

ALPHAXSET-2311-004

November 13, 2023

Subject: Management Discussion and Analysis for Quarter 3/2023

To: President and Manager
The Stock Exchange of Thailand

Alpha Divisions Public Company Limited (“the Group”) would like to clarify operating results for Quarter 3/2023. The main reasons are as follows:

Overall operating performance of the Group

Unit: Million Baht

Consolidated Financial Statements	3M		Change QoQ	%	3M		%	9M		Change YTD	%
	Q3/23	Q2/23			Q3/22	YoY		Q3/23	Q3/22		
Revenue	16.41	19.43	(3.02)	(15.54)	102.31	(85.90)	(83.96)	96.38	258.45	(162.07)	(62.71)
Cost	(2.94)	(3.01)	(0.07)	(2.33)	(31.14)	(28.20)	(90.56)	(35.86)	(123.19)	(87.33)	(70.89)
Gross profit	13.47	16.42	(2.95)	(17.97)	71.17	(57.70)	(81.07)	60.52	135.26	(74.74)	(55.26)
Other income	3.21	1.67	1.54	92.22	(1.27)	4.48	352.76	6.88	4.44	2.44	54.95
Distribution costs	(4.69)	(5.17)	(0.48)	(9.28)	(8.89)	(4.20)	(47.24)	(16.17)	(23.39)	(7.22)	(30.87)
Administrative expenses	(48.14)	(36.95)	11.19	30.28	(37.20)	10.94	29.41	(121.55)	(53.23)	68.32	128.35
Gain (loss) on foreign exchange rate	(12.47)	0.78	(13.25)	(1,698.72)	(1.57)	(10.90)	(694.27)	(15.06)	(14.78)	(0.28)	(1.89)
Finance costs	(1.32)	(1.35)	(0.03)	(2.22)	(0.64)	0.68	106.25	(4.10)	(2.41)	1.69	70.12
Profit (loss) before tax expense	(49.94)	(24.60)	(25.34)	(103.01)	21.60	(71.54)	(331.20)	(89.48)	45.89	(135.37)	(294.99)
Tax (expenses) income	0.03	0.83	(0.80)	(96.39)	(9.98)	(10.01)	(100.30)	0.25	(12.11)	(12.36)	(102.06)
Profit (loss)	(49.90)	(23.77)	(26.13)	(109.93)	11.62	(61.52)	(529.43)	(89.23)	33.78	(123.01)	(364.15)
Equity holders of the Company	(47.21)	(23.58)	(23.63)	(100.21)	8.23	(55.44)	(673.63)	(85.88)	34.67	(120.55)	(347.71)

Revenue

Unit: Million Baht

Consolidated Financial Statements	3M		Change QoQ	%	3M		%	9M		Change YTD	%
	Q3/23	Q2/23			Q3/22	YoY		Q3/23	Q3/22		
Revenue from main business											
Property development business	-	2.39	(2.39)	(100.00)	33.15	(33.15)	(100.00)	43.39	159.85	(116.46)	(72.86)
Hemp/Cannabis business	0.32	0.10	0.22	219.80	51.19	(50.87)	(99.37)	0.87	67.29	(66.43)	(98.71)
Leasing business and Microfinance business	16.08	16.94	(0.86)	(5.06)	17.97	(1.89)	(10.49)	52.12	31.30	20.82	66.50
Total revenue from main business	16.41	19.43	(3.02)	(15.54)	102.31	(85.90)	(83.96)	96.38	258.45	(162.07)	(62.71)
Other income	3.21	1.67	1.54	92.22	(1.27)	4.48	352.76	6.88	4.44	2.44	54.95
Total revenue	19.62	21.10	(1.48)	(7.01)	101.04	(81.42)	(80.58)	103.26	262.89	(159.63)	(60.72)

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

Total revenue of the Group for the 3-month period ended in Quarter 3/2023 amounted to Baht 19.62 million, a decrease of Baht 1.48 million, or a 7.01% decrease from the previous quarter, due to a decrease in revenue from property development business.

Net loss attributable to equity holders of the Company for the 3-month period ended in Quarter 3/2023 amounted to Baht 47.21 million, an increase of Baht 23.63 million, or an 100.21% increase from the previous quarter. This is mainly due to 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 3/2023 compared with Quarter 3/2022 (YoY)

Total revenue of the Group for the 3-month period ended in Quarter 3/2023 amounted to Baht 19.62 million, a decrease of Baht 81.42 million, or a 80.58% decrease from the same period of 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 3-month period ended in Quarter 3/2023 amounted to Baht 47.21 million, an increase of Baht 55.44 million, or an 673.63% increase from the same period of the previous year. This is mainly due to a decrease in revenue and an increase in administrative expenses, including an increased loss on foreign exchange rate.

Financial Performance Summary for the 9-month period ended September 30, 2023 compared with 9-month period ended September 30, 2022 (YTD)

Total revenue of the Group for the 9-month period ended in Quarter 3/2023 amounted to Baht 103.26 million, a decrease of Baht 159.63 million, or a 60.72% decrease from the same period of the previous year. Due to a decrease in revenue from property development business, from the IKON77 project, since 2022, almost all of the ownership has been transferred, and the remaining units that have not been transferred are only 0.45% of the total units. As a result, revenue from property development business decreased. And hemp/cannabis business, according to the announcement of the Ministry of Public Health, marijuana, cannabis, and hemp are released from the drugs list, effective June 9, 2022. Since the beginning of unlocking, revenue from hemp/cannabis business has increased dramatically. At present, there is uncertainty regarding the law, including competitors that have increased greatly. As a result, revenue from hemp/cannabis business decreased.

Net loss attributable to equity holders of the Company for the 9-month period ended in Quarter 3/2023 amounted to Baht 85.88 million, an increase of Baht 120.55 million, or an 347.71% increase from the same period of the previous year. This is mainly due to a decrease in revenue and an increase in administrative expenses, which increased by Baht 68.32 million, divided into 1) recurring administrative expenses that increased by approximately Baht 20.05 million, which are expenses related to investments, 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. 2) Nonrecurring administrative expenses amounted to Baht 48.27 million, because in 2022 there was a reversal of estimated loss from cost over income amounted to Baht 48.26 million. This is caused by the Company having issued a sales order and not yet fully delivering the products to the customer. As a result, an estimated has been made to reserve for such losses. Previously, the difference between the current market price and the selling price was used to record such estimates. However, the Company's management has considered it together with independent legal advisors. It is seen that it has been more than 2 years since the customer has not contacted or demanded any delivery of the product. Therefore, the Company can exercise the right to compensation only for damages that may occur. It is calculated from the average price of delivering products to customers at that time in recording the estimated loss.

Financial position of the Group

Unit: Million Baht

Consolidated Financial Statements	Q3/23	YE/22	Change	%
Cash and cash equivalents	3,190.10	330.13	2,859.97	866.32
Other current financial assets	61.00	61.00	-	-
Trade and other current receivables	1.99	0.98	1.01	103.06
Current portion of finance lease receivables	128.51	128.84	(0.33)	(0.26)
Current portion of loan to customers	14.52	-	14.52	100.00
Inventories	3.11	1.89	1.22	64.55

Consolidated Financial Statements	Q3/23	YE/22	Change	%
Asset held for sale	0.43	0.52	(0.09)	(17.31)
Cost of property development	372.29	391.13	(18.84)	(4.82)
Other current assets	515.31	350.17	165.14	47.16
Total current assets	4,287.26	1,264.66	3,022.60	239.00
Restricted bank deposits	30.91	64.56	(33.65)	(52.12)
Finance lease receivables	26.02	59.62	(33.60)	(56.36)
Loan to customers	0.12	-	0.12	100.00
Land held for development	3.68	3.68	-	-
Property, plant and equipment	41.57	44.82	(3.25)	(7.25)
Right-of-use assets	11.19	9.44	1.75	18.54
Unallocated costs of business acquisition	21.48	-	21.48	100.00
Goodwill	188.44	188.44	-	-
Intangible assets	24.11	28.13	(4.02)	(14.29)
Other non-current assets	155.67	155.59	0.08	0.05
Total non-current assets	503.19	554.28	(51.09)	(9.22)
Total assets	4,790.45	1,818.94	2,971.51	163.36
Trade and other current payables	24.30	48.59	(24.29)	(49.99)
Current portion of long-term borrowings from financial institutions	20.37	47.09	(26.72)	(56.74)
Current portion of lease liabilities	2.57	0.72	1.85	256.94
Corporate income tax payable	0.20	15.48	(15.28)	(98.71)
Advance received	10.83	20.13	(9.30)	(46.20)
Provisions	3.20	3.57	(0.37)	(10.36)
Other current liabilities	4.82	7.28	(2.46)	(33.79)
Total current liabilities	66.29	142.86	(76.57)	(53.60)
Long-term borrowings from financial institutions	64.84	103.53	(38.69)	(37.37)
Lease liabilities	6.35	10.10	(3.75)	(37.13)
Deferred tax liabilities	1.88	2.29	(0.41)	(17.90)
Non-current provisions for employee benefits	3.50	2.91	0.59	20.27
Other non-current liabilities	0.40	0.41	(0.01)	(2.44)
Total non-current liabilities	76.97	119.24	(42.27)	(35.45)
Total liabilities	143.26	262.10	(118.84)	(45.34)
Equity attributable to shareholders of the parent	4,450.97	1,357.27	3,093.70	227.94
Non-controlling interests	196.22	199.57	(3.35)	(1.68)
Total shareholders' equity	4,647.19	1,556.84	3,090.35	198.50

Total assets

Total assets as at September 30, 2023 were Baht 4,790.45 million, an increase of Baht 2,971.51 million, or 163.36% 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 2,859.97 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, 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 165.14 million, from the increase in land deposit.

Total liabilities

Total liabilities as at September 30, 2023 were Baht 143.26 million, a decrease of Baht 118.84 million, or 45.34% 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:

- Loans from financial institutions decreased by Baht 65.41 million, from repayments to financial institutions.

Shareholders' equity

- Equity attributable to shareholders of the parent as at September 30, 2023 was Baht 4,450.97 million, an increase of Baht 3,093.70 million, or 227.94% increase compared to December 31, 2022, which was Baht 1,357.27 million. It is due to the capital increase of ALPHAX-W4 shares and additional shares from Private Placement, resulting in an increase in Shareholders' equity.

Cash flows of the Group

Unit: Million Baht

Consolidated Financial Statements	9M Q3/23	9M Q3/22	Change YTD
Net cash flows from (used in) operating activities	(259.80)	(224.77)	(35.03)
Net cash flows from (used in) investing activities	15.70	(86.86)	102.56
Net cash flows from (used in) financing activities	2,999.98	577.09	2,422.89
Increase (decrease) in translation adjustments	104.09	(41.40)	145.49
Net increase (decrease) in cash and cash equivalents	2,859.97	224.06	2,635.91
Cash and cash equivalents at the beginning of the period	330.13	118.29	211.84
Cash and cash equivalents at the end of the period	3,190.10	342.28	2,847.82

Cash flows

Cash flows for Quarter 3/2023 increased by Baht 2,859.97 million; details are as follows:

- Net cash flows used in operating activities for Quarter 3/2023 amounted to Baht 259.80 million, mainly from operating losses of Baht 62.70 million, cash paid for income tax of Baht 16.01 million, and cash paid for land deposits of Baht 167.00 million.
- Net cash flows from investing activities for Quarter 3/2023 amounted to Baht 15.70 million, mainly due to a decrease in pledged bank deposits.
- Net cash flows from financing activities for Quarter 3/2023 amounted to Baht 2,999.98 million, mainly from the cash received from increase in shares capital ALPHAX-W4 and Private Placement.

Please be informed accordingly.

Yours sincerely,

Alpha Divisions Public Company Limited

(Mr. Teera Chutivarapon)

Chief Executive Officer