

No. APP_AF220202

ApplicAD Public Company Limited

25 February 2022

Subject: Management Discussion and Analysis of the fourth quarter ended as of 31 December 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 fourth quarter ended as of 31 December 2021 comparing with the performance of the same period the fourth quarter in 2020 according to the regulation of the Stock Exchange of Thailand as follows;

Revenue from Sale and Service

Unit: Thousand baht

	4Q2020	3Q2021	4Q2021	% Change		2020	2021	% Change
				YOY	QOQ			
Revenue from software sale	67,548	68,651	56,840	-15.85%	-17.20%	278,198	265,767	-4.47%
Revenue from hardware sale	15,844	33,714	82,472	420.53%	144.62%	87,233	194,386	122.84%
Revenue from service	70,484	80,463	87,862	24.66%	9.20%	282,559	324,461	14.83%
Other incomes	4,144	1,643	4,964	19.79%	202.13%	10,132	14,292	41.06%
Total	158,020	184,471	232,138	46.90%	25.84%	658,122	798,906	21.39%
Gross profit	69,547	80,314	99,361	42.87%	23.72%	309,936	341,744	10.26%
Gross profit Margin	45.20%	43.93%	43.74%	-1.46%	-0.19%	47.83%	43.56%	-4.27%

For the fourth quarter of 2021, the Company had the total revenue as 232.14 million baht increased by 25.84%, consisting of the revenue from software sale as 56.84 million baht decreased by 17.20%, the revenue from hardware sale as 82.47 million baht increased by 144.62% from the sale of large-scale 3D printers and 3D products, the revenue from service as 87.86 million baht increased by 9.20% and other incomes as 4.96 million baht increased by 202.13%. When comparing with the third quarter of 2021, the yearly leased sales model for 2D software sales was 1,583 contracts and 2,289 contracts in the fourth quarter of 2021 increased by 44.60%. There were 3,577 contracts for the same service in the fourth quarter of 2021, increased from the third quarter of 2021 as the amount of 3,405 contracts or 5.05%. As a result, the Company had the gross profit margin similar to the previous quarter.



When comparing to the fourth quarter of 2020, the Company had the revenue increased by 46.90% which could be classified as the revenue from software decreased by 15.87%, the revenue from hardware increased by 420.53% from the sale of large-scale and high-value 3D printers and 3D products, the revenue from service increased by 24.66% from the sale of subscription service for 3D printers and 3D products and other incomes increased by 19.79% from the sale of goods and services that can be targeted according to the conditions of the partners.

The performance of 2021, comparing to the previous year, the Company had the total revenue as 798.91 million baht increased by 21.39% which could be classified as the revenue from software sale as 265.77 million baht, decreased by 4.47%, the revenue from hardware sale as 194.39 million baht increased by 122.84% from the sale of large-scale and high-value 3D printers and 3D products, the revenue from service as 324.46 million baht increased by 14.83% from the sale of subscription service for 3D printers and 3D products and revenue and providing retroactive program installation services to customers.

Cost and Expense

Unit: Thousand baht

	4Q2020	3Q2021	4Q2021	% Change		2020	2021	% Change
				YOY	QOQ			
Cost of software sale	40,229	38,849	37,628	-6.47%	-3.14%	151,201	157,010	3.84%
Cost of hardware sale	10,713	24,538	49,718	364.10%	102.02%	55,135	131,975	139.37%
Cost of service	33,385	39,127	40,466	21.21%	3.42%	131,717	153,884	16.83%
Total	84,327	102,514	127,812	51.57%	24.68%	338,053	442,870	31.01%
Cost of distribution	42,062	43,136	46,668	10.95%	8.19%	192,474	173,860	7.01%
Administrative expense	29,100	23,307	27,884	-4.18%	19.64%	100,181	100,312	0.13%
Financial cost	67	80	68	1.49%	-15.00%	341	330	-3.23%
Corporate tax	1,899	2,074	10,844	471.04%	422.85%	12,092	22,809	88.63%
Total	73,128	68,677	85,464	16.87%	24.44%	275,087	297,311	8.08%
Net profit	565	13,360	18,861	3238.22%	41.17%	44,982	58,725	30.55%
Net profit margin	0.36%	7.24%	8.12%	7.77%	0.88%	6.83%	7.35%	0.52%
Earnings per Share (baht)	0.002	0.05	0.07	-3.15%	40.00%	0.16	0.21	31.25%

For the fourth quarter of 2021, the Company had the cost of software sale as 37.63 million baht which was the gross profit margin as 33.80% and the cost of hardware sale as 49.72 million baht which was the gross profit margin as 39.72%. In addition, the Company had the cost of service as 40.47 million baht which was the gross profit margin as 53.94%.

Compared to the fourth quarter of 2020, the Company's cost increased by 51.57% due to a decrease in cost of software sales by 6.47% as a change in leasehold model. The cost of hardware sales increased by 364.10% due to metal 3D printers and metal 3D products that the Company must be procured through multiple dealers with high competition. The cost of service increased by 21.21% due to suppliers adjusting the cost of goods and services. The cost of distribution increased by 10.95% due to commission and depreciation of 3D printers and 3D products. The administrative expenses decreased by 4.18%. the corporate tax increased by 471.04% due to the transfer of the revised revenue projection, service income and liabilities. As a result, the Company had the net profit margin increased by 7.77%.

The performance of 2021 comparing to the previous year, the Company had the cost of software sale as 157.01 million baht which was the gross profit margin as 40.92% decreased from the adjustment of the cost of goods for sale from the supplier increasing by 10%. The cost of hardware sale was 131.297 million baht which was the gross profit margin as 32.11% decreased from the sales of large-scale and high-value 3D printers and 3D products. The Company had to procure the metal 3D printers and metal 3D products through multiple dealers. Moreover, the Company also had the cost of service as 153.88 million which was the gross profit margin as 52.57% which was similar to the previous year. As the result, the Company had the total gross profit margin decreased by 4.27%

The performance of 2021 comparing to the previous year, the Company had the distribution costs increased by 7.01% due to commission fees and depreciation of 3D printers and 3D products. Moreover, 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 with the good management causing administrative expenses to be similar to the previous year. And the record of some research and development expenses as intangible assets during development as 12.32 million baht. As the result of 2021, the Company had a net profit of 58.73 million baht increased by 30.55%.

Statement of financial position (Balance Sheet)

As at 31 December 2021, the Company had the total assets of 732.92 million baht, consisting of the cash and cash equivalents as 360.82 million baht, the trade and other current receivables as 84.23 million baht, assets arising from contract – current as 87.28 million baht, the inventory as 46.84 million baht and the property, plant and equipment as 100.80 million baht, other intangible assets as 16.84 million baht, deferred tax assets as 15.22 million baht and other non-current assets as 1.03 million baht.

The total assets increased by 10.97% or 72.48 million baht comparing to the total assets as at 31 December 2020, due to the increase of trade and other receivables as 14.54 million baht or 20.86% because of the extension of collection period from receivables, the increase of assets arising from contract – current as 27.34 million baht or 45.61% because of the increase of the yearly leased sales model for 2D software, the increase of



inventory as 13.06 million baht or 38.66% due to the products awaiting for delivery, the increase of assets arising from other contract – non - current and the contract cost asset as 4.05 million baht or 31.07% due to the assets arising from contracts exceeding 1 year, the increase of other intangible assets as 11.51 million

baht or 215.72% from the platform development to serve the customers and the intangible assets during the ERP development and the deferred tax assets decreased by 29.41% or 4.80 million baht, arising from the reversal of tax impairment. At present, the Company's net profit has increased.

The total current liabilities were 375.71 million baht increased by 55.43 million baht or 17.31%. Most liabilities were the increase of trade and current payables as 29.31 million baht or 31.93%, the increase of liabilities arising from contract – current as 19.15 million baht or 12.64% from the trade payables of Subscription Service and payables of the yearly leased, the increase of the liabilities arising from other non – current contract as 2.25 million baht or 8.20% due to the liabilities arising from the non – current contract exceeding 1 year and the estimation of non-current liabilities from employee benefits increased by 5.35 million baht or 13.41%.

The shareholders' equity of the Company as at 31 December 2021 was 357.21 million baht increased by 17.05 million baht or 48.74% 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)

	4Q2020	3Q2021	4Q2021	% Change	
				YOY	QOQ
Net cash flow (used in) operating activities	60,093	11,369	80,126	33.34%	604.78%
Net cash flow (used in) investment activities	-19,715	-23,312	-36,438	84.82%	56.31%
Net cash flow (used in) financing activities	-31,460	-44,641	-45,523	44.70%	1.98%
Net increase (decrease) cash flow and cash equivalents	8,665	-56,074	-1,511	-117.44%	-97.31%
Cash flow and cash equivalents at the end of the year	362,336	306,262	360,825	-0.42%	17.82%

For the year ended as of 31 December 2021, the Company had the net cash flow from operating activities as 80.13 million baht arising from the sales of large-scale 3D printers and 3D products and extending the period of debt repayment increased by 41.44 million baht, other operating receivables increased by 4.04 million baht, the use in purchasing 3D printers and 3D products, and the inventory increased by 14.10 million baht. There were trade payables and other current payables increased by 48.63 million baht, the transfer to adjust the provision of service income increased by 5.74 million baht and the income tax payment of 17.61 million baht.



The net cash flow used in investment activities as 36.44 million baht, mainly used in the investment for renovation and adding the rental building as 1.49 million baht, for renovation and adding building as 1.07 million baht, for the investment by purchasing machines and equipment as 13.50 million baht and the investment in purchasing vehicle as 2.08 million baht and used in the investment of platform to serve the customers and the intangible asset during development of ERP as 12.32 million baht, spending on financial assets regarding the lease agreement as 1 million baht and receiving the cash from the sales of the property, plant and equipment as 0.70 million baht.

The net cash flow (used in) financing activities was 45.52 million baht and the spending debts under the lease agreement as 3.52 million baht and also from 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 rate of 0.15 baht per share, resulting to the cash and cash equivalents as of 31 December 2021 were 360.83 million baht

Yours sincerely,

(Miss Thitiporn Chartaisong)

Chief Financial Officer

AppliCAD Public Company Limited