

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<br>Financial Statements        | 2023            | 2022          | Change          |              | 3M<br>Q4/23    | 3M<br>Q3/23    | Change       |             | 3M<br>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            |
| <b>Gross profit</b>                         | <b>88.84</b>    | <b>183.77</b> | <b>(94.93)</b>  | <b>(52)</b>  | <b>28.31</b>   | <b>13.47</b>   | <b>14.84</b> | <b>110</b>  | <b>48.51</b> | <b>(20.20)</b> | <b>(42)</b>   |
| 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           |
| <b>Profit (loss) before tax<br/>expense</b> | <b>(118.55)</b> | <b>52.59</b>  | <b>(171.14)</b> | <b>(325)</b> | <b>(29.08)</b> | <b>(49.94)</b> | <b>20.86</b> | <b>42</b>   | <b>6.71</b>  | <b>(35.79)</b> | <b>(533)</b>  |
| Tax (expenses) income                       | 5.03            | (18.44)       | 23.47           | (127)        | 4.78           | 0.03           | 4.75         | 15833       | (6.33)       | 11.11          | (176)         |
| <b>Profit (loss)</b>                        | <b>(113.52)</b> | <b>34.15</b>  | <b>(147.67)</b> | <b>(432)</b> | <b>(24.30)</b> | <b>(49.91)</b> | <b>25.61</b> | <b>(51)</b> | <b>0.38</b>  | <b>(24.68)</b> | <b>(6495)</b> |
| <b>Equity holders of the<br/>Company</b>    | <b>(106.57)</b> | <b>35.22</b>  | <b>(141.79)</b> | <b>(403)</b> | <b>(20.70)</b> | <b>(47.21)</b> | <b>26.51</b> | <b>(56)</b> | <b>0.55</b>  | <b>(21.25)</b> | <b>(3864)</b> |

**Revenue**

Unit: Million Baht

| Consolidated<br>Financial Statements          | 2023          | 2022          | Change          |             | 3M<br>Q4/23   | 3M<br>Q3/23  | Change       |            | 3M<br>Q4/22  | Change        |            |
|---|---------------|---------------|-----------------|-------------|---------------|--------------|--------------|------------|--------------|---------------|------------|
|   |               |               | YTD             | %           |               |              | QoQ          | %          |              | YoY           | %          |
| Revenue from main<br>business                 |               |               |                 |             |               |              |              |            |              |               |            |
| Property development<br>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<br>Microfinance business | 73.77         | 49.60         | 24.18           | 49          | 21.65         | 16.09        | 5.57         | 35         | 18.29        | 3.36          | 18         |
| <b>Total revenue from main<br/>business</b>   | <b>181.65</b> | <b>346.67</b> | <b>(165.20)</b> | <b>(48)</b> | <b>85.27</b>  | <b>16.41</b> | <b>68.86</b> | <b>420</b> | <b>88.22</b> | <b>(2.95)</b> | <b>(3)</b> |
| Other income                                  | 30.17         | 8.70          | 21.47           | 247         | 23.29         | 3.21         | 20.08        | 625        | 4.26         | 19.03         | 447        |
| <b>Total revenue</b>                          | <b>211.82</b> | <b>355.37</b> | <b>(143.55)</b> | <b>(40)</b> | <b>108.55</b> | <b>19.62</b> | <b>88.94</b> | <b>453</b> | <b>92.48</b> | <b>16.08</b>  | <b>17</b>  |

**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          |
| <b>Total current assets</b>   | <b>5,452.46</b> | <b>1,264.66</b> | <b>4,187.80</b> | <b>331</b>  |
| 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            | -           |
| <b>Total non-current assets</b>                                     | <b>490.83</b>   | <b>554.28</b>   | <b>(63.45)</b>  | <b>(11)</b> |
| <b>Total assets</b>   | <b>5,943.29</b> | <b>1,818.94</b> | <b>4,124.35</b> | <b>227</b>  |
| 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)        |
| <b>Total current liabilities</b>                  | <b>175.45</b>   | <b>119.24</b>   | <b>32.59</b>    | <b>23</b>   |
| 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)        |
| <b>Total non-current liabilities</b>              | <b>75.15</b>    | <b>119.24</b>   | <b>(44.09)</b>  | <b>(37)</b> |
| <b>Total liabilities</b>                          | <b>250.60</b>   | <b>262.10</b>   | <b>(11.50)</b>  | <b>(4)</b>  |
| 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)         |
| <b>Total shareholders' equity</b>                 | <b>5,692.69</b> | <b>1,556.84</b> | <b>4,135.85</b> | <b>266</b>  |

#### 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           |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>3,934.76</b> | <b>211.91</b> | <b>3,722.85</b> |
| 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