

ALPHAXSET-2405-001

May 14, 2024

Subject: Management Discussion and Analysis for Quarter 1/2024

To: President and Manager
The Stock Exchange of Thailand

Alpha Divisions Public Company Limited (“the Group”) would like to clarify operating results for Quarter 1/2024. The main reasons are as follows:

Overall operating performance of the Group

Unit: Million Baht

Consolidated Financial Statements	3M				3M		
	Q1/24	Q4/23	Change QoQ	%	Q1/23	Change YoY	%
Revenue	59.41	85.27	(25.86)	-30%	60.54	(1.13)	-2%
Cost	(27.39)	(56.96)	29.57	52%	(29.91)	2.52	8%
Gross profit	32.02	28.31	3.71	13%	30.63	1.39	5%
Interest income	25.76	21.88	3.88	18%	0.67	25.09	3745%
Other income	3.49	1.41	2.08	148%	1.33	2.16	162%
Gain on bargain purchase	107.79	-	107.79	100%	-	107.79	100%
Distribution costs	(4.36)	(5.94)	1.58	27%	(6.30)	1.94	31%
Administrative expenses	(53.05)	(45.36)	(7.69)	-17%	(36.46)	(16.59)	-46%
Loss on foreign exchange rate	(28.36)	(28.01)	(0.35)	-1%	(3.37)	(24.99)	-742%
Finance costs	(1.08)	(1.37)	0.29	21%	(1.44)	0.36	25%
Profit (loss) before tax expense	82.21	(29.08)	111.29	383%	(14.94)	97.15	650%
Tax (expenses) income	(4.91)	4.78	(9.69)	-203%	(0.61)	(4.30)	-705%
Profit (loss)	77.30	(24.30)	101.60	418%	(15.55)	92.85	597%
Equity holders of the Company	78.21	(20.70)	98.91	478%	(15.08)	93.29	619%

Revenue

Unit: Million Baht

Consolidated Financial Statements	3M				3M		
	Q1/24	Q4/23	Change QoQ	%	Q1/23	Change YoY	%
Revenue from main business							
Property development business	31.47	63.23	(31.76)	-50%	41.00	(9.53)	-23%
Hemp/Cannabis business	1.36	0.38	0.98	258%	0.44	0.92	209%
Leasing business and Microfinance business	26.58	21.66	4.92	23%	19.10	7.48	39%
Total revenue from main business	59.41	85.27	(25.86)	-30%	60.54	(1.13)	-2%
Interest income	25.76	21.88	3.88	18%	0.67	25.09	3745%
Other income	3.49	1.41	2.08	148%	1.33	2.16	162%
Gain on bargain purchase	107.79	-	107.79	100%	-	107.79	100%
Total revenue	196.45	108.56	87.89	81%	62.54	133.91	214%

Financial Performance Summary for the 3-month period ended in Quarter 1/2024 compared with Quarter 4/2023 (QoQ)

Total revenue of the Group for the 3-month period ended in quarter 1/2024 amounted to Baht 196.45 million, an increase of Baht 87.89 million, or 81% increase from the previous quarter, due to an increase in gain on bargain purchase amounted to Baht 107.79 million from the acquisition of assets by purchasing ordinary shares of Nam Houng 1 Hydropower Company Limited (“NH1”), which engages in the business of generating and selling electricity from water energy in Lao PDR, with a purchase value of USD 16.50 million or approximately Baht 595.73 million and a fair value of net assets acquired of USD 19.50 million or approximately Baht 703.52 million, resulting in a gain on bargain purchase.

The net profit attributable to the parent company for the 3-month period of quarter 1/ 2024 amounted to Baht 78.21 million, an increase from the previous period by Baht 98.91 million or an increase of 478%. The main reasons for this increase were the increase in gain on bargain purchase amounted to Baht 107.79 million and the increase in administrative expenses, which include investment expenses, fees, and consulting fees from investing in the energy business. This also includes increased administrative expenses to support the future growth and sustainable expansion of the group's businesses.

Financial Performance Summary for the 3-month period ended in Quarter 1/2024 compared with Quarter 1/2023 (YoY)

Total revenue of the Group for the 3-month period ended in quarter 1/2024 amounted to Baht 196.45 million, an increase from the same period of the previous year by Baht 133.91 million, or 214%. The main reason for this increase was the rise in gain on bargain purchase amounted Baht 107.79 million and interest income from financial institutions by Baht 25.76 million. This was because during quarter 3 and quarter 4 of 2023, the Company received funds from the capital increase of PP and RO, amounting to more than Baht 4,000 million. While allocating the capital for investment expansion according to the business plan, the company deposited the funds with financial institutions, resulting in increased interest income.

The net profit attributable to the parent company for the 3-month period of quarter 1/ 2024 amounted to Baht 78.21 million, an increase from the same period of the previous year by Baht 93.29 million or 619%. The main reason for this increase was the gain on bargain purchase amounted to Baht 107.79 million and interest income from financial institutions by Baht 25.76 million. Additionally, there was an increase in expenses, specifically administrative expenses, by Baht 16.59 million, which includes various expenses related to the increased investment in different sectors such as investment expenses, fees, and consulting fees. These were incurred to support the future growth and sustainable expansion of the group's businesses. Furthermore, there is an increase in loss on foreign exchange rate, which arises from business in Lao PDR. It is due to the depreciation of the kip, resulting in an increase in loss on foreign exchange rate.

Financial position of the Group

Unit: Million Baht

Consolidated Financial Statements	Q1/24	YE/23	Change	%
Cash and cash equivalents	3,923.99	4,264.89	(340.90)	-8%
Other current financial assets	61.00	61.00	-	-
Trade and other current receivables	12.55	5.91	6.64	112%
Current portion of finance lease receivables	123.02	116.40	6.62	6%
Current portion of loan to customers	81.45	155.25	(73.80)	-48%
Inventories	3.52	4.82	(1.30)	-27%
Asset held for sale	0.16	0.26	(0.10)	-38%
Cost of property development	299.14	323.23	(24.09)	-7%
Other current assets	522.58	520.70	1.88	-
Total current assets	5,027.41	5,452.46	(425.05)	-8%
Restricted bank deposits	29.32	28.60	0.72	3%
Finance lease receivables	18.39	17.08	1.31	8%
Loan to customers	0.05	0.07	(0.02)	-29%
Land held for development	3.69	3.69	-	-
Property, plant and equipment	52.35	39.51	12.84	32%
Right-of-use assets	9.58	9.83	(0.25)	-3%
Unallocated costs of business acquisition	21.48	21.48	-	-
Goodwill	188.44	188.44	-	-
Intangible assets	1,042.45	22.81	1,019.64	4470%
Deferred tax assets	0.40	3.65	(3.25)	-89%
Other non-current assets	155.66	155.67	(0.01)	-
Total non-current assets	1,521.81	490.83	1,030.98	210%
Total assets	6,549.22	5,943.29	605.93	10%
Short-term borrowings from financial institutions	10.09	108.03	(97.94)	-91%
Trade and other current payables	47.81	21.57	26.24	122%

Consolidated Financial Statements	Q1/24	YE/23	Change	%
Current portion of long-term borrowings from financial institutions	87.14	19.01	68.13	358%
Current portion of lease liabilities	2.50	2.34	0.16	7%
Corporate income tax payable	2.21	1.26	0.95	75%
Advance received	19.66	15.24	4.42	29%
Other current provisions	6.94	3.61	3.33	92%
Other current liabilities	6.33	4.39	1.94	44%
Total current liabilities	182.68	175.45	7.23	4%
Long-term borrowings from financial institutions	285.54	65.62	219.92	335%
Lease liabilities	5.47	5.59	(0.12)	-2%
Other non-current provisions	4.25	-	4.25	100%
Non-current provisions for employee benefits	4.53	3.62	0.91	25%
Other non-current liabilities	0.37	0.32	0.05	16%
Total non-current liabilities	300.16	75.15	225.01	299%
Total liabilities	482.84	250.60	232.24	93%
Equity attributable to shareholders of the parent	5,883.37	5,500.07	383.31	7%
Non-controlling interests	183.00	192.62	(9.62)	-5%
Total shareholders' equity	6,066.38	5,692.69	373.69	7%

Total assets

Total assets as at March 31, 2024 were Baht 6,549.22 million, an increase of Baht 605.93 million, or 10% increase compared to the total assets as at December 31, 2023, which were Baht 5,943.29 million. The details of the main changes are as follows:

- Cash and cash equivalents decreased by Baht 340.90 million, resulting from the cash received from purchasing common shares of Nam Houng 1 Hydropower Company Limited ("NH1"), which operates in the business of producing and distributing electricity from water resources in Lao PDR. The acquisition cost amounted to USD 16.50 million or approximately Baht 595.73 million.
- Loan to customers decreased by Baht 73.82 million due to receiving payments from borrowers according to the agreements.
- Cost of property development decreased by Baht 24.09 million, due to the transfer of ownership of THE VALOR RAMINTRA, resulting in decrease the cost of property development.
- Intangible assets increased by Baht 1,019.64 million due to investment in the energy business, specifically in a concession agreement for Nam Houng 1 Hydropower dam project.

Total liabilities

Total liabilities as at March 31, 2024 were Baht 482.84 million, an increase of Baht 232.24 million, or 93% increase compared to the total liabilities as at December 31, 2023, which were Baht 250.60 million. The details of the main changes are as follows:

- Short-term borrowings from financial institutions decreased by Baht 97.94 million due to repayments made towards the borrowings.
- Long-term borrowings from financial institutions increased by Baht 288.05 million due to investments in the energy business.

Shareholders' equity

Equity attributable to shareholders of the parent as at March 31, 2024 was Baht 6,066.38 million, an increase of Baht 383.31 million, or a 7% increase compared to December 31, 2023, which was Baht 5,692.69 million. This increase is primarily attributed to net profits and gains from financial statement translation adjustments.

Cash flows of the Group

Unit: Million Baht

Consolidated Financial Statements	3M Q1/24	3M Q1/23	Change YTD
Net cash flows from (used in) operating activities	70.61	(24.01)	94.62
Net cash flows from (used in) investing activities	(587.82)	0.43	(588.25)
Net cash flows from (used in) financing activities	(125.38)	73.70	(199.08)
Increase (decrease) in translation adjustments	301.69	1.08	300.61
Net increase (decrease) in cash and cash equivalents	(340.90)	51.20	(392.10)
Cash and cash equivalents at the beginning of the period	4,264.89	330.13	3,934.76
Cash and cash equivalents at the end of the period	3,923.99	381.33	3,542.66

Cash flows

Cash flows for Quarter 1/2024 decreased by Baht 340.90 million; details are as follows:

- Net cash from operating activities in the quarter 1/2024 amounted to Baht 70.61 million. This comprised cash received from operations of approximately Baht 48.40 million and cash received from interest of approximately Baht 25.40 million.
- Net cash used in investing activities in the quarter 1/2024 amounted to Baht 587.82 million. This resulted from cash used for acquisitions of assets through the purchase of common shares of Nam Houng 1 Hydropower Company Limited ("NH1"), which operates in the business of producing and distributing electricity from water energy in Lao PDR, with a purchase value of approximately USD 16.50 million or equivalent to about Baht 595.73 million.
- Net cash used in financing activities in quarter 1/2024 amounted to Baht 125.38 million. This resulted from payments made to repay borrowings to financial institutions.

Please be informed accordingly.

Yours sincerely,

Alpha Divisions Public Company Limited

(Mr. Teera Chutivarapon)
Chief Executive Officer