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AppliCAD Public Company Limited

13 August 2021

Subject: Management Discussion and Analysis of the second quarter ended as of 30 June 2021

**To: The President
The Stock Exchange of Thailand**

AppliCAD Public Company Limited and its subsidiaries (“the Company”) would like to submit our management discussion and analysis of the second quarter ended as of 30 June 2021 comparing with the performance of the same period the second quarter in 2020 according to the regulation of the Stock Exchange of Thailand as follows;

Revenue from Sale and Service

Unit: Thousand baht	2Q2020	1Q2021	2Q2021	% Change		1H2020	1H2021	% Change
				YOY	QOQ			
Revenue from software sale	65,997	65,878	74,398	12.73%	12.93%	140,800	140,276	-0.37%
Revenue from hardware sale	24,954	22,668	55,532	122.54%	144.98%	41,111	78,200	90.22%
Revenue from service	73,318	76,940	79,196	8.02%	2.93%	143,358	156,136	8.91%
Other incomes	1,495	4,690	2,995	100.33%	-36.14%	5,436	7,685	41.37%
Total	165,764	170,176	212,121	27.97%	24.65%	330,705	382,297	15.60%
Gross profit	81,016	76,665	85,404	5.42%	11.40%	161,471	162,069	0.37%
Gross profit Margin	49.32%	46.33%	40.84%	-17.19%	-11.84%	49.65%	43.58%	12.21%

For the second quarter of 2021, the Company had the total revenue as 212.12 million baht increased by 24.65%, consisting of the revenue from software sale as 74.40 million baht increased by 12.93%, the revenue from hardware sale as 55.53 million baht increased by 145.00% from the sale of metal 3D printers and 3D products of the government educational institutions, the revenue from service as 79.20 million baht increased by 2.93% and other incomes as 3 million baht decreased by 36.14% from the first quarter of 2021 which was derived from the profit from the sale of assets and the share from the sale of design software. In term of subscription service, there were both expiration and renewal of service contracts, resulting to the subscription service of design software increased by 3.46% which was mainly from the sale of subscription



service for 3D printers and 3D products. The Company had the contracts in service of 3,405 contracts increased from the first quarter of 2021 which was 3,291 contracts. As a result, the Company had the gross profit increased by 11.40%.

When comparing to the second quarter of 2020, the Company had the revenue increased by 27.97% which could be classified as the revenue from software increased by 12.73%, the revenue from hardware increased by 122.54%, the revenue from service increased by 8.02% from the sale of subscription service for 3D printers and 3D products and other incomes increased by 100.33% from the consulting fee of 3D printers and 3D products.

The performance of first half of 2021 comparing to the same period of previous year, the Company had the total revenue as 382.30 million baht increased by 15.60% which could be classified as the revenue from software sale as 140.28 million baht which was similar to the previous year under the declaration of a state of emergency and compliance with the requirements for the maximum control area of COVID-19. The revenue from hardware sale was 78.20 million baht increased by 90.22% from the increase in sales of metal 3D printers and 3D products of the government educational institutions. The revenue from service was 156.14 million baht increased by 8.91% from the sale of subscription service for 3D printers and 3D products and revenue from providing retroactive program installation services to customers.

Cost and Expense

Unit: Thousand baht	2Q2020	1Q2021	2Q2021	% Change		1H2020	1H2021	% Change
				YOY	QOQ			
Cost of software sale	34,081	37,920	42,613	25.03%	2.37%	72,697	80,533	10.78%
Cost of hardware sale	14,893	15,312	42,407	184.74%	176.96%	24,767	57,719	133.05%
Cost of service	34,279	35,589	38,702	12.90%	8.75%	66,335	74,291	11.99%
Total	83,253	88,821	123,722	48.61%	39.29%	163,800	212,543	29.76%
Cost of distribution	37,920	41,415	42,641	12.45%	2.96%	81,429	84,056	3.23%
Administrative expense	20,924	22,855	26,266	25.53%	14.92%	47,442	49,121	3.54%
Financial cost	92	89	93	1.09%	4.49%	195	182	-6.67%
Corporate tax	3,429	4,890	5,001	45.84%	2.27%	6,888	9,891	43.60%
Total	62,365	69,249	74,094	18.81%	6.86%	135,954	143,250	5.37%
Net profit	20,238	12,106	14,398	-28.86%	18.93%	30,953	26,504	-14.37%
Net profit margin	12.21%	7.11%	6.79%	-44.40%	-4.59%	9.36%	6.93%	-25.93%
Earnings per Share (baht)	0.07	0.04	0.05	-28.86%	18.93%	0.11	0.09	-14.37%

For the second quarter of 2021, the Company had the cost of software sale as 42.61 million baht which was the gross profit margin as 42.73% and the cost of hardware sale as 42.41 million baht which was the gross profit margin as 23.63% decreased from the sale of metal 3D printers and 3D products because such



products must be procured through multiple dealers with highly competitive. In addition, the Company had the cost of service as 38.70 million baht which was the gross profit margin as 51.14%

The performance of first half of 2021 comparing to the same period of previous year, the Company had the cost of software sale as 80.53 million baht which was the gross profit margin as 42.59%, the cost of hardware sale as 57.72 million baht which was the gross profit margin as 35.48% decreased from the sale of metal 3D printers and 3D products in the second quarter. The Company also had the cost of service as 74.29 million which was the gross profit margin as 52.42%. As the result, the Company had the gross profit margin increased by 12.21%

The performance of first half of 2021 comparing to the same period of previous year, the Company had the distribution costs increased by 3.23% due to commission fees and depreciation of 3D printers and 3D products, and the administrative expenses increased by 3.54% due to recruitment of specialized personnel. The Company also employed the government measures to mitigate COVID-19 such as the remittance of the Social Security Contribution, temporary suspension of delivery of provident funds from the employer and the record of some research and development expenses as intangible assets during development as 5.20 million baht. As the result, in the first half of 2021, the Company had a net profit of 26.50 million baht or net profit margin 6.93%.

Statement of financial position

As at 30 June 2021, the Company had the total assets of 715.47 million baht, consisting of the cash and cash equivalents as 305 million baht, the account receivables and current receivables as 129.60 million baht, other receivables and prepaid of service cost as 68.55 million baht, the inventory as 69.24 million baht and the property, plant and equipment as 93.84 million baht, income tax assets as 14.67 million baht and other non-current assets as 1.03 million baht.

The total assets increased by 55.03 million baht or 8.33% comparing to the total assets as at 31 December 2020, due to the decrease of cash and cash equivalents as 57.35 million baht or 15.83%, the increase of account receivables and other receivables as 59.50 million baht or 85% due to the extension of collection period from receivables, the increase of receivables and prepaid of service cost as 9 million baht or 15.16% due to the extension of service period, the increase of inventory as 35.46 million baht or 105% due to the deposit payment for the industrial grade of 3D printer machine, the increase of account receivables and other non-current receivables as 2.68 million baht or 20.56% due to the cost of prepaid services exceeding 1 year, and the increase of intangible assets as 5.20 million baht or 97.43% from the intangible assets during development of ERP.

The total current liabilities were 390.48 million baht increased by 70.20 million baht or 21.92%. Most liabilities were the increase of trade payable and current payable as 47.54 million baht or 50.26%, the increase of other payable - income received in advance caused by the trade payable of Subscription Service as 18.17 million baht or 12.21%, the increase of trade payable and other non-current payables as 2.72 million baht or 9.93% from service income received in advance exceeding 1 year.



The shareholders' equity of the Company as at 30 June 2021 was 325 million baht decreased by 15.17 million baht or 45.42% to the total asset. The Company also paid the dividends from the Company's net profit for the year ended 31 December 2020 as the amount of 42 million baht. When comparing to the information of shareholders' equity of the Company as at 31 December 2020, shareholders' equity was 340.16 million baht or 51.50% to the total asset.

Cash flow statement

(Unit: Thousand baht)

List	2Q2020	1Q2021	2Q2021	% Change	
				YOY	QOQ
Net cash flow (used in) operating activities	9,078	-10,329	278	-96.94%	-102.69%
Net cash flow (used in) investment activities	-10,687	-4,453	-14,195	32.82%	218.77%
Net cash flow (used in) financing activities	-29,730	-876	-43,759	47.19%	4895.32%
Net increase (decrease) cash flow and cash equivalents	-31,505	-15,395	-57,349	82.03%	272.52%
Cash flow and cash equivalents at the end of the year	322,166	346,941	304,987	-5.33%	-12.09%

For the second quarter ended as of 30 June 2021, the Company had the net cash flow (used in) operating activities as 0.28 million baht used to purchase the industrial grade of 3D printers and 3D products as 35.79 million baht, the net cash flow (used in) investment activities as 14.20 million baht, mainly used in the investment for purchasing the property, plant and equipment and the purchase of intangible assets as 8.74 million baht and used in the investment of intangible asset during development of ERF as 5.62 million baht and received the cash from the sale of the property, plant and equipment as 0.16 million baht, the net cash flow (used in) financing activities as 43.76 million baht, the dividend payment from the Company's net profit for the year ended 31 December 2020 as the amount of 42 million baht in the ratio of 0.15 baht per share, the payment of debt under the finance lease and interest as the amount of 1.58 million baht and 0.19 million baht, resulting to the cash and cash equivalents as of 30 June 2021 were 304.98 million baht

Yours sincerely,

(Miss Thitiporn Chartaisong)

Chief Finance Officer

AppliCAD Public Company Limited