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AppliCAD Public Company Limited

7 August 2024

Subject Management Discussion and Analysis of the second quarter ended as of 30 June 2024

Dear The Director and President of The Stock Exchange of Thailand

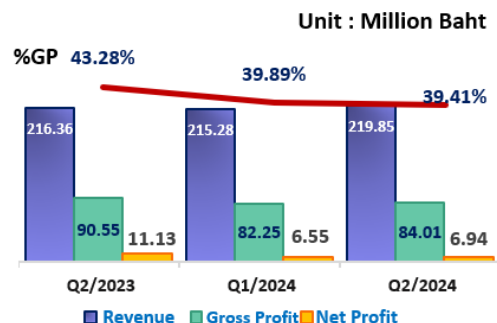
The significant financial information

Unit : Million Baht	Q2/2023	Q1/2024	Q2/2024	Change	
				QoQ	YoY
Sales and service income	209.25	206.17	213.21	3.41%	1.89%
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	24.71	16.69	16.54	-0.92%	-33.08%
Gross profit	11.13	6.55	6.94	5.92%	-37.63%
Gross profit per share (Baht/share)	0.04	0.02	0.02	0.00	(0.02)

Overall operating report

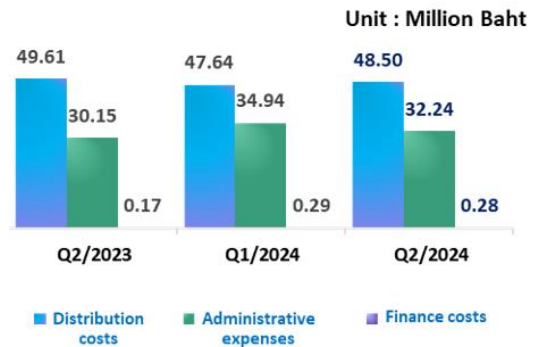
In the second quarter of 2024, total revenue was 219.85 million baht, representing an increase of 3.49 million baht or 1.61% compared to the same period in 2023. This increase was primarily driven by a rise in revenue from services, which grew by 12.78 million baht due to an increase in service contracts. Additionally, hardware sales also increased by 2.84 million baht. However, revenue from software sales decreased by 11.66 million baht as the company shifted from software sales to service contracts, which are annual subscription contracts. Other income also decreased by 0.47 million baht.

The Company's gross profit in the second quarter of 2024 amounted to 84.01 million baht, a decrease of 6.54 million baht or 7.22%. The gross profit margin also declined from 43.28% in the same quarter of the previous year to 39.41%. This decline was primarily due to an increase in service contracts, which are annual subscription contracts that have a lower gross profit margin compared to software sales.





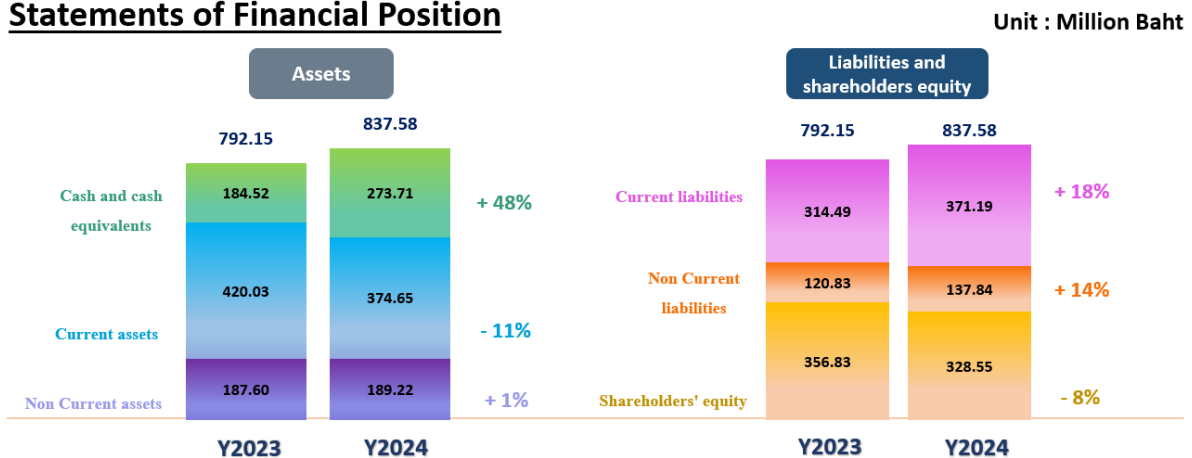
In the second quarter of 2024, distribution costs amounted to 48.50 million baht, a decrease of 1.11 million baht or 2.24% compared to the previous year. This decrease was due to adjustments in the advertising and sales promotion plan.



Administrative expenses and finance costs for the second quarter of 2024 amounted to 32.52 million baht, an increase of 2.20 million baht or 7.24% compared to the same period of the previous year. This increase was due to the Group incurring expenses related to employee compensation and welfare, personnel development costs of 1.60 million baht, and write-off and depreciation expenses of 0.60 million baht.

Losses in accordance with Thai Financial Reporting Standards 9 (TFRS 9) for the second quarter of 2024 increased by 0.72 million baht, resulting from the allowance for doubtful accounts of 0.62 million baht and forward contracts of 0.10 million baht.

Statements of Financial Position



Assets

As of 30 June 2024, the Company and its subsidiaries' total assets were 837.58 million baht, increased by 45.42 million baht or 5.73%. The main changes are as follows:

The Company had cash and cash equivalents amounting to 273.71 million baht and it showed that 89.19 million baht was increased which arose from fixed deposits due within 3 months.



Trade receivables and other current receivables amounted to 144.10 million baht, an increase of 31.54 million baht, driven by the gradual recognition of income from the sales of collaborative robots for industrial automation and advance payments for 3D printers.

Inventories were 74.20 million baht, increased by 26.43 million baht from the machine and 3D printers in transit.

Other current financial assets amounting to 124.50 million baht decreased due to the reclassification of fixed deposit accounts maturing within 3 months.

Advance payment for services performed - at not more than one year and more than one year amounted to 189.39 million baht, an increase of 40.49 million baht, due to an increase in service contracts.

Other current assets amounted to 4.87 million baht, an increase of 4.36 million baht, due to deposits for products.

Property, plant and equipment were 88.21 million baht decreased by 7.30 million baht, primarily due to the sales of machinery and 3D printers. Additionally, the Company wrote-off computer, office supplies, decorations, installation, and office equipment.

Right-of-use assets amounted to 16.20 million baht, a decrease of 0.98 million baht, due to the expiration of the land lease contract and office equipment lease contract.

Liabilities

As of 30 June 2024, the Company had total liabilities of 509.02 million baht which were increased by 73.71 million baht or 16.93%. This increase was primarily due to the following factors:

Trade and other current payables amounted to 132.28 million baht, an increase of 15.31 million baht, primarily due to trade payables with 3D printers suppliers.

Contract liabilities (current and non-current) of 298.82 million baht were increased by 58.27 million baht because the Company got more the annual service contracts with customers.

Lease liabilities (current and non-current) of 17.28 million baht were decreased by 0.79 million baht because of the expiration of lease.

Provisions for employee benefit, 59 million baht decreased by 0.36 million baht due to retirement compensation payments that occurred in the quarter.

Shareholders

As of 30 June 2024, the Company shareholders' equities were 328.55 million baht, decreased by 28.28 million baht or 7.93%. This decrease was primarily due to dividend payments of 42 million baht from the Company's net profits for the year ending 31 December 2023. The Group also generated a profit of 13.51 million baht from operations in the first six months of 2024.



Cash Flow Statement

Unit : Million Baht

	Q2-2024
Net cash flow from (used in) operating activities	10.66
Net cash flows from (used in) investment activities	124.13
Net cash flows from (used in) financing activities	(45.83)
Impact of exchange rate on cash and cash equivalents	0.23
Net increase (decrease) in cash and cash equivalents	89.19
Cash and cash equivalents - Beginning balance	184.52
Cash and cash equivalents - Ending balance	273.71

Cash Flow

For **the second quarter ended 30 June 2024**, the Company had an increase of the net cash flow of 89.19 million baht. The Company had cash and cash equivalents of 273.71 million at the end of the period. The details of major activities are as below.

The net cash flow from operating activities of 10.66 million baht was generated from operating profit before tax, totaling 17.81 million baht, adjusted by various items including depreciation, write-off, changes in assets and liabilities associated with operations, increase in trade and other current receivables, receivables from other operations, inventories, other assets, and trade payables and payables from other operations, mainly in the amount of 3.67 million baht. It was also including an increase in income tax expenses, interest expenses, and other cash payments for operating activities, mainly in the amount of 10.82 million baht.

The net cash flow generated from investing activities amounted to 124.13 million baht. The change increased from the management of the Company's fixed deposit due within 3 months of 124.50 million baht, interest income of 2.23 million baht, the purchase of machinery and office equipment of 2.47 million baht and intangible assets of 1.10 million baht, and the sale of machinery and office equipment of 0.97 million baht.

The net cash flow utilized in financing activities was 45.83 million baht, primarily due to dividend payment of 42 million baht, repayments of lease liabilities totaling 3.25 million baht, and interest payments amounting to 0.57 million baht.

Your sincerely,

(Miss Thitiporn Chartaisong)

Chief Financial Officer

AppliCAD Public Company Limited