13 November 2024 Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview

The revenue from customer contracts of the Group for the nine-month period of 2024 decreased slightly by 22 million Baht or 4% compared to the same period of the previous year. The nature of revenue recognition in the business depends on the schedule of work delivery or service provision based on the customer's site readiness. Each project has different plans and site conditions, especially large-scale projects that require longer durations and are more complex, resulting in high fluctuations in work delivery schedules and revenue recognition. Additionally, after-sales service has been affected by the uncertain economic conditions, causing some customers to reduce preventive maintenance (PM), order volumes, and stock levels due to storage limitations and a shortage of skilled technicians. Moreover, delays in the delivery of spare parts from overseas have also impacted service operations.

However, revenue from customer contracts in the third quarter of 2024 increased by 46 million Baht or 27% compared to the same quarter of the previous year. This was due to the delivery of components from overseas, which had been delayed in the previous quarter, enabling the Group to complete project deliveries and recognize revenue in the current period.

For the Group's gross profit margin in the nine-month period of 2024, it increased by 5% due to the completion of special projects and efficient cost management, which contributed to a higher net profit for the Group.

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 509 million Baht as of the end of the third quarter of 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 third quarter and the nine-month period of 2024

Operating Income						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q 2024	3Q 2023	%Chg.	9M 2024	9M 2023	%Chg.
Revenues from contracts with customers	220,131	173,720	27%	527,600	549,702	(4%)
Other income	1,575	632	149%	2,994	3,038	(1%)
Total Operating Income	221,706	174,352	27%	530,594	552,740	(4%)

Revenues structure						
	9M 2024		9M 2023		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from sales and services						
Crane and Electric Hoist	209,520	40%	238,327	43%	(28,807)	(12%)
Loading Dock and Equipment	119,029	22%	88,102	16%	30,927	35%
Solar cell system	20,888	4%	33,287	6%	(12,399)	(37%)
Warehouse system and Equipment	7,441	1%	4,029	1%	3,412	85%
EV Charging Station	3,774	1%	103	0%	3,671	3,564%
Total revenue from sales and services	**360,652**	**68%**	**363,848**	**66%**	**(3,196)**	**(1%)**
Revenue from after-sales service						
Crane and Electric Hoist	129,985	24%	144,528	26%	(14,543)	(10%)
Loading Dock and Equipment	36,527	7%	40,643	7%	(4,116)	(10%)
Training center	436	0%	683	0%	(247)	(36%)
Total revenue from after-sales service	**166,948**	**31%**	**185,854**	**33%**	**(18,906)**	**(10%)**
Other income	**2,994**	**1%**	**3,038**	**1%**	**(44)**	**(1%)**
Total Operating Income	530,594	100%	552,740	100%	(22,146)	(4%)

For the third quarter of 2024, the Group's total operating income amounted to 222 million Baht, an increase of 47 million Baht or 27% compared to the same period of the previous year. This increase was due to the delivery of components from overseas, which had been delayed in the previous quarter, enabling the Group to complete project deliveries and recognize revenue in the current period.

For the nine-month period of 2024, the Group's total operating income amounted to 531 million Baht, a decrease of 22 million Baht or 4% compared to the same period of the previous year. Revenue from sales was impacted by fluctuations in project delivery schedules based on customers' site readiness for each project. Meanwhile, revenue from after-sales services declined due to uncertain economic conditions, leading some customers to reduce preventive maintenance (PM), order volumes, and stock levels, as well as delays in the shipment of spare parts from abroad.

As of the end of September 2024, the Group had a backlog of work amounting to 509 million Baht. Although the Group has recognized revenue of 528 million Baht for the nine-month period, this backlog has increased by 16 million Baht or 3% compared to the end of the previous year. This backlog of work is expected to gradually contribute to revenue starting from the fourth quarter of 2024.

Operating Expenses						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q 2024	3Q 2023	%Chg.	9M 2024	9M 2023	%Chg.
Cost of sales and services	146,342	113,390	29%	337,192	377,632	(11%)
Selling expenses	9,747	8,664	13%	27,607	25,489	8%
Administrative expenses	21,721	21,268	2%	65,495	69,571	(6%)
Total Operating Expenses	177,810	143,322	24%	430,294	472,692	(9%)

For the third quarter of 2024, the Group's total operating expenses amounted to 178 million Baht, an increase of 34 million Baht or 24% compared to the same quarter of the previous year. For the nine-month period of 2024, the total operating expenses amounted to 430 million Baht, a decrease of 42 million Baht or 9% compared to the same period of the previous year.

- Cost of sales and services for both the third quarter and the nine-month period changed in line with the revenue from customer contracts.
- Selling expenses for both the third quarter and the nine-month period increased, primarily due to the addition of sales staff to promote sales, resulting in higher employee-related expenses.
- Administrative expenses for the third quarter remained largely unchanged. However, for the nine-month period, administrative expenses decreased, mainly due, 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 nine-month periods		
	3Q 2024	3Q 2023	%Chg.	9M 2024	9M 2023	%Chg.
Finance income	745	848	(12%)	2,479	1,949	27%
Finance cost	(158)	(68)	132%	(365)	(99)	269%
Income tax expenses	(8,826)	(6,477)	36%	(20,356)	(16,204)	26%
Total Other Items	(8,239)	(5,697)	45%	(18,242)	(14,354)	27%

- 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 nine-month periods		
	3Q 2024	3Q 2023	%Chg.	9M 2024	9M 2023	%Chg.
Gross profit	73,789	60,330	22%	190,408	172,070	11%
Gross profit margin	34%	35%		36%	31%	
Net profit	35,657	25,333	41%	82,058	65,694	25%
Net profit margin	16%	15%		15%	12%	
Basic earnings per share (Baht)	0.059	0.042	40%	0.137	0.109	26%

- Gross profit margin for the third quarter remained largely unchanged compared to the same quarter of the previous year. However, the gross profit increased in line with the higher revenue recognized from customer contracts. For the nine-month period, the gross profit margin increased by 5% compared to the same period of the previous year, primarily due to the completion of special projects and effective cost management, which contributed to a higher gross profit.
- Net profit and net profit margin for the third quarter and the nine-month period increased compared to the same period of the previous year. This was in line with the higher gross profit and further supported by a reduction in administrative expenses.

Consolidated Financial Position for the nine-month period of 2024

Financial Position			
(Thousand Baht)	September 2024	December 2023	%Chg.
Total Assets	1,166,947	1,155,812	1%
Total Liabilities	227,384	226,307	0%
Total Shareholders' Equity	939,563	929,505	1%

- Total assets increased by 11 million Baht or 1%, with the following details:
  - Trade receivables decreased by 61 million Baht due to payments received during the period.
  - Inventories increased by 85 million Baht, due to work in progress in preparation for project delivery.
  - Other current financial assets decreased by 30 million Baht due to the redemption of term deposits upon maturity.
- Total liabilities increased by 1 million Baht or 0%, with the following details:
  - Deposit received in advance increased by 25 million Baht, in line with customer orders.
  - Accrued expenses decreased by 13 million Baht, mainly due to the payment of employee bonuses in April.
- Total shareholders' equity increased by 10 million Baht or 1%, increased from net profit for the period 82 million Baht, and decreased from dividend payment of 72 million Baht.

Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	9M 2024	9M 2023
Net cash from operating activities	61,321	109,746
Net cash from (used in) investing activities	15,404	(85,381)
Net cash used in financing activities	(73,525)	(42,557)
Net increase (decrease) in cash and cash equivalents	**3,200**	**(18,192)**
Beginning cash and cash equivalents	236,429	239,188
Ending cash and cash equivalents	**239,629**	**220,996**

For the nine-month period of 2024, the Group had a net increase in cash and cash equivalent of 3 million Baht from the beginning balance of 236 million Baht. As a result, cash and cash equivalents at the end of the period were 239 million Baht. Details of cash flows by activities during the period were as follows:-

- Net cash from operating activities amounted to 61 million Baht.
- Net cash from investing activities amounted to 15 million Baht, resulting from receiving 30 million Baht from maturing fixed deposits and paying 18 million Baht for investments in fixed assets.
- Net cash flow used in financing activities amounted to 74 million Baht mainly due to dividend payment of 72 million Baht in May.

Ratios Analysis		
	9M 2024	9M 2023
Return on Asset (%)	13.48%	9.86%
Return on Equity (%)	13.66%	10.10%
Current ratio (x)	5.03	4.08
Total debt to equity (x)	0.24	0.29

Return on asset and Return on equity increased by 3.62% and 3.56%, respectively, in line with the increase in profit compared to the same period last year.

Current ratio increased by 0.95 times, primarily due to a reduction in current liabilities from advance payments received in the same period. Meanwhile, the debt-to-equity ratio remained unchanged with no significant variations.