the payment of employee bonuses in April.
- Total shareholders' equity decreased by Baht 26 million or 3%, increased from net profit for the period Baht 46 million, and decreased from dividend payment of Baht 72 million.

Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	6M 2024	6M 2023
Net cash from operating activities	7,214	60,697
Net cash from (used in) investing activities	19,006	(32,039)
Net cash used in financing activities	(72,870)	(42,218)
Net decrease in cash and cash equivalents	**(46,650)**	**(13,560)**
Beginning cash and cash equivalents	236,429	239,188
Ending cash and cash equivalents	**189,779**	**225,628**

For the six-month period of 2024, the Group had a net decrease in cash and cash equivalent of Baht 46 million from the beginning balance of Baht 236 million. As a result, cash and cash equivalents at the end of the period were Baht 190 million. Details of cash flows by activities during the period were as follows:-

- Net cash from operating activities amounted to Baht 7 million.
- Net cash from investing activities amounted to Baht 19 million, resulting from receiving Baht 30 million from maturing fixed deposits and paying Baht 13 million for investments in fixed assets.
- Net cash flow used in financing activities amounted to Baht 72 million mainly due to dividend payment in May.

Ratios Analysis		
	6M 2024	6M 2023
Return on Asset (%)	12.54%	8.63%
Return on Equity (%)	12.96%	9.03%
Current ratio (x)	4.21	3.86
Total debt to equity (x)	0.28	0.30

Return on asset and Return on equity increased by 3.91% and 3.93%, 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.