



No. APP_AF211103

AppliCAD Public Company Limited

12 November 2021

Subject: Management Discussion and Analysis of the third quarter ended as of 30 September 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 third quarter ended as of 30 September 2021 comparing with the performance of the same period the third quarter in 2020 according to the regulation of the Stock Exchange of Thailand as follows;

Revenue from Sale and Service

Unit: Thousand baht

	3Q2020	2Q2021	3Q2021	% Change		9M2020	9M2021	% Change
				YOY	QOQ			
Revenue from software sale	69,816	74,398	68,651	-1.67%	-7.72%	210,617	208,927	-0.80%
Revenue from hardware sale	30,277	55,532	33,714	11.35%	-39.29%	71,388	111,914	56.77%
Revenue from service	68,751	79,196	80,463	17.04%	1.60%	212,109	236,599	11.55%
Other incomes	552	2,995	1,643	197.64%	-45.14%	5,988	9,328	55.78%
Total	169,396	212,121	184,471	8.90%	-13.04%	500,102	566,768	13.33%
Gross profit	78,918	85,404	80,314	1.77%	-5.96%	240,389	242,383	0.83%
Gross profit Margin	46.74%	40.84%	43.93%	-6.02%	7.56%	48.65%	43.48%	-10.62%

For the third quarter of 2021, the Company had the total revenue as 184.47 million baht decreased by 13.04%, consisting of the revenue from software sale as 68.65 million baht decreased by 7.72%, the revenue from hardware sale as 33.71 million baht decreased by 39.29% from the sale of metal 3D printers and 3D products, the revenue from service as 80.46 million baht increased by 1.60% and other incomes as 1.64 million baht decreased by 45.14% from the second quarter of 2021. In third quarter of 2021, the yearly leased sales model for 2D software sales was 1,583 contracts and 2,892 contracts for the same service in the third quarter of 2021 decreased by 15.07% from the second quarter of 2021, which amounted to 3,405 contracts. As a result, the Company had the gross profit margin increased by 7.56%.



When comparing to the third quarter of 2020, the Company had the revenue increased by 8.90% which could be classified as the revenue from software decreased by 1.67%, the revenue from hardware increased by 11.35%, the revenue from service increased by 17.04% from the sale of subscription service for 3D printers and 3D products and other incomes increased by 197.64% from the consulting fee of 3D printers and 3D products as well as received the compensation from the government due to the impact of the COVID-19.

The performance of nine months of 2021 comparing to the same period of previous year, the Company had the total revenue as 566.77 million baht increased by 13.33% which could be classified as the revenue from software sale as 208.93 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 111.91 million baht increased by 56.77% from the increase in sales of metal 3D printers and 3D products of the government educational institutions. The revenue from service was 236.60 million baht increased by 11.55% 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

	3Q2020	2Q2021	3Q2021	% Change		9M2020	9M2021	% Change
				YOY	QOQ			
Cost of software sale	38,274	42,613	38,849	1.50%	-8.83%	110,972	119,382	7.58%
Cost of hardware sale	19,655	42,407	24,538	24.84%	-42.14%	44,422	82,257	85.17%
Cost of service	31,997	38,702	39,727	22.28%	1.10%	98,332	113,418	15.34%
Total	89,926	123,722	102,514	14.00%	-17.14%	253,726	315,057	24.17%
Cost of distribution	38,983	42,641	43,136	10.65%	1.16%	120,412	127,192	5.63%
Administrative expense	23,639	26,359	23,387	-1.07%	-11.28%	71,081	72,428	1.90%
Financial cost	79	93	80	1.27%	-13.98%	274	262	-4.38%
Corporate tax	3,305	5,001	2,074	-37.25%	-58.53%	10,193	11,965	17.38%
Total	66,006	74,094	68,677	4.05%	-7.31%	201,960	212,109	5.03%
Net profit	13,464	14,398	13,360	-0.77%	-7.21%	44,417	39,864	-10.25%
Net profit margin	7.95%	6.79%	7.24%	-8.88%	6.70%	8.88%	7.03%	-20.81%
Earnings per Share (baht)	0.05	0.05	0.05	-0.77%	-4.57%	0.16	0.14	-28.79%



For the third quarter of 2021, the Company had the cost of software sale as 38.85 million baht which was the gross profit margin as 43.41% and the cost of hardware sale as 24.54 million baht which was the gross profit margin as 27.22%. In addition, the Company had the cost of service as 39.27 million baht which was the gross profit margin as 50.63%.

The performance of nine-months period of 2021 comparing to the same period of previous year, the Company had the cost of software sale as 119.38 million baht which was the gross profit margin as 42.86% decreased from the adjustment of the cost of goods for sale from the supplier increasing 10%. The cost of hardware sale was 82.26 million baht which was the gross profit margin as 26.50% decreased from the sale of metal 3D printers and 3D products which the Company had to procure such products through multiple dealers. Moreover, the Company also had the cost of service as 113.42 million which was the gross profit margin as 52.06%. As the result, the Company had the gross profit margin decreased by 10.62%

The performance of nine-months period of 2021 comparing to the same period of previous year, the Company had the distribution costs increased by 5.63% due to commission fees and depreciation of 3D printers and 3D products as the amount of 3.10 million baht, and the administrative expenses increased by 1.90% due to the increase in staff expenses. 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 8.84 million baht. As the result in the nine-months period of 2021, the Company had a net profit of 39.86 million baht or net profit margin 7.03%.

Statement of financial position

As at 30 September 2021, the Company had the total assets of 705.43 million baht, consisting of the cash and cash equivalents as 306 million baht, the trade and other current receivables as 106.78 million baht, assets arising from contract – current as 76.78 million baht, the inventory as 68.21 million baht and the property, plant and equipment as 95.05 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 6.81% or 45 million baht comparing to the total assets as at 31 December 2020, due to the decrease of cash and cash equivalents as 56.07 million baht or 15.48%, the increase of trade and other receivables as 37.09 million baht or 53.22% due to the extension of collection period from receivables, the increase of assets arising from contract – current as 16.84 million baht or 28.10%



because of the increase of the yearly leased sales model for 2D software, the increase of inventory as 34.48 million baht or 102% due to the import of the industrial grade of 3D printer machine which has been waiting for delivery, the increase of assets arising from other contract – non - current and the contract cost asset as 2.48 million baht or 19.05% due to the assets arising from contracts exceeding 1 year, the increase of other intangible assets as 9.14 million baht or 171.36% from the development of platform to serve the customers and the intangible assets during development of ERP and the deferred tax assets decreased by 1.07 million baht or 6.57%

The total current liabilities were 366.89 million baht increased by 46.61 million baht or 14.55%. Most liabilities were the increase of trade payable and current payable as 15.03 million baht or 16.37%, the increase of liabilities arising from contract – current as 28.36 million baht or 18.71% from the trade payable of Subscription Service and payable of the yearly leased, the increase of the liabilities arising from other non – current contract as 1.72 million baht or 6.25% 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 4.20 million baht or 10.53%.

The shareholders' equity of the Company as at 30 September 2021 was 338.53 million baht decreased by 1.63 million baht or 48% 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)

	3Q2020	2Q2021	3Q2021	% Change	
				YOY	QOQ
Net cash flow (used in) operating activities	47,621	278	11,369	-76.13%	3,989.57%
Net cash flow (used in) investment activities	-16,336	-14,195	-23,312	-42.70%	-64.23%
Net cash flow (used in) financing activities	-30,321	-43,759	-44,641	-47.23%	-2.02%
Net increase (decrease) cash flow and cash equivalents	917	-57,349	-56,074	-6,214.94%	2.22%
Cash flow and cash equivalents at the end of the year	354,588	304,987	306,262	-13.63%	0.42%



For the third quarter ended as of 30 September 2021, the Company had the net cash flow from operating activities as 11.37 million baht arising from the selling products and extending the period of debt repayment increased by 55.02 million baht, used in purchasing the industrial grade of 3D printers and 3D products increased by 34.81 million baht and receiving the deposit payment from customers increased by 44.64 million baht and the income tax payment of 13.61 million baht.

The net cash flow used in investment activities as 23.31 million baht, mainly used in the investment for purchasing the property, plant and equipment increased by 8.74 million baht and used in the investment of platform to serve the customers and the intangible asset during development of ERP as 9.56 million baht and receiving 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 44.64 million baht 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 ratio of 0.15 baht per share, resulting to the cash and cash equivalents as of 30 September 2021 were 306.26 million baht

Yours sincerely,

(Miss Thitiporn Chartaisong)

Chief Financial Officer

AppliCAD Public Limited Company