

ALPHAXSET-2408-003

August 13, 2024

Subject: Management Discussion and Analysis for Quarter 2/2024

To: President and Manager
The Stock Exchange of Thailand

Alpha Divisions Public Company Limited (“the Group”) would like to clarify operating results for Quarter 2/2024. The main reasons are as follows:

Overall operating performance of the Group

Unit: Million Baht

Consolidated Financial Statements	3M		Change QoQ	%	3M			6M		Change YTD	%
	Q2/24	Q1/24			Q2/23	Change YoY	%	Q2/24	Q2/23		
Revenue	36.89	27.93	8.96	32%	17.04	19.85	116%	64.82	36.58	28.24	77%
Cost	(14.67)	(0.66)	(14.01)	-2123%	(1.31)	(13.36)	-1020%	(15.33)	(1.73)	(13.60)	-786%
Gross profit	22.22	27.27	(5.05)	-19%	15.73	6.49	41%	49.49	34.85	14.64	42%
Interest income	23.73	25.76	(2.03)	-8%	1.07	22.66	2118%	49.49	1.74	47.75	2744%
Other income	5.45	3.46	1.99	58%	0.57	4.88	856%	8.90	1.32	7.58	574%
Gain on bargain purchase	-	107.79	(107.79)	-100%	-	-	-	107.79	-	107.79	100%
Distribution costs	(0.69)	(0.63)	(0.06)	-10%	(0.91)	0.22	24%	(1.32)	(1.94)	0.62	32%
Administrative expenses	(43.56)	(44.15)	0.59	1%	(33.03)	(10.53)	-32%	(87.71)	(59.88)	(27.83)	-46%
Gain (loss) on foreign exchange rate	13.69	(28.36)	42.05	148%	0.78	12.91	1655%	(14.67)	(2.60)	(12.07)	-464%
Finance costs	(7.45)	0.01	(7.46)	-74600%	(0.30)	(7.15)	-2383%	(7.44)	(0.66)	(6.78)	-1027%
Profit (loss) before tax expense	13.39	91.15	(77.76)	-85%	(16.09)	29.48	183%	104.53	(27.17)	131.70	485%
Tax (expenses) income	(6.39)	(4.83)	(1.56)	-32%	0.89	(7.28)	-818%	(11.22)	0.54	(11.76)	-2178%
Profit (loss) from continuing operation	7.00	86.32	(79.32)	-92%	(15.20)	22.20	146%	93.31	(26.63)	119.94	450%
Profit (loss) from discontinued operation	(0.76)	(9.01)	8.25	92%	(8.57)	7.81	91%	(9.77)	(12.71)	2.94	23%
Net Profit (loss)	6.24	77.31	(71.07)	-92%	(23.77)	30.01	126%	83.54	(39.34)	122.88	312%
Equity holders of the Company	5.56	78.21	(72.65)	-93%	(23.58)	29.14	124%	83.76	(38.66)	122.42	317%

Revenue

Unit: Million Baht

Consolidated Financial Statements	3M		Change QoQ	%	3M			6M		Change YTD	%
	Q2/24	Q1/24			Q2/23	Change YoY	%	Q2/24	Q2/23		
Continuing operation											
Revenue from main business											
Energy business	14.20	-	14.20	100%	-	14.20	100%	14.20	-	14.20	100%
Leasing business and Microfinance business	22.69	26.57	(3.88)	-15%	16.94	5.75	34%	49.26	36.04	13.22	37%
Hemp/Cannabis business	-	1.36	(1.36)	-100%	0.10	(0.10)	-100%	1.36	0.54	0.82	152%
Total revenue from main business	36.89	27.93	8.96	32%	17.04	19.85	116%	64.82	36.58	28.24	77%
Interest income	23.73	25.76	(2.03)	-8%	1.07	22.66	2118%	49.49	1.74	47.75	2744%
Other income	5.45	3.46	1.99	58%	0.57	4.88	856%	8.90	1.32	7.58	574%
Gain on bargain purchase	-	107.79	(107.79)	-100%	-	-	-	107.79	-	107.79	100%
Total revenue	66.07	164.94	(98.87)	-60%	18.68	47.39	254%	231.00	39.64	191.36	483%
Discontinued operation											
Property development business	72.15	31.51	40.64	129%	2.40	69.75	2906%	103.67	44.00	59.67	136%

Financial Performance Summary for the 3-month period ended in Quarter 2/2024 compared with Quarter 1/2024 (QoQ)

Total revenue from main business from continuing operation of the Group for the 3-month period ended in quarter 2/2024 amounted to Baht 36.89 million, an increase of Baht 8.96 million, or 32% increase from the previous quarter, due to an increase in revenue from energy business.

Net profit attributable to the parent company for the 3-month period of quarter 2/2024 amounted to Baht 5.56 million, a decrease from the previous period by Baht 72.65 million or a decrease of 93%, due to a decrease in gain on bargain purchase amounted to Baht 107.79 million.

Financial Performance Summary for the 3-month period ended in Quarter 2/2024 compared with Quarter 2/2023 (YoY)

Total revenue from main business from continuing operation of the Group for the 3-month period ended in quarter 2/2024 amounted to Baht 36.89 million, an increase of Baht 19.85 million, or 116% increase from the same period of the previous year, due to an increase in revenue from energy business.

Net profit attributable to the parent company for the 3-month period of quarter 2/2024 amounted to Baht 5.56 million, an increase from the same period of the previous year by Baht 29.14 million or an increase of 124%, due to an increase in revenue from energy business amounted to Baht 14.20 million and interest income amounted to Baht 22.66 million

Financial Performance Summary for the 6-month period ended June 30, 2024 compared with 6-month period ended June 30, 2023 (YTD)

Total revenue from main business from continuing operation of the Group for the 6-month period ended in quarter 2/2024 amounted to Baht 64.82 million, an increase of Baht 28.24 million, or 77% increase from the same period of the previous year, due to an increase in revenue from energy business, leasing business and microfinance business.

Net profit attributable to the parent company for the 6-month period of quarter 2/2024 amounted to Baht 83.76 million, an increase from the same period of the previous year by Baht 122.42 million or an increase of 317%. The main reason was the increase in gain on bargain purchase amounted Baht 107.79 million and interest income by Baht 47.75 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.

Financial position of the Group

Unit: Million Baht

Consolidated Financial Statements	Q2/24	YE/23	Change	%
Cash and cash equivalents	3,886.38	4,264.89	(378.51)	-9%
Other current financial assets	61.00	61.00	-	-
Trade and other current receivables	12.73	5.91	6.82	115%
Current portion of finance lease receivables	115.26	116.40	(1.14)	-1%
Current portion of loan to customers	102.08	155.25	(52.17)	-34%
Inventories	3.53	4.82	(1.29)	-27%
Asset held for sale	0.18	0.26	(0.08)	-31%
Cost of property development	-	323.23	(323.23)	-100%
Restricted bank deposits	14.69	-	14.69	100%
Other current assets	18.72	520.70	(501.98)	-96%
Assets classified as held for sale	883.67	-	883.67	100%
Total current assets	5,098.24	5,452.46	(354.22)	-6%
Restricted bank deposits	11.69	28.60	(16.91)	-59%
Finance lease receivables	11.39	17.08	(5.69)	-33%
Loan to customers	0.02	0.07	(0.05)	-71%
Land held for development	-	3.69	(3.69)	-100%
Property, plant and equipment	47.29	39.51	7.78	20%
Right-of-use assets	8.18	9.83	(1.65)	-17%
Unallocated costs of business acquisition	21.48	21.48	-	-

Consolidated Financial Statements	Q2/24	YE/23	Change	%
Goodwill	83.25	188.44	(105.19)	-56%
Intangible assets	1,059.09	22.81	1,036.28	4543%
Deferred tax assets	-	3.65	(3.65)	-100%
Other non-current assets	155.34	155.67	(0.33)	-
Total non-current assets	1,397.73	490.83	906.90	185%
Total assets	6,495.97	5,943.29	552.68	9%
Short-term borrowings from financial institutions	9.69	108.03	(98.34)	-91%
Trade and other current payables	42.14	21.57	20.57	95%
Current portion of long-term borrowings from financial institutions	88.04	19.01	69.03	363%
Current portion of lease liabilities	2.38	2.34	0.04	2%
Corporate income tax payable	7.52	1.26	6.26	497%
Advance received	0.25	15.24	(14.99)	-98%
Other current provisions	0.81	3.61	(2.80)	-78%
Other current liabilities	4.16	4.39	(0.23)	-5%
Liabilities included in disposal groups classified as held for sale	43.14	-	43.14	100%
Total current liabilities	198.13	175.45	22.68	13%
Long-term borrowings from financial institutions	230.64	65.62	165.02	251%
Lease liabilities	4.70	5.59	(0.89)	-16%
Other non-current provisions	3.19	-	3.19	100%
Non-current provisions for employee benefits	-	3.62	(0.03)	-1%
Other non-current liabilities	0.39	-	0.39	100%
Long-term borrowings from financial institutions	0.36	0.32	0.04	13%
Total non-current liabilities	242.87	75.15	167.72	223%
Total liabilities	441.00	250.60	190.40	76%
Equity attributable to shareholders of the parent	5,877.24	5,512.10	365.14	7%
Non-controlling interests	177.73	180.59	(2.86)	-2%
Total shareholders' equity	6,054.97	5,692.69	362.28	6%

Total assets

Total assets as at June 30, 2024 were Baht 6,9495.97 million, an increase of Baht 522.68 million, or 9% 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 378.51 million, resulting from the acquisitions of assets through the purchase of ordinary 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 52.22 million due to receiving payments from borrowers according to the agreements.
- Intangible assets increased by Baht 1,036.28 million due to investment in the energy business, specifically in a concession agreement for Nam Houng 1 Hydropower dam project.
- Assets classified as held for sale increased by Baht 883.67 million, due to the disposal of ordinary shares of V Property Development Co., Ltd. ("VPROP"), a property development business on July 30, 2024. Therefore, the related assets were classified as held for sale, mainly consisting of cost of property development of Baht 242.38 million and land deposits of Baht 500.81 million.

Total liabilities

Total liabilities as at June 30, 2024 were Baht 441.00 million, an increase of Baht 190.40 million, or 76% 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 98.34 million due to repayments made towards the borrowings.
- Long-term borrowings from financial institutions increased by Baht 234.05 million due to investments in the energy business.

- Liabilities classified as held for sale increased by Baht 43.14 million, due to the disposal of ordinary shares of V Property Development Co., Ltd. (“VPROP”), a property development business on July 30, 2024. Therefore, the related liabilities were classified as held for sale, mainly consisting of Trade and other current payables of Baht 11.00 million and advance received of Baht 22.47 million.

Shareholders’ equity

Equity attributable to shareholders of the parent as at June 30, 2024 was Baht 6,054.97 million, an increase of Baht 362.28 million, or a 6% increase compared to December 31, 2023, which was Baht 5,692.69 million due to an increase in net profit and translation adjustments.

Cash flows of the Group

Unit: Million Baht

Consolidated Financial Statements	6M Q2/24	6M Q2/23	Change YTD
Net cash flows from (used in) operating activities	140.91	(126.74)	267.65
Net cash flows from (used in) investing activities	(588.76)	42.27	(631.03)
Net cash flows from (used in) financing activities	(188.47)	104.87	(293.34)
Increase (decrease) in translation adjustments	280.43	(14.03)	294.46
Net increase (decrease) in cash and cash equivalents	(355.89)	6.37	(362.26)
Cash and cash equivalents at the beginning of the period	4,242.27	330.13	3,912.14
Cash and cash equivalents at the end of the period	3,886.38	336.50	3,549.88

Cash flows

Cash flows for Quarter 2/2024 decreased by Baht 355.89 million; details are as follows:

- Net cash from operating activities in the quarter 2/2024 amounted to Baht 140.91 million. This comprised cash received from operations of approximately Baht 105.54 million and cash received from interest of approximately Baht 48.61 million.
- Net cash used in investing activities in the quarter 2/2024 amounted to Baht 588.76 million. This resulted from cash used for acquisitions of assets through the purchase of ordinary 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 2/2024 amounted to Baht 188.47 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