

ALPHAXSET-2402-002

February 28, 2024

Subject: Management Discussion and Analysis for year 2023

To: President and Manager
The Stock Exchange of Thailand

Alpha Divisions Public Company Limited (“the Group”) would like to clarify operating results for year 2023. The main reasons are as follows:

Overall operating performance of the Group

Unit: Million Baht

Consolidated Financial Statements	2023	2022	Change		3M Q4/23	3M Q3/23	Change		3M Q4/22	Change	
			YTD	%			QoQ	%		YoY	%
Revenue	181.65	346.67	(165.20)	(48)	85.27	16.41	68.86	420	88.22	(2.95)	(3)
Cost	(92.81)	(162.90)	70.09	(43)	(56.96)	(2.94)	(54.02)	1837	(39.71)	(17.25)	43
Gross profit	88.84	183.77	(94.93)	(52)	28.31	13.47	14.84	110	48.51	(20.20)	(42)
Other income	30.17	8.70	21.47	247	23.29	3.21	20.08	625	4.26	19.03	447
Distribution costs	(22.11)	(31.24)	9.13	(29)	(5.94)	(4.69)	(1.25)	27	(7.84)	1.90	(24)
Administrative expenses	(166.91)	(82.66)	(84.25)	102	(45.36)	(48.14)	2.78	(6)	(29.43)	(15.93)	54
Loss on foreign exchange rate	(43.07)	(23.17)	(19.90)	86	(28.01)	(12.47)	(15.54)	125	(8.39)	(19.62)	234
Finance costs	(5.47)	(2.81)	(2.66)	95	(1.37)	(1.32)	(0.05)	4	(0.40)	(0.97)	243
Profit (loss) before tax expense	(118.55)	52.59	(171.14)	(325)	(29.08)	(49.94)	20.86	42	6.71	(35.79)	(533)
Tax (expenses) income	5.03	(18.44)	23.47	(127)	4.78	0.03	4.75	15833	(6.33)	11.11	(176)
Profit (loss)	(113.52)	34.15	(147.67)	(432)	(24.30)	(49.91)	25.61	(51)	0.38	(24.68)	(6495)
Equity holders of the Company	(106.57)	35.22	(141.79)	(403)	(20.70)	(47.21)	26.51	(56)	0.55	(21.25)	(3864)

Revenue

Unit: Million Baht

Consolidated Financial Statements	2023	2022	Change		3M Q4/23	3M Q3/23	Change		3M Q4/22	Change	
			YTD	%			QoQ	%		YoY	%
Revenue from main business											
Property development business	106.62	198.19	(91.57)	(46)	63.23	-	63.23	100	38.34	24.90	65
Hemp/Cannabis business	1.25	98.88	(97.63)	(99)	0.38	0.32	0.06	19	31.59	(31.21)	(99)
Leasing business and Microfinance business	73.77	49.60	24.18	49	21.65	16.09	5.57	35	18.29	3.36	18
Total revenue from main business	181.65	346.67	(165.20)	(48)	85.27	16.41	68.86	420	88.22	(2.95)	(3)
Other income	30.17	8.70	21.47	247	23.29	3.21	20.08	625	4.26	19.03	447
Total revenue	211.82	355.37	(143.55)	(40)	108.55	19.62	88.94	453	92.48	16.08	17

Financial Performance Summary for the year 2023 compared with 2022 (YTD)

Total revenue of the Group for the year 2023 amounted to Baht 182.65 million, a decrease of Baht 165.20 million, or a 48% decrease from the previous year, due to a decrease in revenue from property development business and hemp/cannabis business.

Net loss attributable to equity holders of the Company for the year 2023 amounted to Baht 106.57 million, a decrease of Baht 141.79 million, or a 403% decrease from the previous year. This is mainly due to a decrease in revenue from property development business and hemp/cannabis business and an increase in administrative expenses, which are expenses related to investment, fees, and

consulting fees from the capital increase of the Company with an investment value of over Baht 4,000 million, including expansion of the microfinance business in Lao PDR, resulting in an increase in administrative expenses. In addition, there is an increase in loss on foreign exchange rate, which arises from leasing business and microfinance business in Lao PDR. It is due to the depreciation of the kip, resulting in an increase in loss on foreign exchange rate.

Financial Performance Summary for the 3-month period ended in Quarter 4/2023 compared with Quarter 3/2023 (QoQ)

Total revenue of the Group for the 3-month period ended in Quarter 4/2023 amounted to Baht 85.27 million, an increase of Baht 68.86 million, or an 420% increase from the previous quarter, due to an increase in revenue from property development business.

Net loss attributable to equity holders of the Company for the 3-month period ended in Quarter 4/2023 amounted to Baht 20.70 million, a decrease of Baht 26.51 million, or a 56% decrease from the previous quarter. This is mainly due to an increase in revenue from property development business.

Financial Performance Summary for the 3-month period ended in Quarter 4/2023 compared with Quarter 4/2022 (YoY)

Total revenue of the Group for the 3-month period ended in Quarter 4/2023 amounted to Baht 85.27 million, a decrease of Baht 2.95 million, or a 3% decrease from the same period of the previous year.

Net loss attributable to equity holders of the Company for the 3-month period ended in Quarter 4/2023 amounted to Baht 20.70 million, a decrease of Baht 21.25 million, or a 3864% decrease from the same period of the previous year. This is mainly due to an increase in administrative expenses and loss on foreign exchange rate.

Financial position of the Group

Unit: Million Baht

Consolidated Financial Statements	YE/23	YE/22	Change	%
Cash and cash equivalents	4,264.89	330.13	3,934.76	1192
Other current financial assets	61.00	61.00	-	-
Trade and other current receivables	5.91	0.98	4.93	503
Current portion of finance lease receivables	116.40	128.84	(12.44)	(10)
Current portion of loan to customers	155.25	-	155.25	100
Inventories	4.82	1.89	2.93	155
Asset held for sale	0.26	0.52	(0.26)	(50)
Cost of property development	323.23	391.13	(67.90)	(17)
Other current assets	520.70	350.17	170.53	49
Total current assets	5,452.46	1,264.66	4,187.80	331
Restricted bank deposits	28.60	64.56	(35.96)	(56)
Finance lease receivables	17.08	59.62	(42.54)	(71)
Loan to customers	0.07	-	0.07	100
Land held for development	3.69	3.69	-	-
Property, plant and equipment	39.51	44.82	(5.31)	(12)
Right-of-use assets	9.83	9.44	0.39	4
Unallocated costs of business acquisition	21.48	-	21.48	100
Goodwill	188.44	188.44	-	-
Intangible assets	22.81	28.13	(5.32)	(19)
Deferred tax assets	3.65	-	3.65	100
Other non-current assets	155.67	155.58	0.09	-
Total non-current assets	490.83	554.28	(63.45)	(11)
Total assets	5,943.29	1,818.94	4,124.35	227
Short-term borrowings from financial institutions	108.03	-	108.03	100
Trade and other current payables	21.57	48.59	(27.02)	(56)
Current portion of long-term borrowings from financial institutions	19.01	47.09	(28.08)	(60)
Current portion of lease liabilities	2.34	0.72	1.62	225
Corporate income tax payable	1.26	15.48	(14.22)	(92)
Advance received	15.24	20.13	(4.89)	(24)
Provisions	3.61	3.57	0.04	1

Consolidated Financial Statements	YE/23	YE/22	Change	%
Other current liabilities	4.39	7.28	(2.89)	(40)
Total current liabilities	175.45	119.24	32.59	23
Long-term borrowings from financial institutions	65.62	103.53	(37.91)	(37)
Lease liabilities	5.59	10.10	(4.51)	(45)
Deferred tax liabilities	-	2.29	(2.29)	(100)
Non-current provisions for employee benefits	3.62	2.91	0.71	24
Other non-current liabilities	0.32	0.41	(0.09)	(22)
Total non-current liabilities	75.15	119.24	(44.09)	(37)
Total liabilities	250.60	262.10	(11.50)	(4)
Equity attributable to shareholders of the parent	5,500.07	1,357.27	4,142.80	305
Non-controlling interests	192.62	199.57	(6.95)	(3)
Total shareholders' equity	5,692.69	1,556.84	4,135.85	266

Total assets

Total assets as at December 31, 2023 were Baht 5,943.29 million, an increase of Baht 4,124.35 million, or 227% increase compared to the total assets as at December 31, 2022, which were Baht 1,818.94 million. The details of the main changes are as follows

- Cash and cash equivalents increased by Baht 3,934.76 million, due to the cash received from shares capital increase from Private Placement in the number of approximately 2,562.50 million shares at an offering price of Baht 1.13 per share, for a total amount of Baht 2,859.63 million, and cash received from additional shares from capital increase from the Company's existing shareholders (Right Offering) in the number of approximately 4,645.97 million shares at an offering price of Baht 0.25 per share, for a total amount of Baht 1,161.49 million, as funds to be used to expand operations invest according to business plan. It is also an expansion of alliances that will help promote the Group's business operations potential.
- Other current assets increased by Baht 170.53 million, from the increase in land deposit.

Total liabilities

Total liabilities as at December 31, 2023 were Baht 250.60 million, a decrease of Baht 11.50 million, or 4% decrease compared to the total liabilities as at December 31, 2022, which were Baht 262.10 million. The details of the main changes are as follows:

- Short-term loans from financial institutions increased by Baht 108.03 million from the subsidiary entered into two short-term loan agreements with a bank in Laos to use as working capital
- Long-term borrowings from financial institutions decreased by Baht 65.99 million, from repayments to financial institutions.

Shareholders' equity

- Equity attributable to shareholders of the parent as at December 31, 2023 was Baht 5,500.07 million, an increase of Baht 4,142.80 million, or a 305% increase compared to December 31, 2022, which was Baht 1,357.27 million. It is due to the capital increase of ALPHAX-W4 shares, additional shares from Private Placement and the Company's existing shareholders (Right Offering), resulting in an increase in Shareholders' equity.

Cash flows of the Group

Unit: Million Baht

Consolidated Financial Statements	2023	2022	Change YTD
Net cash flows from (used in) operating activities	(338.04)	(293.73)	(44.31)
Net cash flows from (used in) investing activities	16.77	(6.64)	23.41
Net cash flows from (used in) financing activities	4,270.46	584.23	3,686.23
Increase (decrease) in translation adjustments	(14.43)	(71.95)	57.52
Net increase (decrease) in cash and cash equivalents	3,934.76	211.91	3,722.85
Cash and cash equivalents at the beginning of the year	330.13	118.22	211.91
Cash and cash equivalents at the end of the year	4,264.89	330.13	3,934.76

Cash flows

Cash flows for the year 2023 increased by Baht 3,934.76 million; details are as follows:

- Net cash flows used in operating activities for the year 2023 amounted to Baht 338.04 million, mainly from operating losses, cash paid for income tax of Baht 16.91 million, and cash paid for land deposits of Baht 173.00 million.
- Net cash flows from investing activities for the year 2023 amounted to Baht 16.77 million, mainly due to a decrease in pledged bank deposits.
- Net cash flows from financing activities for the year 2023 amounted to Baht 4,270.46 million, mainly from the cash received from increase in shares capital of ALPHAX-W4, increase in shares capital from Private Placement and the Company's existing shareholders (Right Offering).

Please be informed accordingly.

Yours sincerely,

Alpha Divisions Public Company Limited

(Mr. Teera Chutivarapon)

Chief Executive Officer