



**AppliCAD**

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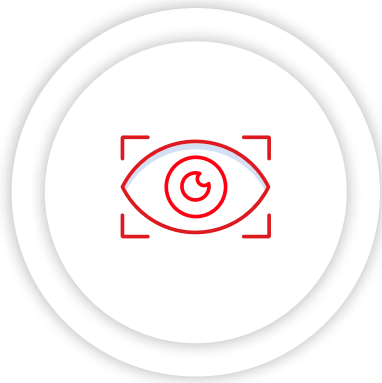
**ANNUAL  
REPORT | 2019**

AppliCAD Public Company Limited

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## Vision, Mission and Goal



### Vision

Recognized as the region's leading company for consulting, services, and providing the design technologies for manufacturing and construction”



### Mission

- Provide the best in class of Design & Engineering Technologies for the customer
- Provide professional services and support with expert team
- Support for education institution for next generation workforce
- Enabling customers to create innovation



### Goal

To be recognized as the leading company for consulting and selecting the technological products to encourage the creation of creative innovation of design and manufacturing as well as construction in Southeast Asia

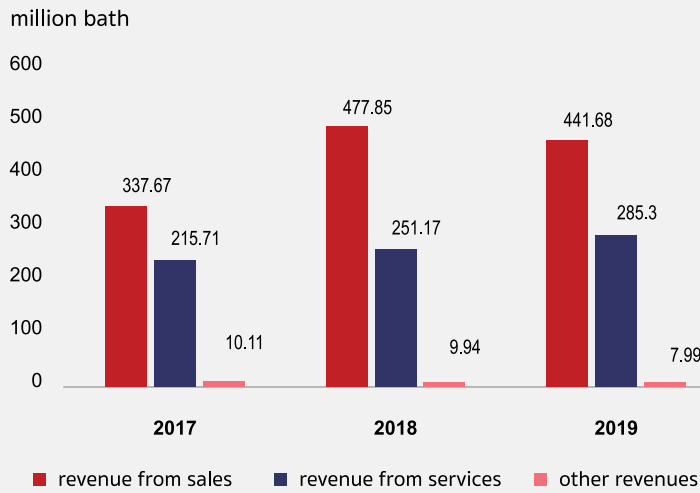


*Drive innovation  
with technology  
and human touch*

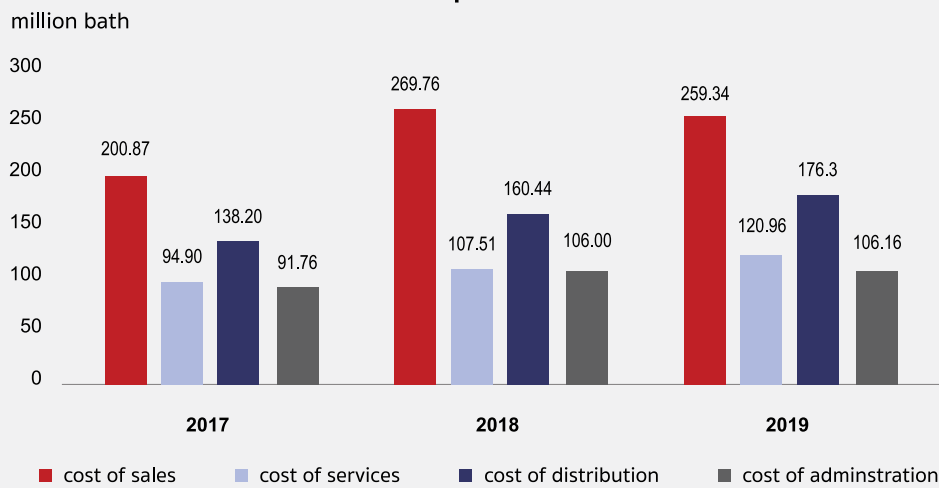


## Important financial information

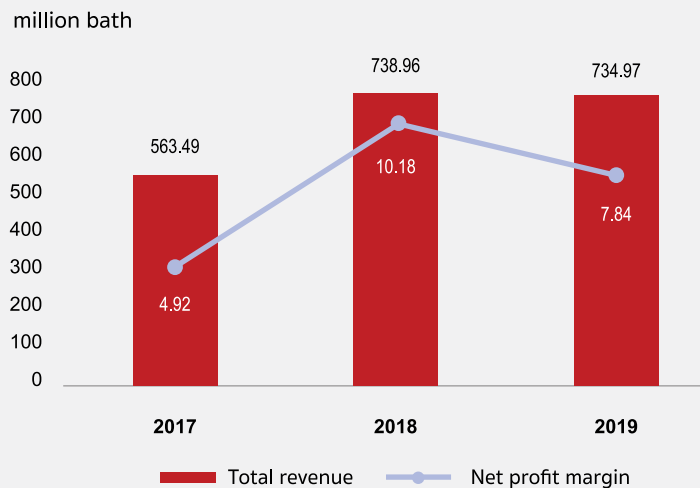
### Total revenue



### Expenditure



### Total revenue



## Important financial information

unit: million baht

| Operating Results (million baht)                         | 2017   | 2018   | 2019   |
|--|--------|--------|--------|
| Revenue from sales                                       | 337.67 | 477.85 | 441.68 |
| Revenue from services                                    | 215.71 | 251.17 | 285.30 |
| Other revenues   | 10.11  | 9.94   | 7.99   |
| Total revenue  | 563.48 | 738.96 | 734.97 |
| Cost of sales  | 200.87 | 269.76 | 259.34 |
| Cost of services   | 94.90  | 107.51 | 120.96 |
| Cost of distribution                                     | 138.20 | 160.44 | 176.30 |
| Cost of administration                                   | 91.76  | 106.00 | 106.16 |
| Total cost   | 525.74 | 643.70 | 662.76 |
| Profit (loss) before financial expenses and income taxes | 37.74  | 95.26  | 72.21  |
| Finance costs  | 1.00   | 0.29   | 0.01   |
| Profit (loss) before income tax                          | 36.74  | 94.96  | 72.20  |
| Income tax   | 9.01   | 19.73  | 14.59  |
| Net Profit (loss)  | 27.73  | 75.24  | 57.63  |

| Financial Statue (million baht) | 2017   | 2018   | 2019   |
|---------------------------------|--------|--------|--------|
| Total assets                    | 310.54 | 379.39 | 615.45 |
| Total liabilities               | 271.64 | 286.54 | 292.02 |
| Shareholders' equity            | 38.90  | 92.86  | 323.43 |

| Information per share (baht) | 2017   | 2018 | 2019 |
|------------------------------|--------|------|------|
| Earning per share            | 108.20 | 1.01 | 0.28 |
| dividend                     | -      | 0.15 | 0.10 |

| Financial ratios                  | 2017  | 2018   | 2019  |
|-----------------------------------|-------|--------|-------|
| Gross profit margin- sales (%)    | 40.51 | 43.55  | 41.28 |
| Gross profit margin- services (%) | 56.01 | 57.20  | 57.60 |
| Gross profit margin (%)           | 46.55 | 48.25  | 47.69 |
| Net profit margin (%)             | 4.92  | 10.18  | 7.84  |
| Return on equity (%)              | 77.81 | 115.89 | 27.58 |
| Liquidity ratio (times)           | 0.98  | 1.09   | 1.99  |
| Equity ratio (times)              | 6.98  | 3.09   | 0.90  |

## Chairman's message

In 2019, AppliCAD Public Company Limited was considered as a year of pride to start in the capital market. The Company has registered on the Stock Exchange, fundraising and trading of shares of the Company on the Stock Exchange of Thailand for the first day on Friday 22 November 2019. The Company has committed to the goal of becoming a leading regional company in Southeast Asia to provide a consultation and services. The Company has also selected the technology products to promote the innovation in design and production, as well as the integrated construction.

The Board of Directors has realized the importance of doing business with transparency as the good corporate governance, constant development of the potential organization, adjustment of the business strategies to comply with the current situation in terms of risk management, development of corporate governance as well as participation in community development, social and environmental. We have committed to maintain and improve the product quality, development of service standard to be more impressive and more effective. We have also focused on developing competitiveness, development of personnel at all levels, investment in machinery to meet customer satisfaction with taking into account the interests of all stakeholders under the Code of Ethics and Good Corporate Governance.

On behalf of the Board of Directors would like to thank shareholders, investors, business partners, government and private agencies and related institutions as well as all customers and suppliers have provided the confidence and support to the Company. Moreover, I would like to thank the management and employees for the cooperation to continue to work with our mission and business plan to ensure that we are ready to compete in our business with the sustainable development.



Asst. Prof. Dr. Prasert Kanthamanon  
Chairman of the Board of Directors and  
Independent Director





## CEO's Message

This is the first message from CEO of AppliCAD Public Company Limited since being the listed company on the Stock Exchange of Thailand (mai) on 22 November 2019.

The current business of AppliCAD is known as Value Added Reseller and Solution Provider. We have provided the consultation of advanced design, manufacturing and construction technology in order to reduce costs and increase revenue to our customers.

Products provided by AppliCAD are all world-renowned and widely used. The Company has aimed to increase products or choose to represent products that are modern or global trends in Digital

Design and Production only. With the combination of our expertise team and the attention of our customers, the Company has been recognized as the market leader in technology, design, manufacture and construction of 3D in Thailand that can be reflected by the increase of revenues arising from the Annual Subscription Service Contract every year.

According to our vision to become a leader in the ASEAN region, PT. Indonesia AppliCAD, the subsidiaries of AppliCAD, has shown the strong and attractive performance. AppliCAD Public Company Limited has committed to develop the Company grow in both revenues and profits. As being the listed company has resulted in many benefits, including increased capital, reputation, reliability as well as the management with good corporate governance. The Company believes that the Company will be able to maximize the benefit to all stakeholders such as shareholders, directors, customers, partners and employees for the true sustainability of the Company.



Best regards,

Mr. Prapas Tangadulrat

Director and Chief Executive Officer

## Report of Audit Committee

The audit committee of Applacad Public Company Limited comprises of 3 qualified independent directors which are Dr. Sunee Sornchaitanasuk, Mr. Thanin Pornsiritivet and Mr. Jeerawat Kulsapudom. They are appointed by the Board of Directors to perform within the scope of responsibility prescribed by the law of the audit committee.

In 2019, there were 6 times of the audit committee meeting to discuss with the management, internal auditor, auditor and to quarterly present the report to the Board of Directors. The details of the meeting attendance are follows;

| Name – Last name             | Position                        | Number of meeting attended<br>/ Total number of meeting |
|------------------------------|---------------------------------|---|
| 1. Dr. Sunee Sornchaitanasuk | Chairman of the Audit Committee | 6/6   |
| 2. Mr. Thanin Pornsiritivet  | Audit Committee                 | 6/6   |
| 3. Mr. Jeerawat Kulsapudom   | Audit Committee                 | 5/6   |

The audit committee has considered matters that can be summarized as following;

### 1. Financial report

The audit committee has reviewed the quarter and annual financial statements for the year 2019 of the Company and its subsidiaries by consulting with the auditor about the accuracy, completion and reliability of financial statements, significant accounting adjustment and independence of the auditor in performing its duties to ensure that the financial statements had been conducted in accordance with the law and General Accepted Accounting Principle reliably and timely with correct information and adequate disclosure in the notes of financial statements and useful information which will benefit to the shareholders and investors.

### 2. Connected transactions or conflicts of interest

The audit committee has considered and reviewed the disclosure of the connected transactions or conflicts of interest to be accurate and complete. They agreed that the information disclosure of the Company is adequate in accordance with the criteria of the Stock Exchange of Thailand and the Securities and Exchange Commission.

### 3. Risk management

The audit committee has considered and reviewed the risk management policies and compliance for the internal and external as well as reviewing the performance and suitability of the risk management regularly to provide the feedback for the improvement.

### 4. Examination of internal control system

The audit committee has considered and reviewed the sufficiency and examination of internal control system of the Company and its subsidiaries by following up the amendments according to the suggestion in the audit report and opinion of the audit committee regularly. The Company has employed the independent certified auditors, P&L Internal Audit Company Limited, as well as the amendments the internal control system in accordance with the changing situation. The audit committee has commented that the examination of internal control system is adequate and effective according to the principles of good internal control of COSO.

#### 5. Good corporate governance

The audit committee has considered and reviewed the practice of corporate governance of the Company to comply with the Securities and Exchange Act, the terms of the Stock Exchange of Thailand and other relevant laws of the Company's business regularly. The audit committee has monitored the changes in compliance with regulatory, laws and other relevant requirements to ensure that the Company has strictly followed them for the transparency and ethics in order to create the confidence to shareholders, investors, partners and other relevant parties.

#### 6. Appointment of auditors and the audit remuneration

The audit committee has considered and selected the auditor by considering the qualification, independence, performance and proper remuneration of the auditor with the agreement from the Board of Directors and the annual general meeting to appoint Karin Audit Company Limited to be the auditor for the 2019. So that, this auditor is on the list of auditors approved by the committee of the Stock Exchange of Thailand and the Securities and Exchange Commission.

As a result, the performance of the audit committee for the year 2019 has performed and been responsible as prescribed in the Audit Committee Charter by harnessing the knowledge and skill with the carefulness, discreetness and independence. The audit committee has agreed that the financial statements of the Company and its subsidiaries disclosed the significant and reliable information in accordance with General Accepted Accounting Principle, with the adequate disclosure information of connected transactions and conflict of interest. The Company also has the good corporate governance and risk management in the acceptable level, the examination of internal control system in the proper and effective level as well as the practice to comply with the completion of compliance with regulatory, laws and other relevant requirements in the Company's business.



Dr. Sunee Sornchaitanasuk  
Chairman of the Audit Committee

# Board of Directors AppliCAD Public Company Limited.



**Asst. Prof. Dr. Prasert Kanthamanon**

Chairman of the Board of Directors  
and Independent Director



**Mr. Prapas Tangadulrat**

Director and Chief Executive Officer



**Mr. Somsak Worraraksa**

Director and Executive Director of AEC  
Business Department



**Miss Thitiporn Chartaisong**

Director and Executive Director of Central  
Administration Department



**Mr. Prakrit Laoboncharoen**

Director



**Dr. Sunee Sornchaitanasuk**

Chairman of the Audit Committee  
and Independent Director



**Mr. Thanin Pornsiritivet**

Audit Committee and Independent Director



**Mr. Jeerawat Kulsapudom**

Audit Committee and Independent Director

## Board and Management profile

### Asst. Prof. Dr. Prasert Kanthamanon

Position : Chairman of the Board of Directors  
and Independent Director

Age : 57 Years

#### Date of Being a Director of the Company

- 25 December 2012

#### Shareholding in the Company (%)

- 0.11

#### Meeting attendance

- Board of directors 7/8 times

#### Education

- Doctor of Philosophy (Computer Engineering),  
School of Computer Science and Engineering,  
University of New South Wales, Australia
- Bachelor of Engineering (Electrical Engineering),  
King Mongkut's University of Technology Thonburi

#### Completed Program from Thai Institute of Directors (IOD)

- Directors Certification Program (DCP),  
Class 151/2018

#### Working Experiences

- 2012 - Present Chairman of the Board of Directors  
and Independent Director,  
Applicad Public Company Limited
- 2014 - Present Director, Nawawiwat Company Limited
- 2010 - Present Senior Vice Rector for Administrative  
Affairs and Chief Information Officer,  
King Mongkut's University of  
Technology Thonburi



## Mr. Prapas Tangadulrat

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Position : Director and Chief Executive Officer

Age : 49 Years

### Date of Being a Director of the Company

- 22 May 2012

### Shareholding in the Company (%)

- 57.15

### Meeting attendance

- Board of directors 8/8 times

### Education

- Master of Business Administration, Bangkok University
- Bachelor of Engineering (Computer Engineering), King Mongkut's University of Technology Thonburi

### Completed Program from Thai Institute of Directors (IOD)

- Directors Accreditation Program (DAP), Class SET/2012

### Working Experiences

- 2013 - Present Chief Executive Officer, Applicad Public Company Limited
- 2012 - Present Director, Applicad Public Company Limited
- 2013 - Present Director, DETI Company Limited
- 2013 - Present Director, PT. Indonesia Applicad Company
- 2011 - Present Director, Ribbit Prototype Company Limited



## Mr. Somsak Worraraksa

---

Position : Director and Executive Director  
of AEC Business Department

Age : 50 Years

### Date of Being a Director of the Company

- 22 May 2012

### Shareholding in the Company (%)

- 0.04

### Meeting attendance

- Board of directors 8/8 times

### Education

- Bachelor of Engineering (Computer Engineering),  
King Mongkut's University of Technology Thonburi

### Completed Program from Thai Institute of Directors (IOD)

- Directors Accreditation Program (DAP),  
Class SET/2012

### Working Experiences

2012 - Present Director, AppliCAD Public  
Company Limited

2009 - Present Executive Director of AEC Business  
Department, AppliCAD Public  
Company Limited





## Miss Thitiporn Chartaisong

---

Position : Director and Executive Director of  
Central Administration Department

Age : 51 Years

### Date of Being a Director of the Company

- 22 May 2012

### Shareholding in the Company (%)

- 0.04

### Meeting attendance

- Board of directors 8/8 times

### Education

- Bachelor of Accountancy (Accounting and Finance),  
Ramkhamhaeng University

### Training

- Directors Accreditation Program (DAP),  
Class SET/2012
- Company Secretary Program (CSP), Class 48/2012
- Driving Company Success with IT Governance (ITG),  
Class 1/2016
- Training of Internal Audit, Class 2 from Federation of  
Accounting Professions

### Working Experiences

- 2012 - Present Director, AppliCAD Public  
Company Limited
- 2009 - Present Executive Director of Central  
Administration Department,  
AppliCAD Public Company Limited
- 2013 - Present Director, DETI Company Limited
- 2011 - Present Director, Ribbit Prototype  
Company Limited



## Mr. Prakit Laobooncharoen

---

Position : Director

Age : 50 Years

### Date of Being a Director of the Company

- 23 August 2013

### Shareholding in the Company (%)

- None

### Meeting attendance

- Board of directors 8/8 times

### Education

- Bachelor of Engineering (Manufacturing Engineering), King Mongkut's University of Technology North Bangkok

### Completed Program from Thai Institute of Directors (IOD)

- Directors Accreditation Program (DAP), Class 150/2018

### Working Experiences

- 2016 - Present Director, AppliCAD Public Company Limited
- 2014 - Present Director, Prime Design Solutions Company Limited
- 2013 - 2015 Executive Director, AppliCAD Company Limited
- 2000 - 2013 Executive Director, Solid System Company Limited



## Dr. Sunee Sornchaitanasuk

---

Position : Chairman of the Audit Committee  
and Independent Director

Age : 58 Years

### Date of Being a Director of the Company

- 3 February 2018

### Shareholding in the Company (%)

- None

### Meeting attendance

- Board of directors 8/8 times
- Audit committee 6/6 times

### Education

- Doctor of Philosophy (Communication Management),  
Suan Dusit University
- Master of Business Administration (Industrial Business),  
King Mongkut's University of Technology North Bangkok
- Bachelor of Accountancy (Accounting),  
Thammasat University

### Completed Program from Thai Institute of Directors (IOD)

- Directors Certification Program (DCP), Class 53/2005
- Directors Accreditation Program (DAP), Class 28/2004
- Audit Committee Program (ACP), Class 5/2005
- Role of Chairman Program (RCP), Class 18/2008

### Working Experiences

- 2018 - Present Chairman of the Audit Committee and Independent Director,  
AppliCAD Public Company Limited
- 2018 - Present Chairman of the Audit Committee and Independent Director,  
B.Grimm Power Public Company Limited
- 2016 - Present Chairman of the Audit Committee and Independent Director,  
Namyongterminal Public Company Limited
- 2015 - Present Chairman of the Audit Committee and Independent Director,  
Siam City Cement Public Company Limited
- 2015 - Present Chief Executive Officer, AMC Medical Center (Thailand)  
Company Limited
- 2013 - Present Director, CPA Associate (Thailand) Company Limited
- 2003 - Present Director, NFC Public Company Limited



## Mr. Thanin Pornsiritivet

---

Position : Audit Committee  
and Independent Director

Age : 50 Years

### Date of Being a Director of the Company

- 25 December 2012

### Shareholding in the Company (%)

- 0.03

### Meeting attendance

- Board of directors 8/8 times
- Audit committee 6/6 times

### Education

- Master of Business Administration, St. Louis University, USA
- Bachelor of Commerce and Accountancy, Chulalongkorn University

### Completed Program from Thai Institute of Directors (IOD)

- Directors Certification Program (DCP), Class 243/2017

### Working Experiences

- 2012 - Present Audit Committee and Independent Director, Applicad Public Company Limited
- 2017 - Present Director, Iconsiam Signature Company Limited
- 2016 - Present Director, Iconsiam Retails Company Limited
- 2015 - Present Director, ICS Company Limited
- 2011 - Present Director, DPAC Corporation Company Limited
- 2010 - Present Director, Magnolia Quality Development Corporation Company Limited
- 2015 - Present Executive Vice President, DT Group of Companies Corporation Company Limited
- 2016 - Present Director, Siam Rivea Company Limited
- 2018 - Present Director, the Chaopraya River Assets Holdings Company Limited



## Mr. Jeerawat Kulsapudom

---

Position: Audit Committee  
and Independent Director

Age : 49 Years

### Date of Being a Director of the Company

- 25 December 2012

### Shareholding in the Company (%)

- 0.07

### Meeting attendance

- Board of directors 8/8 times
- Audit committee 6/6 times

### Education

- Master of Business Administration,  
Kasetsart University
- Bachelor of Engineering (Computer Engineering),  
King Mongkut's University of Technology Thonburi

### Completed Program from Thai Institute of Directors (IOD)

- Directors Accreditation Program (DAP),  
Class 151/2018

### Working Experiences

- 2012 - Present Audit Committee and Independent  
Director, AppliCAD Public  
Company Limited
- 2017 - Present Head of Ecosystem, Siri Ventures  
Company Limited
- 2002 - 2017 Audience Evangelism Manager,  
Director, Microsoft (Thailand)  
Company Limited



## Dr. Isra Akrapitak

---

Position : Chief Operating Officer

Age : 50 Years

### Date of being a management of the Company

- 29 April 2015

### Shareholding in the Company (%)

- None

### Meeting attendance

- None

### Education

- Doctorate in Business Administration, University VAN Amsterdam
- Master of Business Administration, University of Portsmouth
- Master of Management, Thames Business School
- Bachelor of Business Administration, Assumption University

### Completed Program from Thai Institute of Directors (IOD)

- Directors Accreditation Program (DAP), Class 81/2009

### Working Experiences

- 2014 - Present Deputy Chief Executive Officer and Chief Operating Officer, AppliCAD Public Company Limited
- 2014 - Present Director, DETI Company Limited
- 2014 - Present Director, PT. Indonesia AppliCAD Company
- 2009 - 2013 Director and Chief Financial Officer, GJ Steel Public Company Limited
- 1992 - 2010 Head of Global Network Operation, France Telecom



## Mr. Thussanai Paisiriyaunyong

---

Position: Executive Director

Age : 51 Years

**Date of Being a management of the Company**

- 7 August 2018

**Shareholding in the Company (%)**

- None

**Education**

- Bachelor of Engineering (Manufacturing Engineering), King Mongkut's University of Technology North Bangkok

**Completed Program from Thai Institute of Directors (IOD)**

- None

**Working Experiences**

- 2018 - Present Executive Director, AppliCAD Public Company Limited
- 2011 - Present Director and General Manager, Ribbit Prototype Company Limited



## Mr. Krirkrit Jearnkamonchuen

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Position : Director of MEC business  
And Director of 3D Printer  
Solution business

Age : 40 Years

### Date of being a management of the Company

- 29 April 2015

### Shareholding in the Company (%)

- 0.06

### Education

- Bachelor of Engineering Program in Production Engineering, King Mongkut's University of Technology Thonburi

### Completed Program from Thai Institute of Directors (IOD)

- None

### Working Experiences

- 2015 - Present Director of MEC business and Director of 3D Printer Solution business, AppliCAD Public Company Limited
- 2012 - 2015 Deputy Director, of MEC business, AppliCAD Public Company Limited





## Mr. Chayo Petcharat

---

Position : Director of Research  
and Development

Age : 42 Years

### Date of being a management of the Company

- 27 January 2014

### Shareholding in the Company (%)

- 0.04

### Education

- Master of Business Administration in Marketing, Ramkhamhaeng University
- Bachelor of Engineering Program in Industrial Engineering, Rajamangala University of Technology

### Completed Program from Thai Institute of Directors (IOD)

- None

### Working Experiences

2000 - Present Director of Research and Development,  
AppliCAD Public Company Limited



## Mrs. Khwanchai Viriyasumon

---

Position : Accounting Manager  
AppliCAD Public Company Limited

Age : 44 Years

### Date of being a management of the Company

- 1 April 2013

### Shareholding in the Company (%)

- 0.02

### Education

- Bachelor of Business Administration, Accountancy,  
Ramkhamhaeng University

### Training

- None

### Working Experiences

- 2013 - Present    Accounting Manager - AppliCAD Public  
Company Limited
- 2009 - 2013     Accountant - AppliCAD Public Company



## Miss Phemzetha Zibhungarnut

---

Position : Accounting Manager - Subsidiaries

Age : 38 Years

### Date of being a management of the Company

- 28 February 2018

### Shareholding in the Company (%)

- 0.03

### Education

- Bachelor of Business Administration,  
Accountancy, Suan Dusit University

### Training

- Preparation of consolidated financial statements,  
Class 2/2018

### Working Experiences

- |                |   |
|----------------|---|
| 2018 - Present | Accounting Manager - Subsidiaries of<br>AppliCAD Public Company Limited |
| 2013 - 2018    | Accountant - Subsidiaries of AppliCAD<br>Public Company                 |



# Policy and overview of Business

## 1. Business Policy and Overview

AppliCAD Public Company Limited (“the Company” or “APP”) or previously known as AppliCAD Public Company was established on 13 September 1994 with an initial registered capital of 1 million baht, in order to conduct the business as a distributor of complete design solutions. The Company started the business as a distributor of AutoPLANT which is the 3D design of piping system. With the vision from Mr. Prapas Tangadulrat, the founder of the Company, saw the chance of 3D design software to become the fundamental tool of engineer instead of the drawing on the paper as the purpose to enhance the performance of the engineer to work faster, easier and more accurate. He studied the market of design software in Thailand and found the gap of the Middle Range in the market and in 1996, he contacted Dassault Systèmes SolidWorks Corporation which is the leading company for the mechanical and engineering design software in the United States. At that time, this company had developed new software named SolidWorks that is the mechanical and engineering design software focusing on easy and fast working to enhance the performance of the users. It perfectly meets the requirements of Thailand’s market. After contacting that company, AppliCAD was appointed to be the reseller of SolidWorks in Thailand since 1997.

In order to expand its business, the Company expanded its business into the 3D Printer which can produce the work from 3D design file. This technology can help the product owner to produce the prototype faster in a lower cost of product design and development. In 2008, the Company was appointed to be the reseller of 3D Printer known as Stratasys from Stratasys AP Limited which is the world-leading company in the 3D Printer from the United States. After that, the Company expanded its business into the market of architectural engineering and construction design. In 2010, the Company was appointed by Graphisoft SE from

Hungary to be the reseller of ArchiCAD in Thailand. In 2019, the Company has expanded into the 3D scanner’s market which is the 3D optical measurement system in the industrial section. The Company was appointed by Gom GmbH from Germany to be the reseller of 3D scanner in Thailand known as GOM.

To be the provider of the complete 3D design solutions for our customers, the Company has also provided the 3D design training center known as DETI Company Limited and prototyping service company known as Rabbit Prototype Company Limited. Currently, both companies are the subsidiaries of the Company holding 99.99% of the total shares.

Moreover, the Company expanded its business in to Indonesia to support ASEAN Economic Community (AEC) registered as PT. Indonesia AppliCAD in 2013 to provide the 3D design solutions. Recently, PT. Indonesia AppliCAD has been appointed to be the reseller of SolidWorks, ArchiCAD, GstarCAD, 3D Printer known as Stratasys and 3D Scanner known as GOM.

After all this time, the Company has committed to provide the best products and technologies to create the greatest satisfaction for customers by searching for new products and technologies to grow the customers’ business for Mechanical Solution: MEC, Architectural Engineering & Construction : AEC and 3D Design products (Hardware); 3D Printing and 3D Scanner as well as other related services. As a result, the Company has gained more trust from its customers and products’ owners and to support the growth in the market. The Company increased the registered capital and already paid 100 million baht and on 7 December 2018, the Company was transformed as “AppliCAD Public Company Limited”.

## 1.1 Vision, Objective and Goal

### Vision

Recognized as the region's leading company for consulting, services, and providing the design technologies for manufacturing and construction

### Mission

- Provide the best in class of Design & Engineering Technologies for the customer
- Provide professional services and support with expert team
- Support for education institution for next generation workforce
- Enabling customers to create innovation

### Goals

To be recognized as the leading company for consulting and selecting the technological products to encourage the creation of creative innovation of design and manufacturing as well as construction in Southeast Asia

## 1.2 Major Change and Development

The major change and development of the Company are as following details;

|   |
|---|
| 1994  |
| <ul style="list-style-type: none"><li>• Registered as the company known as "AppliCAD Company Limited" with the registered capital of 1 million baht on 13 September 1994 to distribute the design software.</li></ul>                                       |
| 1997  |
| <ul style="list-style-type: none"><li>• The Company started distributing the mechanical and engineering design software (MEC) by being appointed to be the reseller of SolidWorks in Thailand from Dassault Systèmes SolidWorks Corporation, USA.</li></ul> |
| 2000  |
| <ul style="list-style-type: none"><li>• The Company established a training center for the design software for its customers buying the software from the Company.</li></ul>   |
| 2007  |
| <ul style="list-style-type: none"><li>• The Company was appointed by Gstarsoft Company Limited, China to be the reseller of GstarCAD in Thailand.</li></ul>   |
| 2008  |
| <ul style="list-style-type: none"><li>• The Company was appointed by Stratasys AP Ltd., USA to be the reseller of 3D Printer known as Stratasys in Thailand.</li></ul>  |
| 2010  |
| <ul style="list-style-type: none"><li>• The Company was appointed by Graphisoft SE., Hungary to be the reseller of ArchiCAD in Thailand.</li></ul>  |

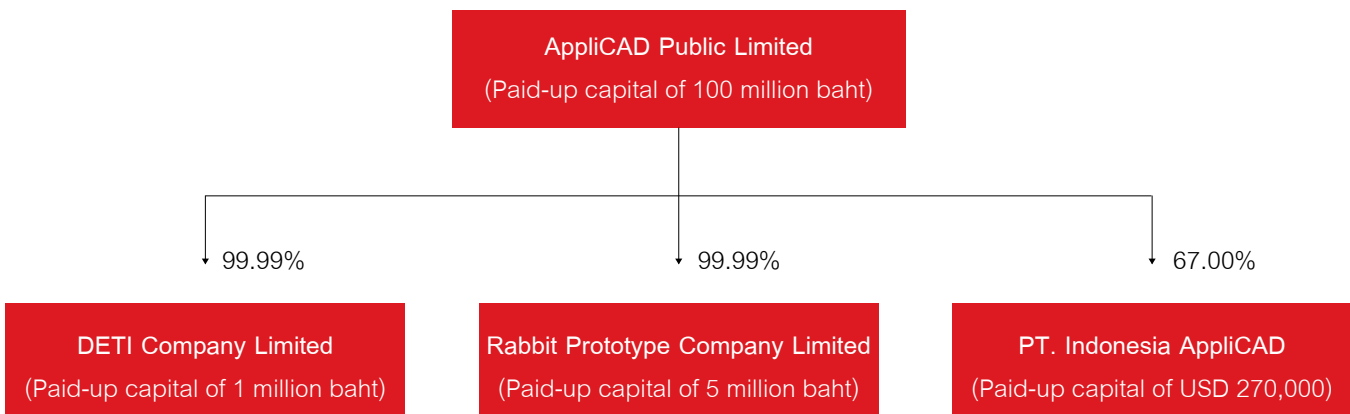
|   |
|---|
| 2012  |
| <ul style="list-style-type: none"> <li>The Company increased the registered capital from 1 million baht to 9 million baht by issuing 80,000 of new ordinary shares as par value of 100 baht offered to the existing shareholders to be the working capital.</li> <li>At the Extraordinary General Meeting of Shareholders No. 8/2555 held on 7 December 2012 had the approval to reorganize the shareholding structure as following details; <ul style="list-style-type: none"> <li>The Company invested in the ordinary shares of ETC Service Company Limited by buying 9,998 shares from the existing shareholders as the book value price. After buying those shares, the Company held the shares of ETC Service Company Limited as 99.98% of the total paid-up shares.</li> <li>The Company invested in the ordinary shares of Rabbit Prototype Company Limited by buying 40,000 shares from the existing shareholders as the book value price. After buying those shares, the Company held the shares of Rabbit Prototype Company Limited as 80% of the total paid-up shares.</li> </ul> </li> </ul> |
| 2013  |
| <ul style="list-style-type: none"> <li>Registered as a company in Indonesia known PT. Indonesia on 12 July 2013 to expand its business to other countries. The Company held 99% of total paid-up shares.</li> <li>Registered the change of ETC Service Company Limited to DETI Company Limited.</li> </ul>  |
| 2014  |
| <ul style="list-style-type: none"> <li>PT. Indonesia AppliCAD was appointed to be the reseller of SolidWorks in Indonesia.</li> </ul>   |
| 2016  |
| <ul style="list-style-type: none"> <li>The Company was appointed to be the reseller of SolidWorks in Myanmar.</li> <li>Rabbit Prototype Company Limited started the business of 3D printing as the general use.</li> </ul>  |
| 2017  |
| <ul style="list-style-type: none"> <li>The Company increased the registered capital of 27 million baht from the previous registered capital of 9 million baht as the total of 36 million baht by issuing new ordinary shares of 270,000 shares as par value of 100 baht offered to the existing shareholders to be the working capital.</li> </ul>  |
| 2018  |
| <ul style="list-style-type: none"> <li>The Company decreased the proportion of shares of PT. Indonesia AppliCAD to 67% to conform to the change of the laws of Indonesia.</li> <li>At the Extraordinary General Meeting of Shareholders No. 1/2018 held on 30 November 2018 had the approval to the Company to operate as following details; <ul style="list-style-type: none"> <li>to transform to Public Company Limited</li> <li>to change the par value from 100 baht per share to 0.50 baht per share</li> <li>to increase the registered capital of 46.80 million baht from the previous registered capital of 36 million baht as the total of 82.80 million baht by issuing 93,600,000 of new ordinary shares as par value of 0.50 baht offered to the existing shareholders to be the working capital.</li> </ul> </li> <li>The Company bought more 9,998 of the ordinary shares of Rabbit Prototype Company Limited from one of shareholders as par value which could make the proportion of shareholding of Rabbit Prototype Company is 9,999 shares from the total paid-up shares.</li> </ul>  |

2019

- The Company was appointed to be the reseller of 3D Scanner known as GOM in Thailand from Gom GmbH, Germany and PT. Indonesia AppliCAD was also appointed to be the reseller of 3D Scanner known as GOM in Indonesia.
- In May 2019, PT. Indonesia AppliCAD reclassified the shares into Series A of 89,100 shares or as 33% of the total paid-up shares held by Mr. Ibnu Afi Sena, the Indonesian shareholder and Series B of 180,900 shares or 67% of the total paid-up shares held by the Company. Moreover, the Company was entitled to receive the dividend before the Series A's shareholder of 95% from the total dividend announced by PT. Indonesia AppliCAD.
- The business of 3D Printer as General use of Rabbit Prototype Company Limited was transferred to the Company.
- At the Annual General Meeting of Shareholders of 2019 held on 8 March 2019 had the approval to the Company to increase the registered capital of 57.20 million baht from the current registered capital of 82.80 million baht to 140 million baht by issuing new ordinary shares of 114.40 million shares as par value of 0.50 baht as the following details;
  - 34.40 million ordinary shares were offered to the existing shareholders which already booked and paid. Therefore, the Company had the paid-up capital as 100 million baht.
  - 72 million of the ordinary shares were offered to the public.
  - 8 million of the ordinary share as were offered to the board of committee, management team and the staff of the Company. In the case of the remaining shares from those offers, it would be allocated to offer to the public.
- Being the listed company in the Stock Exchange of Thailand on 22 November 2019. APP provided the IPO of 80,000,000 shares in the Stack Exchange of Thailand as 2.46 baht per share and APP is used as the abbreviation name in the trading.



## 1.3 The Company's structure



### Remarks:\*

- The Company hold the shares in Series B of PT. Indonesia AppliCAD as 180,900 shares or 67% of the total paid-up shares. According to the Articles of Association of PT. Indonesia AppliCAD, the Company was entitled to receive the dividend of 95% from the total dividend as holding shares in Series B announced by PT. Indonesia AppliCAD.
- The remaining shares of PT. Indonesia AppliCAD or 33% held by Mr. Ibnu Afi Sena, the director of PT. Indonesia AppliCAD, does not have any relationship with the shareholder, committee and executive director of the Company. However, the Company has made the Shareholders' Agreement between Mr. Ibnu Afi Sena and the Company to grant the right to the Company to provide the first buyer (First Rights). If the Company could not provide any buyers, Mr. Ibnu Afi Sena would have the right to sell the shares of PT. Indonesia AppliCAD to anyone who requests to purchase them under the laws of Indonesia. The shareholders who request to sell the shares are requested to inform PT. Indonesia AppliCAD and the request must be approved by the meeting of shareholders.

purchased 9,998 shares of ETC Service Company Limited or 99.99% of the total paid-up shares. In 2516, ETC Service Company was changed the name to DETI Company Limited. DETI provides the training service of the mechanical and engineering design software and architectural engineering and construction design software. DETI was appointed as SolidWorks Authorized Training Centers from Dassault Systèmes SolidWorks Corporation and was also appointed as the Authorized Training Center from Autodesk, Inc. Currently, there are 2 branches of training center which are Bangna branch and Bowin branch (Chonburi) and could accommodate up to 98 trainees per day.

### (2) Rabbit Prototype Company Limited ("RP")

RP was registered as a company on 11 February 2011 with the registered capital of 5 million baht which could be classified as 50,000 of the ordinary shares as the par value of 100 baht and on 25 December 2012, the Company purchased 40,000 shares of RP from the shareholder or 80% of the total paid-up shares. After that on 26 November 2018, the Company also purchased more 9,998 shares increasing the shareholding proportion to 99.99% of the total paid-up shares of RP.

RP provides the business of prototyping and low volume production with the advanced technologies such as 3D Printers, Vacuum Casting and CNC machine.

### (3) PT Indonesia AppliCAD ("APP Indo")

APP Indo was registered as a company on 12 July 2013 with the 99% of total paid-up shares held by the Company. However, due to the change in the laws of

## Information of Subsidiaries

### (1) DETI Company Limited ("DETI")

DETI was registered as a company on 26 September 2001 under the name of ETC Service Company Limited with the registered capital of 1 million baht which could be classified as 10,000 of the ordinary share as the par value of 100 baht and on 25 December 2012, the Company



Indonesia regarding the shareholding proportion of foreign shareholders of Distributor's sale not affiliated to production, it is specified that the maximum the shareholding proportion of foreign shareholders should not be over 67% of the total paid-up shares. Therefore, the Company had to reduce the shareholding proportion in PT. Indonesia AppliCAD to conform to the laws of Indonesia. Currently, APP Indo has the paid-up capital of 3,186,000,000 rupiah or USD 270,000 which are 270,00 ordinary shares as the par value of USD 1. The Company holds 180,900 shares or 67% of the total paid-up shares of APP Indo.

Moreover, in May 2019, APP Indo reclassified the shares as the registration of amendment of the Articles of Association into Series A as 89,100 shares or 33% of the total paid-up shares held by Mr. Ibnu Afi Sena and Series B as 180,900 shares or 67% of the total paid-up shares held by the Company and it also has the rights to the shareholder of Series B to receive the dividend before the shareholder of Series A at the rate of 95 percent of the dividend announced by APP Indo. So that, Mr. Ibnu Afi Sena does not have any relationship with the shareholder, committee and executive director of the Company, however he currently is the executive director of PT. Indonesia AppliCAD and the Company has made the Shareholders' Agreement with Mr. Ibnu Afi Sena that the Company has the right to provide the first buyer (First Rights). If the Company could not provide any buyers, Mr. Ibnu Afi Sena would have the right to sell the shares of PT. Indonesia AppliCAD to anyone who requests to purchase them under the laws of Indonesia. The shareholders who request to sell the shares are requested to inform PT. Indonesia AppliCAD and the request must be approved by the meeting of shareholders.

APP Indo operates the business of the distribution of 3D design solutions in Indonesia such as mechanical and engineering design software, architectural engineering and construction design software, 3D printer, 3D scanner and other related after-sale services.

### Summary of the business operation in each business unit of the Company

| Products/ Services   | Each business unit of the Company |    |      |          |
|--|-----------------------------------|----|------|----------|
|  | AppliCAD                          | RP | DETI | APP Indo |
| <b>Distribution Business of Design Software (Software)</b>       |                                   |    |      |          |
| Mechanical and Engineering design software (MEC)                 | √                                 | -  | -    | √        |
| Architectural Engineering and Construction design software (AEC) | √                                 | -  | -    | √        |
| <b>Distribution Business of 3D Design (Hardware)</b>             |                                   |    |      |          |
| 3D Printer for Industrial Grade                                  | √                                 | -  | -    | √        |
| 3D Printer for General Use                                       | √                                 | -  | -    | -        |
| 3D Scanner   | √                                 | -  | -    | √        |
| <b>Services</b>  |                                   |    |      |          |
| Subscription Service   | √                                 | -  | -    | √        |
| 3D Design as requirement   | √                                 | -  | -    | -        |
| Prototyping and Low Volume Production                            | -                                 | √  | -    | -        |
| Training Service   | -                                 | -  | √    | -        |

## Nature of Business Operation

### 1. Revenue Structure of the Company

In 2016- 2019, the revenue structure of the Company can be summarized as follows.

| Type of Revenue              | 2016         |        | 2017         |        | 2018         |        | 2019         |        |
|------------------------------|--------------|--------|--------------|--------|--------------|--------|--------------|--------|
|                              | Million Baht | %      | Million Baht | %      | Million Baht | %      | Million Baht | %      |
| Revenues from Sales          |              |        |              |        |              |        |              |        |
| - Design Software            | 253.43       | 46.90  | 272.13       | 48.30  | 319.34       | 43.21  | 287.38       | 39.10  |
| - 3D Design Product          | 75.22        | 13.92  | 65.53        | 11.63  | 158.51       | 21.45  | 154.30       | 20.99  |
| Total Revenues from Sales    | 328.65       | 60.82  | 337.67       | 59.92  | 477.85       | 64.67  | 441.68       | 60.09  |
| Total Revenues from Services | 203.31       | 37.62  | 215.71       | 38.28  | 251.17       | 33.99  | 285.30       | 38.82  |
| Other Income*                | 8.43         | 1.56   | 10.11        | 1.79   | 9.94         | 1.34   | 7.99         | 1.09   |
| Total Revenues               | 540.39       | 100.00 | 563.48       | 100.00 | 738.96       | 100.00 | 734.97       | 100.00 |

**Remark:** Other significant revenues consist of commission and marketing subsidy from the owners of the products of which the Company is a distributor and gain from exchange rate.

### 2. Nature of Business Classified by Products and Services

The Company operates the integrated business in distribution of the 3D Design Solutions and provision of the relevant services as per the following details.

#### 2.1 Distribution Business of Design Software

The distribution business of design software is operated by APP and APP Indo, as the business that generate main revenues to the Company in the proportion of 77.11%, 80.59%, 66.83%, and 65.07% of revenues from sales in 2016- 2019, respectively. The software distribution to customers is mostly in the nature of sale of Software License. However, Design Software distributed by the Company can be classified into two main groups consisting of Mechanical Solution (MEC) Design Software and Architecture Engineering & Construction (AEC) Design Software as per the following details.

##### 1. Mechanical Solution (MEC) Design Software

Mechanical Solution (MEC) Design Software is 3D Software for an aided-design of products or equipment parts, and test of the engineering property of the designed products, using Simulation Software in the property analysis of parts such as strength, elasticity, as well as assembly test and movement simulation together with other parts. The revenues from sales of MEC Design Software in the approximate proportion at 65% of revenues from sales of Software

The key 3D MEC Design Software distributed by the Company includes **SOLIDWORKS** whereas APP has been appointed to be the distributor in Thailand from Dassault Systemes SOLIDWORKS Corporation (“DSSW”), USA, from 1997. Later

in 2014, APP Indo has been appointed to be the distributor in Indonesia. In 2016, APP has been granted for SOLIDWORKS distribution license in Myanmar.

### SOLIDWORKS

SOLIDWORKS is software developed by DSSW, USA, as 3D MEC Design Software developed for using in Personal Computer, resulting in a simple accessibility to the users and an extensive popularity among the engineers and industrial fields. A prominent feature of SOLIDWORKS in creation of a virtual simulation of product is an ability of the user to define the details and specifications of parts, such as color, structure, volume, surface, and type of material, for using in property analysis of the part whether being a calculation to measure area, volume or weight. An assembly test and a movement simulation together with other parts, and an engineering test of the parts designed in different states prior to actual production are conducted to ensure that the designed parts can be actually and efficiently used in accordance with the required specifications. This will contribute to a reduction of the period, procedure, and cost used in design and development of the user. New version of software will be yearly updated to ensure better serve the user's need and new function will be updated to facilitate the user with various and different needs in each industry.

SOLIDWORKS distributed by APP and APP Indo is classified into three packages consisting of (1) SOLIDWORKS Standard, (2) SOLIDWORKS Professional, and (3) SOLIDWORKS Premium, under the different usability functions of each package as follows.

|   | 1.<br>SOLIDWORKS<br>Standard | 2.<br>SOLIDWORKS<br>Professional | 3.<br>SOLIDWORKS<br>Premium |
|---|------------------------------|----------------------------------|-----------------------------|
| 3D Parts Design   | √                            | √                                | √                           |
| Assemblies Design   | √                            | √                                | √                           |
| 2D Manufacturing Drawing  | √                            | √                                | √                           |
| Specific Design Aided Function for the Works such as Sheet Metal, Weldments, Surfacing and Mold | √                            | √                                | √                           |
| Costing Aided Function  | -                            | √                                | √                           |
| Design Error Search Aided Function (Utilities)  | -                            | √                                | √                           |
| Visualization Aided Function  | -                            | √                                | √                           |
| Standard Parts Libraries  | -                            | √                                | √                           |
| CAD File System Management and Control Aided Function   | -                            | √                                | √                           |
| Parts Analysis Aided Function (Simulation)  | -                            | -                                | √                           |
| Parts Validation Aided Function   | -                            | -                                | √                           |
| Tolerance Analysis Aided Function for Using in Manufacturing                                    | -                            | -                                | √                           |
| ECAD/MCAD for Electrical System and Factory Wire and Pipe Routing System                        | -                            | -                                | √                           |
| Interoperability with data derived from 3D Scanner  | -                            | -                                | √                           |

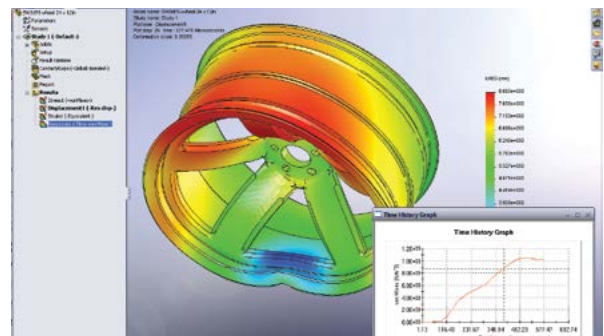
### Add-on for MEC Design

Other than SOLIDWORKS which is the core software distributed by the Company, it has also distributed Add-on for MEC design to enhance the functional capacity of SOLIDWORKS to be more efficient for serving the user's specific need. The software consisting of SOLIDWORKS Simulation, SOLIDWORKS Electrical, SOLIDWORKS Visualize, etc., are developed by DSSW; and such software consisting of SolidCAM and SolidPlant, are developed by other software developers. The usability of Add-on is in the nature of Add-on Function on Tools Bar in SOLIDWORKS (Plug-in) or a Stand-Alone software by taking file acquired from SOLIDWORKS to work on each Add-on.

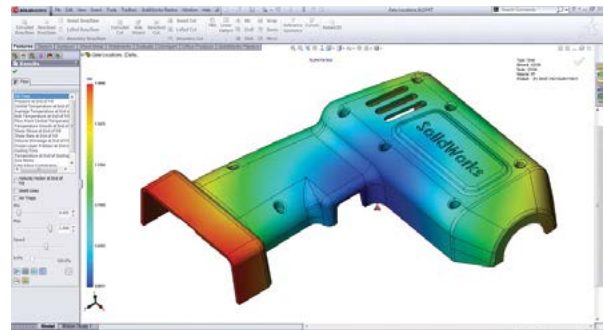
Add-on distributed by the Company can be summarized as follows.

## Add-on Used for Engineering Simulation

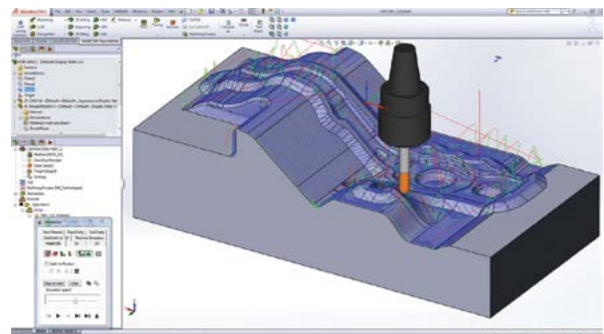
**SOLIDWORKS Simulation** : It is software used for analyzing the engineering property of parts designed by 3D Software to test the parts' strength, quality, and operation. Various states and forces can be determined in testing the parts. Therefore, the quality of parts can be assessed, contributing to quality improvement of the parts prior to the actual production.



**SOLIDWORKS Plastics** : It is software used for simulating plastics injection molding from the process of design, simulation of melt flow pattern during plastics injection molding, as well as assessment of risk from the plastics injection molding, contributing to reduction of waste from the plastics injection molding. The users can test integrity of the parts from the procedure of mold design, contributing to a more efficiency of plastics part and plastics injection mold design.



**SolidCAM** : It is software used for simulating milling with CNC (Computer Numerical Controlled) Machine and defines instruction for controlling the operation of CNC Machine from the file of the designed CAD parts. This software aids in defining the size of raw materials which must be used, and recommending the positioning of raw materials, determining the type of cutter; aids in defining the automatic milling path for the maximum efficiency; and shows a part milling procedure from the beginning to the end of the process.

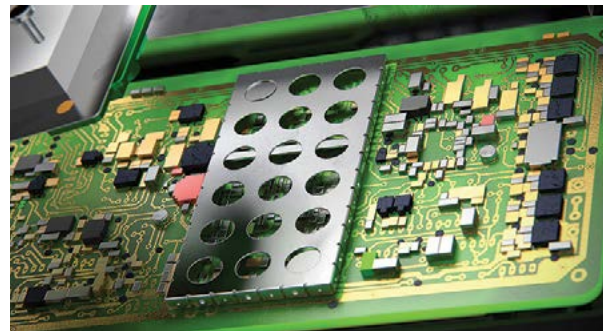


## Add-on Used for Specific Design

**SOLIDWORKS Electrical** : It is software used for designing an electrical system both in format of 2D and 3D together with designing a mechanical work. Bill of Material (BOM) in the design can be quickly prepared. This software also aids in an automatic wiring by linkage of BOM data to be connected with the electrical devices at the specified terminal points.



**SOLIDWORKS PCB** : It is software used for designing a Printed Circuit Board (PCB) System. This software aids in linkage of data of the PCB System design and mechanical design together, resulting in more rapidity, correctness, and accuracy of PCB designing and contributing to an easy design revision.

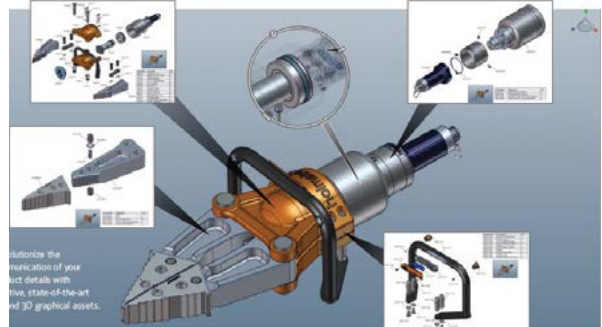


**SolidPlant** : It is software used for drawing the factory piping and wiring for pressure hose, factory pipe, and drain. Bill of Material (BOM) in design can be shown, and many libraries of standard parts for designing the factory wire and pipe routing are available for selecting to use.

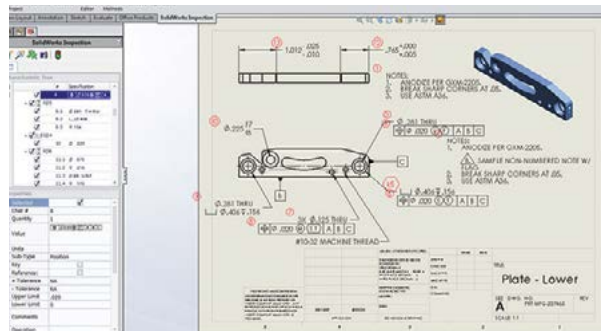


## Add-on Used for Data Presentation and Data Management

**SOLIDWORKS Composer** : It is software used for enhancing a technical communication potential; imaging the product components with the complicated resolution both in format of 2D and 3D images or animations to be used in preparation of the assembly and manufacturing manual, instruction manual of the product, maintenance manual, product data presentation document; and showing Bill of Material (BOM).



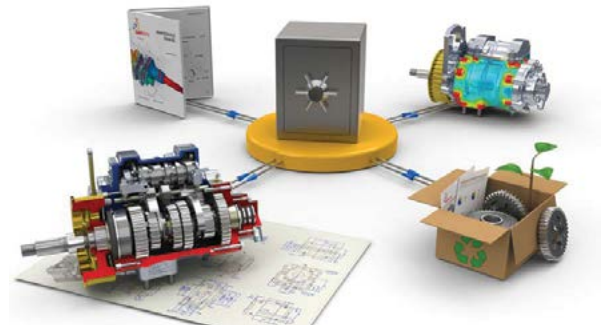
**SOLIDWORKS Inspection** : It is software used for preparing the documents relating to parts inspection, and it is operable with Coordinate Measuring Machine (CMM) for the parts in order to link with the parts inspection result, and automatically prepare an inspection report.



**SOLIDWORKS Visualize** : It is piece of software used for imaging the high quality graphics to be used in design presentation for the reality and attractive light and shade.



**SOLIDWORKS PDM Professional** : It is software used for controlling, managing and building security for design data by defining the right to use and the right to access data for each user as necessary and appropriate.



### Target Customer Group

The customers that are the main target groups of MEC Design Software such as the businesses in the groups of automotive industry, electronic parts industry, electric appliances industry, and machine and industrial material manufacturing industry.

Proportion of sales revenue from industrial design software (MEC) classified by type of customer.

| Type of customer                              | 2016           | 2017           | 2018           | 2019           |
|---|----------------|----------------|----------------|----------------|
| <b>Manufacturing Customer</b>                 | <b>68.23%</b>  | <b>68.83%</b>  | <b>67.68%</b>  | <b>73.41%</b>  |
| - Industrial materials and machinery (IMM)    | 28.50%         | 26.16%         | 27.58%         | 28.76%         |
| - Automobile                                  | 15.69%         | 13.10%         | 12.27%         | 15.64%         |
| - Electronic components                       | 8.02%          | 13.27%         | 11.12%         | 9.48%          |
| - An electric appliance                       | 8.88%          | 5.93%          | 6.76%          | 7.05%          |
| - Other industries                            | 7.15%          | 10.37%         | 9.95%          | 12.49%         |
| <b>Construction Industry Customer</b>         | <b>6.04%</b>   | <b>6.64%</b>   | <b>3.44%</b>   | <b>4.40%</b>   |
| <b>Software and Solutions Customer</b>        | <b>5.31%</b>   | <b>3.09%</b>   | <b>4.80%</b>   | <b>3.40%</b>   |
| <b>Educational &amp; Government Customer.</b> | <b>5.40%</b>   | <b>6.37%</b>   | <b>8.13%</b>   | <b>5.23%</b>   |
| <b>Foreign Customer</b>                       | <b>3.98%</b>   | <b>2.38%</b>   | <b>4.43%</b>   | <b>6.94%</b>   |
| <b>Individuals and Other businesses</b>       | <b>11.04%</b>  | <b>12.69%</b>  | <b>11.51%</b>  | <b>6.62%</b>   |
| <b>Total</b>                                  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

## 2. Architecture Engineering & Construction (AEC) Design Software

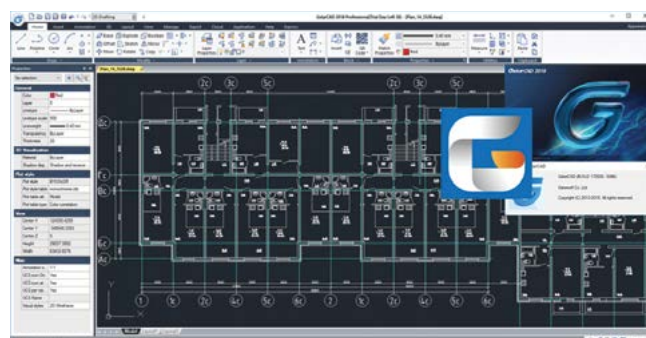
Architecture Engineering & Construction (AEC) Design Software is software aiding in architecture engineering and construction design, such as building design, interior design, and building structure and system design. Revenues from sales of AEC Design Software are in the approximate proportion at 33% of revenues from sales of software.

The core AEC Design Software distributed the Company can be classified into four groups as follows.

### 2.1 2D Drawing Software : GstarCAD

2D Drawing Software is the 2D Computer Aided Design (CAD) in replacement of paper drawing, aiding in labour-saving and increase in working efficiency of the architects and engineers in plan drawing. However, 2D Drawing Software mainly distributed by the Company is GstarCAD.

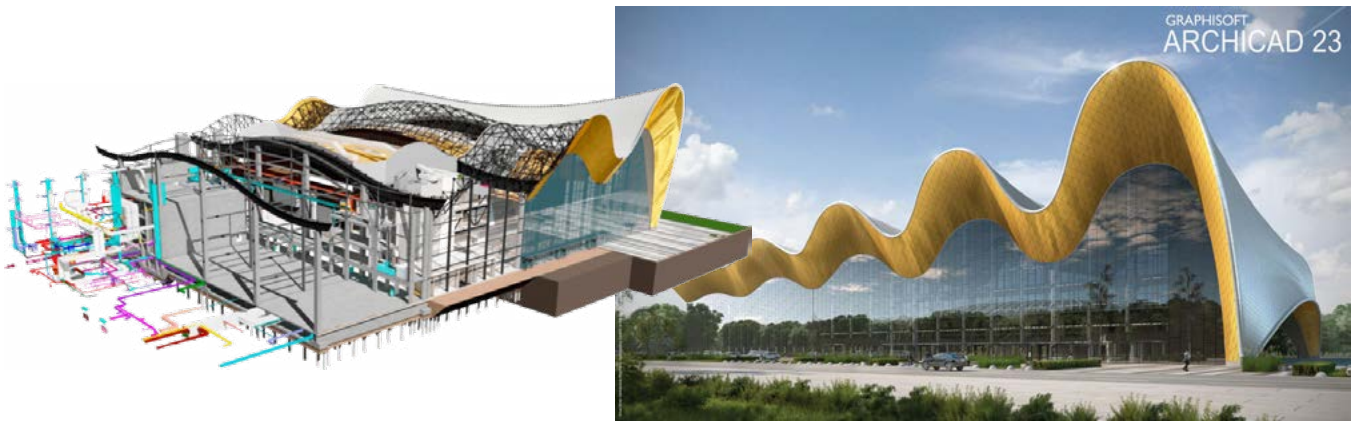
GstarCAD is the 2D Drawing Software developed by Gstarsoft Co., Ltd., China, and accepted by many users in 65 countries worldwide. It is software which is user-friendly and can support various types of the design files, resulting in interoperability with files from other software without requirement of file conversion. This will not cause data damage.



## 2.2 Building Design Software with BIM Technology: ARCHICAD

3D Building Design Software is the technology developed to display 3D modelling image, resulting in faster design, and easy data presentation and communication to the related departments. In addition, the construction drawing both of 2D plan and section image can be automatically created in 3D Drawing Software, contributing to a reduction of redundant work procedures and time-saving. However, 3D Building Design Software mainly distributed by the Company is ARCHICAD.

**ARCHICAD** is software developed by Graphisoft SE, Hungary. It is considered as the first 3D Building Design Software that has commenced to develop Building Information Modeling (BIM) Technology to be used on personal computer, resulting in the extensive acceptance of the users particularly in Europe, Australia, New Zealand, and Japan. With BIM Technology, a virtual modelling of the building by ARCHICAD is precise by adding data and specifications in construction drawing. Data from different sections, whether being design, construction, engineering, and purchasing data, will be linked and integrated. BOQ (Bill of Quantity) can be extracted, resulting in the consistent interoperability of all related parties, ability to accurately estimate construction cost, and easy management of the project's progress.



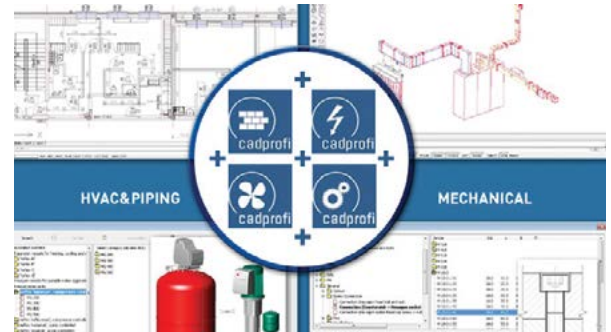
## 2.3 AEC Design Add-on

The Company distributes AEC Design Add-on to enhance the functional capacity of GstarCAD and ARCHICAD and to serve the specific needs of the customers who are the users. The usability nature of Add-on is to add function on Tools Bar in the core software developed by other software developers. However, Add-on distributed by the Company can be summarized as follows.



## Add-on Used for 2D Drawing

**CADProfi** : It is software aiding in more efficient 2D drawing. A specific design-aided tool is available for extracting BOM/BOQ and Library of standard components, and it is classified into four Modules, including Architectural Design, Electrical Circuit Design, HVAC&Piping Design, and Mechanical Engineering Design.

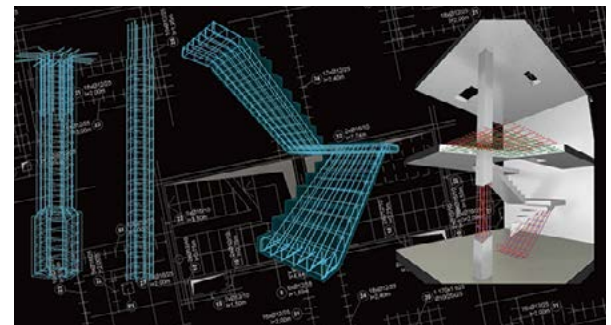


## Add-on Used for Building Design

**MEP Modeler** : It is software which is interoperable with ARCHICAD aiding in Electrical, Plumbing, and Air-Conditioning System Designs in the building. 3D modelling is performed like the building structure, contributing to a correct design in term of position and level of the equipment placed in the building alignment, such as air-conditioner vent, and good water-sewage pipe. When the designer can correctly and precisely position the equipment from the beginning, it will contribute to a reduction of the potential problems during construction, and more efficient communication between the designer and constructor.



**Eptar** : It is software which is interoperable with ARCHICAD, and used for designing and preparing the specifications of reinforcement structure both in 2D and 3D format. Total quantity of reinforced concrete required for using in construction can be calculated and extracted, resulting in more details of the structural work design, a reduction of the design conflict, and a reduction of the error problems in construction work.



## Add-on Used for 3D Drawing

**THAIBIM** : It is an add-on software developed by the Company to be interoperable with ARCHICAD, aiding in more convenient working of Thai architects and contractors in construction design and drawing, and cost estimation due to the availability of instructions consisting of a building structuring in accordance with the various patterns popular for using in Thailand in Library for selecting to use; an automatic insertion of reinforcement in columns, beams, and floors; and an extraction of BOQ of the materials used in all building sections.

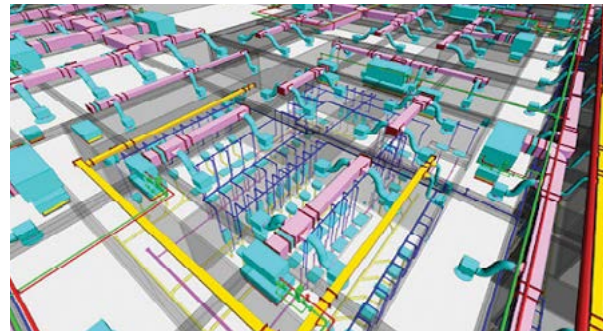


## 2.4 Specific Design Software

The Company distributes other 3D Software used for specific design to serve the various needs of the customers. The characteristic of this software is the Stand-Alone Software which can extend the development from the files acquired from GstarCAD or ARCHICAD. However, the specific design software distributed by the Company can be summarized as follows.

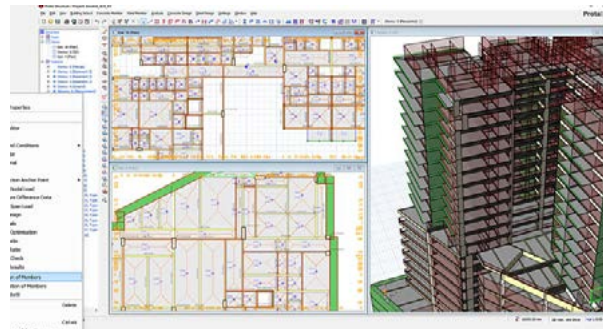
### MEP System Design Software

**CADEWA** : It is software from Japan, which is used as aid in designing an engineering system in the building consisting of electrical system, plumbing and sanitary system, and air-conditioning system. The available easier design-aided instructions consist of a water piping of which equipment is automatically inserted, and an inspection of the system corrosion, and a count-aided instruction for the quantity of equipment used in design for the quantity extraction. This software supports BIM Technology which can input and output IFC standard files for using the data by other BIM Program.



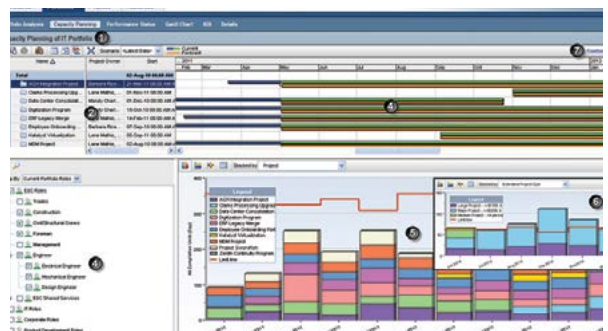
### Building Strength Analysis Software

**Prota Structure** : It is software used for the project management in the efficient planning, chronology, and resource control and management of the small-sized to large-sized projects that have an activity complexity and a number of the people relating to the project. This can contribute to more improvement on the related parties' cooperation, monitoring of the progress, and management of the project overview.

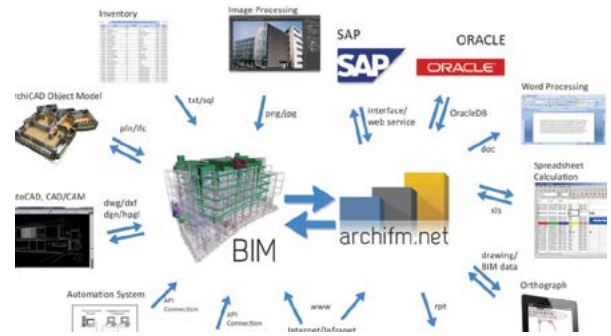


### Data Management Software

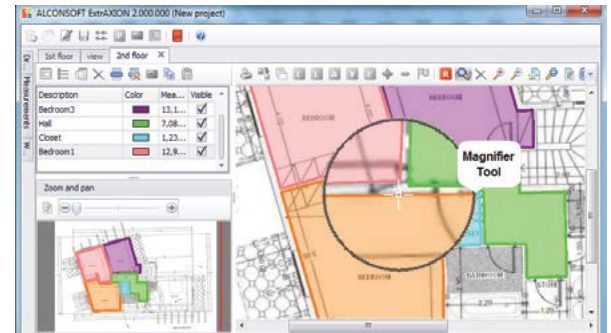
**Oracle Primavera** : It is software used for the project management in the efficient planning, chronology, and resource control and management of the small-sized to large-sized projects that have an activity complexity and a number of the people relating to the project. This can contribute to more improvement on the related parties' cooperation, monitoring of the progress, and management of the project overview.



**ArchiFM** : It is software used for facility management of the building. It is interoperable with BIM System to create the detailed, correct and accurate database from calculating an area size, preparing the specifications of materials and equipment in the building, and collecting the maintenance history data, as well as planning usability and repair plan. Data can be linked with other database system, such as ERP, contributing to an efficient facility management of the building.



**ExtrAXION** : It is software used for estimating a construction cost from a construction drawing by measuring the length of the line, calculating the area, and counting the quantity of materials and equipment in a construction drawing. The calculated data can be automatically linked with Work Breakdown Structure (WBS) for calculating to find workload and expenses.



## Virtual Imaging Software

**Artlantis** : It is software used in graphic imaging for the high quality perspective presentation in the building design and interior decoration works, landscape works, jewelry design works, and other products; as well as the high quality animation presentation in forms of virtual perspective work, VR Panoramas and VR Objects presentation.



**Twinmotion** : It is software used in real-time creation of animation whereas the topography or surrounding details can be referred from Google Earth worldwide, resulting in the user's ability to accurately simulate the project location, and outer details.



**V-Ray** : It is software used for graphic imaging of both exterior and interior building designs with reality and very high quality. This software must be interoperable with the main modelling program.



**General 3D Modelling Software**

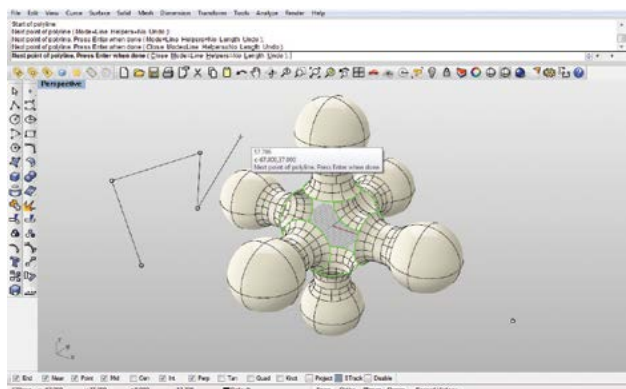
**SketchUp Pro** : It is 3D Design Software for house, building, and system architecture. It is designed to be user-friendly. In addition, an instruction of 3D part management in interoperability with Google Map and Google Earth is available for creating a geographical map or putting a designed building on Google Earth for creating a reality.



**ZBrush** : It is software used for 3D Sculpture, and consists of various user-friendly tools aiding in sculpture of the model, resulting in the user's ability to freely configure the model and correct work. The nature of its usability is similar to a real sculpture to ensure that the achievement with the remarkable special contour can be built. Therefore, this software is popular for using in high resolution model works, such as Animation work or Compute Graphic work in films.



**Rhinoceros** : It is software for modelling or producing 3D parts in product design requiring novelty. It is outstanding in creating Free Form, resulting the designer's ability to unlimitedly transfer his/her imagination.



### Target Customer Group

The customers in the main target group of AEC Design Software include the entrepreneurs in the construction industrial group, such as construction contractors, architects, real estate developers, and manufacturers and distributors of construction materials, etc.

Proportion of sales revenue from Architecture Engineering & Construction software (AEC) classified by type of customer.

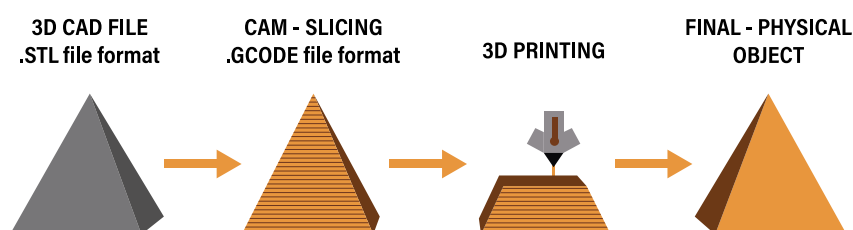
| Type of customer                              | 2016           | 2017           | 2018           | 2019           |
|---|----------------|----------------|----------------|----------------|
| <b>Manufacturing Customer</b>                 | <b>21.05%</b>  | <b>24.04%</b>  | <b>26.52%</b>  | <b>31.05%</b>  |
| - Industrial materials and machinery (IMM)    | 5.01%          | 7.88%          | 7.77%          | 10.15%         |
| - Automobile                                  | 3.23%          | 3.85%          | 2.65%          | 5.68%          |
| - Electronic components                       | 1.65%          | 1.75%          | 2.44%          | 2.63%          |
| - An electric appliance                       | 3.82%          | 3.03%          | 6.64%          | 3.94%          |
| - Other industries                            | 7.34%          | 7.54%          | 7.01%          | 8.66%          |
| <b>Construction Industry Customer</b>         | <b>39.81%</b>  | <b>35.16%</b>  | <b>35.44%</b>  | <b>40.06%</b>  |
| <b>Software and Solutions Customer</b>        | <b>9.90%</b>   | <b>11.64%</b>  | <b>12.03%</b>  | <b>7.40%</b>   |
| <b>Educational &amp; Government Customer.</b> | <b>0.90%</b>   | <b>0.87%</b>   | <b>0.09%</b>   | <b>1.42%</b>   |
| <b>Foreign Customer</b>                       | <b>8.18%</b>   | <b>7.90%</b>   | <b>8.71%</b>   | <b>8.50%</b>   |
| <b>Individuals and Other businesses</b>       | <b>20.17%</b>  | <b>20.38%</b>  | <b>17.21%</b>  | <b>11.56%</b>  |
| <b>Total</b>                                  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

## 2.2 Distribution Business of 3D Design Hardware

To extend the expertise in distribution business of 3D Design Solutions, the Company has also distributed 3D Hardware such as 3D Printer, 3D Scanner as well as the related equipment. In 2016 - 2019, the Company's revenues from distribution of 3D Design Hardware was in the proportion at 22.92%, 19.41 %, 33.17%, and 34.93% of revenues from sales and services, respectively, as per the following details.

### 1. 3D Printer

3D Printer is the technology of part production from 3D CAD File with Additive Manufacturing Process using computer for calculating data from 3D CAD File in order to continue printing material texture into layers at a micron level resolution (1 micron is 0.001 mm.) to be a virtual part as designed. The said part is tangible and really utilizable, resulting in the designer's ability to quickly and accurately produce a part.



At present, 3D Printer and materials used for printing and distributed by the Company can be classified into two groups, consisting of Industrial Grade 3D Printer and General Use 3D Printer. The details of the said products are as follows.

### 1.1 Industrial Grade 3D Printer

This type of 3D Printer distributed by APP and APP Indo is a large-sized printer with high precision, and able to precisely, accurately, and quickly manufacture the complicated part. The various types of materials used in printing are used so that the various engineering properties of part can be determined. Therefore, it is suitable for various industries, such as Automotive, Aerospace, Electrical Appliance, Health Care, and Dental, etc.

The Industrial Grade 3D Printer, such as 3D Printer in Stratasys Brand from United States of America, is distributed by APP and APP Indo which are the world market leaders of 3D Printers. Stratasys 3D Printing Technology can be classified into materials and a technology used for printing part as follows.

#### 3D Printer - FDM (Fused Deposition Modeling) System

3D Printer - FDM System has currently been the most popular and usable printer. This printer uses thermo plastic materials such as ABS, PLA, PET, Nylon, etc., which are plastics that can be formed for recycling after melting. The functional process of this type of printer starts from melting plastic filaments to become fluids and then injecting them to be filaments with an injector in plane level into layers to form part in accordance with 3D design file data. The characteristic of the acquired part is an opaque solid object. Therefore, it is suitable for works in type of which the part strength is required, for instance, sample of assembly testing part, Jig & Fixture, End Use Part, and medical device, etc.



#### 3D Printer – Polyjet System

It is 3D Printer - Polyjet System that uses material in type of Photo Resin in printing. Resins are hardened at the light exposure point. The functional process of this type of printer starts from injecting fluid resins out and then radiating with UV to harden them. Therefore, the figure is continually formed into layer by layer to acquire high resolution part as required. This printer can print a work with several colors or several materials in one piece. Therefore, it is suitable for a work with fine surface, or a work requiring attractiveness, such as Model, product sample, and dental work, etc.



In addition, in 2018 the Company has been authorized to be the distributor of 3D Metal Printer in Desktop Metal Brand from United States of America, which is the 3D Printer with the fast, user-friendly, and safe printing technology for metal parts due to the non-requirement for use of the hazardous metal powder. This 3D Metal Printer functions by printing metals which are attached into layers and then cleaning adhesive out of the part by cleaning machine. After that, the part is taken into oven to conduct heat of the part to be close to a melting point. This makes adhesives burnt until being dried and disappeared. The metal powders will be attached to be homogeneous to be metal at last. However, the Company has currently been under marketing process for Desktop Metal Printer and has not yet been formally commenced for distribution.



### 1.2 General Use 3D Printer

This type of 3D Printer distributed by APP is a 3D Printer with small size, light weight, and cheap price to be suitable for using in production of small and non-complicated parts, such as small model, learning media for kids, etc.

At present, General Use 3D Printers distributed by APP consist of three brands as follows: (1) Sindoh from Korea, (2) Formlabs from United States of America, and (3) XYZ from United States of America. In distribution of General Use 3D Printer, the Company shall mainly distribute using online channel via [www.8baht.com](http://www.8baht.com) which is the Company's website.



**Sindoh**



**Formlabs**



**XYZ**

## 2. 3D Scanner

3D Scanner distributed by the Company is the 3D Vision Measuring System Technology used particularly for the industrial inspection. Therefore, it is suitable for the industries that require inspection rapidity and accuracy, such as automotive industry and aircraft industry, etc. In 2019, the Company has been appointed as the distributor of GOM 3D Scanner from GOM GmbH., Germany, which is the leader of the technology of the High Resolution 3D Vision Measuring System called Optical Metrology System Technology in the manner that 3D Scanner is used with Specific Inspection Software. APP and APP Indo have formally commenced to distribute GOM 3D Scanners since 1 January 2019.

### 3. Equipment and Consumables

Other than 3D Printer and 3D Scanner distributed by the Company, it has also distributed equipment as spare parts and consumables required for use together with printer and scanner, such as different types of printing materials, parts cleaner, parts tray, components and spare parts, etc.

#### Target customers

The main target customers in 3D design are automobile industrial enterprises, electrical appliances include government agencies and educational institutions.

#### Proportion of sales revenue from 3D Design (Hardware) classified by type of customer.

| Type of customer                              | 2016           | 2017           | 2018           | 2019           |
|---|----------------|----------------|----------------|----------------|
| <b>Manufacturing Customer</b>                 | <b>25.47%</b>  | <b>46.74%</b>  | <b>56.15%</b>  | <b>27.38%</b>  |
| - Industrial materials and machinery (IMM)    | 1.60%          | 10.06%         | 2.81%          | 2.69%          |
| - Automobile                                  | 6.55%          | 12.41%         | 12.10%         | 13.70%         |
| - Electronic components                       | 14.98%         | 8.48%          | 3.71%          | 2.40%          |
| - An electric appliance                       | 1.04%          | 11.51%         | 2.92%          | 5.37%          |
| - Other industries                            | 1.31%          | 4.28%          | 34.61%         | 3.22%          |
| <b>Construction Industry Customer</b>         | <b>3.82%</b>   | <b>1.73%</b>   | <b>4.08%</b>   | <b>0.87%</b>   |
| <b>Software and Solutions Customer</b>        | <b>5.93%</b>   | <b>11.41%</b>  | <b>4.81%</b>   | <b>34.97%</b>  |
| <b>Educational &amp; Government Customer.</b> | <b>38.56%</b>  | <b>22.83%</b>  | <b>30.09%</b>  | <b>26.56%</b>  |
| <b>Foreign Customer</b>                       | <b>0.28%</b>   | <b>2.12%</b>   | <b>1.20%</b>   | <b>7.19%</b>   |
| <b>Individuals and Other businesses</b>       | <b>25.94%</b>  | <b>15.16%</b>  | <b>3.67%</b>   | <b>3.02%</b>   |
| <b>Total</b>                                  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

### 2.3 3D Design Solution-Related Services

For fulfilling 3D Design Solution of the Company to entirely serve the customers' needs, it provides other 3D Design Solution-related services to its customers. The said services can be classified into four types as follows;

#### 1. Subscription Services

As software and solutions distributed by the Company, either Software or 3D Printer in Stratasys Brand, are the design technology that requires the use of specific knowledge and expertise, therefore, the Company establishes a policy for selling Software and Solutions together with Subscription Services Package for one year. After the first expiration of the period of Subscription Services, the customers can select to renew the Subscription Services Agreement for another 1-3 years per term under the determined service rate and service conditions for each product. However, throughout the period of Subscription Services, the customer is granted for the privileges to enhance the customer's usability efficiency of Software or 3D Printer as per the following details.



### Privilege of Subscription Services for Software Products

- Software Upgrade Service: the new version upgrade service is provided throughout after sales service period at free of charge to enhance the working efficiency of program.
- Training Service: The customers can attend the software usability training for the usability at full capacity. The training is conducted at DETI Training Center and the trainees who are passed for the usability training will be awarded for the software usability certificate.
- Technical Support Service: The Company's team which is expert and certified by the product owner is ready for counseling and troubleshooting via the following service channels.

Hotline Service: It is a counseling service on the software usability by phone in working hours from 8.30-17.00 hrs. at Hotline 02-744-9044.

Online Service: It is a troubleshooting service via chat in online channel, and Remote Access for the quick troubleshooting support.

Onsite Service: It is a service in the way that an Application Engineer is sent to give troubleshooting counsel and advice in collaboration with the customer's team for correct and quick troubleshooting to meet the requirement.

- Other Services: The customers can download data or media of usability for additional uses, such as 3D Object or Library Package, for instance, screw, knot, window, door, etc., to be used in design or instructional videos for the use of instructions, etc.

### Privileges of Subscription Services for 3D Printer Products

- Condition Checking, Maintenance, and Spare Parts Replacement Service: The preventive maintenance service for checking condition and maintaining a printer is provided every four months or three months per year for the complete availability of the printer and replacement of spare parts under the Agreement.
- Training Service: The customers can attend the printer usability training for usability at full capacity.
- Technical Support Service: The Company's expert team is ready for counseling and troubleshooting via the

following service channels.

Hotline Service: It is a counseling and troubleshooting service on the usability by phone in working hours from 8.30-17.00 hrs. at Hotline 081-936-9914

Onsite Service: It is an onsite service in the way that an application engineer is sent to the customer office for the urgent troubleshooting in quickness and correctness manner.

- Parts Production Service: In case of the problem occurred with the customer's printer during usability, resulting in a functional failure, or during importation of components and spare parts for replacement from the manufacturer, the customer can send the correct and complete file to the Company for producing the customer's parts with the Company's printer at a specific expense for the actual cost of materials used in production only. The expense for the working hours of the printer and the engineering labor cost must be unpaid.

## **2. Customized 3D Design Services**

The Company provides the customized 3D design services, using its experiences and expertise of the personnel, and technological readiness to fulfill the specific needs of the customers in various forms both for MEC Design, AEC Design, and Customized Add-on Development to efficiently serve the specific needs of its customers.

### Samples of 3D MEC Design Support Services

- 3D design file creating and engineering design analysis service
- Product Presentation Preparation Service with virtual rendering image and interactive animation
- Specific Plug-in Program Development Service for working on core software like SOLIDWORKS

### Samples of 3D AEC Design Support Services

- 3D Building Modelling Service on BIM Standard
- Presentation Animation and Presenting Work Preparation Service with AR and VR Technologies
- Specific Plug-in Program Development and BIM Object Creation Service whereas the BIM Object is the 3D parts design, for creation of Library Package for using in design and virtual modelling for presentation.

**3. Prototype Production and Low Volume Production Services**

RP provides one stop services of Prototype Production and Low Volume Production from Scan & Reverse Engineering, forming, designing, improving 3D parts, and producing prototype using technologies which are suitable for producing each type of work, such as 3D Printer, Vacuum Casting Machine, and CNC (Computer Numerical Control) Machine.

**4. Training Services**

DETI provides the integrated training services for usability of MEC and AEC Design Software, with experiences of longer than 18 years. At present, DETI has been appointed as SOLIDWORKS Authorized Training Center from DSSW and Authorized Training Center from Autodesk, Inc.

The DETI Training Center is a training center for usability of Design Software, and emphasizes on development of the software users' knowledge and competency so that the users can efficiently use such software with a practice-based teaching process for the actual application of knowledge. The learners are trained by the professional trainer team of which the teaching techniques and field working experiences are available, and the team is expert of the software usability. The DETI trainers must be trained and certified by the product owners.

The courses opened for teaching by DETI are diversified to ensure that the trainees can select for training based on their interests or needs for using SOLIDWORKS, ARCHICAD, AutoCAD, Revit, and SketchUp in actual working. The courses opened for teaching are from a basic level to an advanced level and it takes around 1-4 days of training period, depending on the course content. In addition, DETI also provides the services in organizing special customized onsite training courses whereas the customers can define training topics to be suitable for the efficient organizational personnel development. After completion of each training course, the trainees will be tested to assess their competence and skills on the software usability. The trainees who pass the test will be certificated as a guarantee of each trainee's capability to use software.

**Details of the current DETI courses opened for teaching are as follows.**

**Engineering and MEC Design Software Courses**

| Type of Course   | Subject Opened for Teaching   |
|--|---|
| <p><b>SOLIDWORKS Standard Course :</b><br/>SOLIDWORKS Usability Course for Designing of Various Types of Objects</p> | <ul style="list-style-type: none"> <li>- SOLIDWORKS Basic</li> <li>- SOLIDWORKS Essentials</li> <li>- SOLIDWORKS Advanced Part Modeling</li> <li>- SOLIDWORKS Assembly Modeling</li> <li>- SOLIDWORKS Surface</li> <li>- SOLIDWORKS Drawing</li> <li>- SOLIDWORKS Sheet Metal</li> <li>- SOLIDWORKS Weldments</li> <li>- SOLIDWORKS Mold Design</li> <li>- SOLIDWORKS CAD Productivity Tools</li> </ul> |
| <p><b>SOLIDWORKS Communication :</b><br/>SOLIDWORKS Usability Course for the Achievement Presentation</p>            | <ul style="list-style-type: none"> <li>- SOLIDWORKS PhotoView 360</li> <li>- SOLIDWORKS Animation</li> </ul>  |

| Type of Course  | Subject Opened for Teaching   |
|---|---|
| <b>SOLIDWORKS Simulation Course :</b><br>SOLIDWORKS Usability Course for the Engineering Test | <ul style="list-style-type: none"> <li>- SOLIDWORKS Simulation</li> <li>- SOLIDWORKS Simulation Professional</li> <li>- SOLIDWORKS Simulation Premium</li> <li>- SOLIDWORKS Flow Simulation</li> <li>- SOLIDWORKS Simulation Dynamics</li> <li>- SOLIDWORKS Simulation Nonlinear</li> <li>- SOLIDWORKS Motion</li> <li>- FEA with SOLIDWORKS</li> </ul> |
| <b>SOLIDWORKS Special Course :</b><br>SOLIDWORKS Usability Course for the Specific Design     | <ul style="list-style-type: none"> <li>- SOLIDWORKS Electrical 2D</li> <li>- SOLIDWORKS Electrical 3D</li> <li>- SOLIDWORKS Motion</li> <li>- SolidCAM 2.5D Milling</li> <li>- SolidCAM 3D Milling</li> <li>- Product Design for Plastic</li> <li>- SOLIDWORKS Routing</li> </ul>   |

#### AEC Design Software Courses

| Type of Course  | Subject Opened for Teaching   |
|---|---|
| <b>ARCHICAD Course :</b><br>ARCHICAD Usability Course for the BIM Modelling | <ul style="list-style-type: none"> <li>- ARCHICAD Workshop</li> <li>- ARCHICAD BIM Basic</li> <li>- ARCHICAD BIM Intermediate</li> </ul>  |
| <b>Revit Course :</b><br>Revit Usability Course for the BIM Modelling       | <ul style="list-style-type: none"> <li>- Revit for Architecture Workshop</li> <li>- Revit for Architecture Basic</li> <li>- Revit for Structure</li> <li>- Revit for MEP</li> </ul> |
| <b>AutoCAD Course :</b><br>AutoCAD Usability Course for 2D Drawing          | <ul style="list-style-type: none"> <li>- AutoCAD 2D Basic</li> <li>- AutoCAD 2D Intermediate</li> </ul>   |
| <b>Special Course :</b><br>Other Design Software Usability Course           | <ul style="list-style-type: none"> <li>- SketchUp Pro Basic</li> <li>- Basic Drawing</li> </ul>   |

### 3. Marketing and Competition

#### 3.1 Competitive Strategy

##### 1. Distribution of the Leading Software and Products with Efficiency and Advanced Technology

The Company operates its main business in distribution of 3D design software and products. Therefore, it highly gives precedence to the selection of products, focusing on the software and products with advanced technology and high efficiency from the world leading, well-known, internationally and widely accepted software developers and manufacturers for the competitive differentiation and ability to serve its customers' needs under its requirement of an efficient adaptation in accordance with the rapid changing technologies.

It can be seen that the Company is the distributor of the software for various products which are the world leading software. For instance, SOLIDWORKS developed by DSSW, United States of America, which is the leader of the 3D MEC Design Software market, has been a first piece of software which is usable on personal computer, resulting in easy usability and extensive popularity from the users. In addition, ARCHICAD developed by Graphisoft SE, Hungary, is the first piece of 3D Drawing Software of which the development of Building Information Modeling (BIM) Technology has been commenced to be used on personal computer. Moreover, the Company has played the role in offering the advanced innovation that will contribute to upgrade of the domestic design industry to be internationally equivalent. New products, such as 3D Printer in Stratasys Brand from United States of America, 3D Metal Printer in Desktop Metal Brand from United States of America, as well as 3D Scanner in GOM Brand, Germany, have been selected to be continuously launched into the market. All of them are the popular products with the top market shares of the world. The trust from the said leading software developers and manufacturers on the Company has indicated its potential and ability to well analyze market and customers' needs. In accompany with a vision of the executives and a precise prediction on the tendency of the change in design technology, they have taken part in enhancement of the Company's opportunity to continuously and stably extend the business in the future.

##### 2. Professional One Stop and Quality Services

The Company is the distributor of the MEC and AEC Design Software, the distributor of 3D Design Products (Hardware) which are 3D Printer and 3D Scanner, and the provider of the related services consisting of Subscription Service, Training Center

Service, Prototype Production Service, and Customized Design Service. Therefore, the Company can entirely serve the customers' needs and access to the various target groups which are private companies in industrial groups, architects, real estate developers, contractors, educational institutions, or Government Agencies.

Moreover, the Company also aims at the quality customer services. The said service starts from Pre-Sale whereas the sales section officer inquires the customer's need, and then collaborates with the technical section officer to offer a solution which can properly and efficiently serve the customer's need, and demonstrate the actual usability of software and/or products to the customer for viewing the parts sample acquired from the actual usability as a decision support of its customers. After the customer's selection to purchase software or product, the Company shall organize training, focusing on transfer of the basic knowledge and essential skills in usability by an expert. This will contribute to the ability of the user to actually apply knowledge acquired from training in working. The software version service is provided to ensure that the customer can work at full capacity, and assistance service is provided by the technical specialists who are knowledgeable, proficient, and experiences, and passed for training and certified by the product owner. The said technical specialists are ready for quickly and efficiently giving counsels and advices, and solving problems through various service channels whether being by phone, e-mail or online system, and entering for the onsite problem solving at the customer's premise, resulting in the customer's confidence and trust on the continual use of the Company's services.

##### 3. World Leading 3D Design Solution Manufacturer Alliance

Due to the expertise and leadership of the Company in one stop distribution business of 3D Design Solutions in Thailand, the Company has been continuously relied by more world leading product owners consisting of SOLIDWORKS, ARCHICAD, 3D Printer in Stratasys Brand, 3D Metal Printer in Desktop Metal Brand, or 3D Scanner in GOM Brand, to appoint it to be their distributors. Nevertheless, the Company establishes a policy for building the long-term relationship with product owners, and cooperating under the business alliance concept, sharing of information, mutual formulating business strategies. With good relationship with business alliances, the Company is always supported in body of knowledge relating to technologies and products, and tendency of the change in the related technologies, contributing to the well enhancement of its competitiveness. Moreover, the Company

is able to manage sales volume to have a continual growth, and efficiently fulfill the product owners' policies, particularly for SOLIDWORKS-related software and services, until distribution license of SOLIDWORKS has been additionally granted in Myanmar and Indonesia. From the aforesaid factors, they have reflected the continuity of the business operations under the strong and secure collaborations with the product owners.

#### **4. Executive Team and Personnel with Business Experiences and Expertise**

The Company's executive team mostly consists of the experienced persons in the distribution business of 3D Design Solution for over 25 years' period, resulting in the availability of knowledge and expertise to cover all fields whether being technologies in design, product supply, marketing, as well as understanding on the users' needs; and the ability to efficiently formulate the marketing strategies and management guideline in various fields. Moreover, the distribution business of 3D Design Solution is a business relying in the personnel with the technological knowledge and expertise, and well understanding on usability of software to ensure that software or solutions can be offered to serve the customers' needs for maximum satisfaction. The Company's personnel in part of Technical Support must be trained and certified by the product owners. In addition, the Company also establishes a supporting policy for the sales team to be certified by the product owners to ensure that its personnel have knowledge and profoundly understand the products offered to the customers for the need fulfillment and provision of advices on solving the complicated problems of the users in efficient and quick manners. Therefore, the Company is continuously and consistently trusted by its customers all the time.

#### **5. Continual Public Relations and Organizing of Marketing Activities**

The Company regularly emphasizes on organizing the marketing activities for public relations of its products to be recognized through a main channel such as online channel. Due to a changing behavior of the target groups in more acquisition of the news information through an online channel, therefore, the Company aims at the developing the public relations pattern to access the target groups, and producing the useful contents for creating the understanding on its technologies and products, and aiding in developing the customer designing potential. Other than the said online channel, the Company also continuously organizes

the seminar events and innovation exhibitions. The Company will yearly organize the innovation exhibitions of the core software of which it is the distributor in order to debut the new versioned software, such as SOLIDWORKS Innovation Day organized in October of every year, and ARCHICAD Thai BIM Conference Event organized in July of every year. Both events are the innovation exhibitions which are interested for participating by a lot of people which are the current customers and the group of those interested in 3D Design Software. This well indicates the leadership of the Company in design technology.

In addition, the Company also yearly participates in exhibitions such as Metalex Event and Manufacturing Expo Event, etc., resulting in the opportunities to meet and share the information with the target groups which are direct customers, product owners, and distributors of the related products. Therefore, the Company's products can be increasingly recognized, contributing to its ability to expand its market to cover wider customer bases. Other than this regard, the Company can acquire the news information of the new movements, innovations and technologies of the related industries from the exhibition participation. It can assess the tendency of the changing technological development and quickly respond to the said changing trend.

Moreover, the Company also gives high precedence to educational sector and establishes a policy for continuously focusing and supporting the use of software and/or products in the educational sector to enhance the user bases of its software and/or products, and distribute for extensive industrial usability, contributing to an increase in its customer bases in the future. At present, software products distributed by the Company have been used as the instruction media in the educational institutions nationwide.

#### **6. Efficient Customer Database Management**

The Company gives high precedence to the customer database management and information technology system is applied as aid in customer database management both of the customers that have ever purchased products and/or services of the Company, and the persons that are expected to be the customers. The Marketing Department has collected and screened from those interested in products and services of the Company from various channels from seminar event, public relations event, and online media channel whether being the Company's website, and social media. The sales team shall appropriately use such database for analyzing and offering products and services to meet

the needs of each group of customers.

In addition, the Company also systematically applies such information system in its sales process management under continual monitoring of the selling opportunity progress, and applies in monitoring after sales services, and managing after sales relationship with customer groups. This shall help the salespersons to enable to efficiently work and help the executives to enable to supervise, manage, and define strategies so that the setting target can be properly attained.

### 3.2 Distribution and Distribution Channel

The Company's distribution channels of the products and services can be classified into two types based on the nature of the customer as follows;

#### 1. Distribution of Products and Services to the Entrepreneurs and General Customers

The sales team of the Company is responsible for supervising the distribution of the products and services to the customers which are the entrepreneurs and general customers. The sales team is classified into type of products and services, of which the different specific knowledge and expert must be used. The Sales Department shall contact and make the appointment with the customer to inquire for recognition of the customer's needs. After that, the Sales Department together with the officer of the Technical Support, shall offer the solution that can serve the customer's need, and demonstrate the actual usability of software to make the customer confident on the Company's products, and can actually serve the user's working.

Other than the distribution of products through sales team, the Company's online distribution channel is through [www.8baht.com](http://www.8baht.com), which is the Company's website of which the customers can conveniently select to purchase software through website. The products distributed through the said online channel are basic software for general usability, such as Adobe, Microsoft Windows, ESET Anitivirus, etc., whereas the users can use the said software without relying on the Company's staffs in giving advice or demonstrating the software usability.

#### 2. Distribution of Products and Services to the Educational Institutions and Government Agencies

The distribution of the products and services to the educational institutions and government agencies is mostly in the nature of project work using procurement method in accordance

with the official regulation. The period of delivery and installation for the said projects is short. The Sales Department for the educational institutions and Government Agencies is in charge of monitoring the news information of bidding opening of the educational institutions and Government Agencies, and considers the customer's needs by studying on TOR (Term of Requirement in details together with the Technical Support for considering the participation in making a bid, and preparing documents, such as list of the details of durable articles, technical documentation, etc. for submission of quotation in the scheduled date and time through E-Bidding System or submission of bidding envelopes depending on the regulation or requirement of each customer.

However, the bidding participation is in the nature of self-bidding participation by the Company, and bidding participation through business alliance. The alliance shall purchase products and services of the Company for distributing together with the alliance's products and services or with other distributors in accordance with the customer's requirement.

### 3.3 Nature of the Customer and Target Customer Group

The customer Company and its subsidiaries can be classified into different groups as follows.

**1. Industrial Manufacturing Customers** mean the business operators in the manufacturing-related business, such as automotive, electronics parts, electric appliances, petrochemical, energy, machine, and industrial material industries, etc., for instance, Siam Kubota Corporation Company Limited, Panasonic Manufacturing (Thailand) Company Limited, Toyota Motor (Thailand) Company Limited, Hitachi Compressor (Thailand) Company Limited, Magnecomp Precision Technology Public Company Limited, etc.

**2. Construction Industrial Customers** means the business operators in the real estate and construction-related industries such as contractor, real estate developer, and construction materials, for instance, Italian-Thai Development Public Company Limited, SCG Cement-Building Materials Company Limited, Siam Multi Cons Company Limited, and J.S.P. Property Public Company Limited, etc.

**3. Software and solutions business customers** mean the business operators related to software distribution and/or

related solutions, most of which buy the Company's products to sell in conjunction with their products and services.

**4. Educational Institutions and Government Agencies** mean the customers which are the educational institutions and Government Agencies. The procurement method in accordance with the official regulation is used in most procurements of this customer group. Such agencies include university, school, and research institute, as well as the related administrative agencies such as Pathumwan Institute of Technology, Chulalongkorn University, Sukhothai Thammathirat Open University, Sirindhorn International Institute of Technology, Thailand Institute of Scientific and Technological Research, and Office of the Permanent Secretary for Science and Technology, etc., including the entrepreneurs which are the business alliance in bidding participation.

**5. Foreign Customers** mean the customers in Indonesia derived from the business operation of APP Indo.

**6. General Customers** mean the customers that operate their businesses in other industries, such as information technology business, food business, and gem and jewelry business; and the customers that are a natural persons and freelancers.

Proportion of sales revenue classified by type of customer.

| Type of customer                           | 2016    | 2017    | 2018    | 2019    |
|--|---------|---------|---------|---------|
| Manufacturing Customer                     | 46.75%  | 53.03%  | 53.35%  | 46.68%  |
| - Industrial materials and machinery (IMM) | 16.81%  | 18.61%  | 14.88%  | 15.04%  |
| - Automobile                               | 10.40%  | 10.48%  | 9.67%   | 12.34%  |
| - Electronic components                    | 7.71%   | 9.33%   | 6.55%   | 5.28%   |
| - An electric appliance                    | 5.87%   | 6.12%   | 5.53%   | 5.66%   |
| - Other industries                         | 5.95%   | 8.50%   | 16.72%  | 8.35%   |
| Construction Industry Customer             | 14.52%  | 13.20%  | 11.96%  | 12.66%  |
| Software and Solutions Customer            | 6.63%   | 6.78%   | 6.67%   | 15.09%  |
| Educational & Government Customer.         | 10.99%  | 7.80%   | 12.75%  | 11.40%  |
| Foreign Customer                           | 4.31%   | 3.77%   | 4.54%   | 7.44%   |
| Individuals and Other businesses           | 16.81%  | 15.42%  | 10.73%  | 6.72%   |
| Total                                      | 100.00% | 100.00% | 100.00% | 100.00% |

#### 4 Price Policy

The Company's pricing policy for the selling price of each type of product and service is appropriately based on Cost Plus Margin, taking into account the competitive situation and the comparable level of product price both in domestic and foreign market, and product acceptance of each group of customers. The quality and technology of products, and the efficient after sales services are considered.

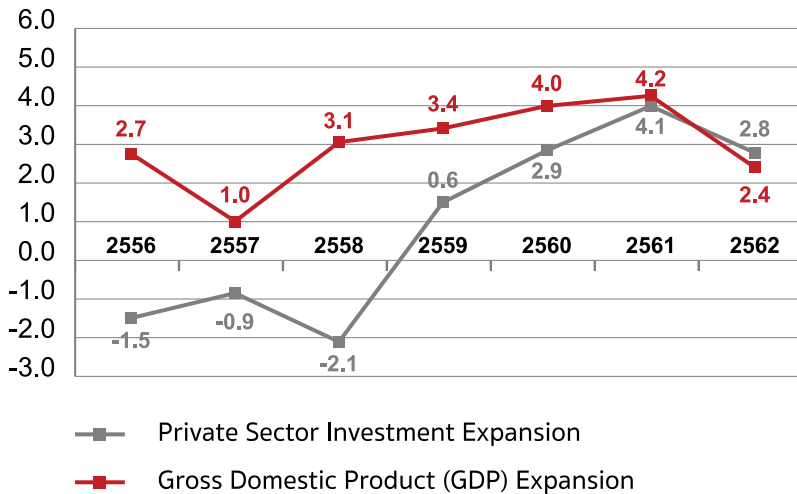
#### 5 Industrial Situation

According to the report of Office of the National Economics and Social Development Council, it specified that in 2019, the expansion rate of Gross Domestic Product (GDP) was 2.4% compared to 4.2% in 2018, with 3.2% in exports in private sector consumption and total investment. Growth grew 4.5% and 2.2 %, respectively. General inflation averaged 0.7 % and accounts surged to 6.8 % of GDP.

In addition, an investment in 2019 with a total investment expanded 0.9 %, slowing from a 2.7 % expansion in the previous quarter as the decline in public investment. While private investment has improved. Private investment grew by 2.6 %,

accelerating from a 2.3 % expansion in the previous quarter. The investment in construction grew by 3.1 % and investment in machinery and equipment expanded 2.5 %, while public investment fell 5.1 %, according to the delay of the budget process compared with an increase of 3.7 % in the previous quarter. The government investment dropped 16.7 %, while investment of state-owned enterprises grew 13.1 % rate for spending capital expenditure in the quarter was 4.0 % compared to the rate of disbursement of 21.6 % in the previous quarter and 13.7 % in the same period last year, including 2019, total investment rose by 2.2 % and public investment increased 0.2 % and private investment grew 2.8 %.

Graph of the Gross Domestic Product (GDP) Growth Rate



Source : Office of the National Economics and Social Development Council

Gross Domestic Product (GDP) in Q4/2019 grew 1.6 % from 2.6 % growth in the previous quarter, following delays in the recovery of the global economy, budget delays, drought impacts and temporary factors in industrial production. In spending and private consumption expands in good terms. Private investment improved meanwhile, government spending, government investment and exports of goods in manufacturing decreased. Production of camp, food services and transportation branches and storage facilities has accelerated. Wholesale, Retail and Repair has also accelerated. While industrial production Agricultural fields, construction and electricity fields, gas decreased. Once the results of the season are adjusted, The Thai economy in the fourth quarter of 2019 grew from 0.2% (QoQ SA), as well as 2019, the Thai economy grew 2.4% compared with a 4.2 % expansion in 2018.

However, the Office of the National Economics and Social Development Council (NESDB) predicted that Thai economy in 2020 will be expanded by 1.5 – 2.5 % from 2019 according to restrictions caused by the Covid-19 outbreak, more severe drought problems and budget process delays. However, the economic growth over the rest of the year also contributed to (1) the slow improvement of the global economy as it relaxed down on pressure from trade measures and the decline in risk from the UK's undervalued isolation and monetary policy is easing (2) expansion in the satisfactory threshold of domestic demand in terms of household spending and private and public sector investment (3) driven by comprehensive government measures in terms of care for farmers, low-income SMEs and economy footing, tourism sector and private investment, and (4) lower expansion base than normal growth in the last quarter of 2019. In this regard, exports are expected to expand by 1.4% in private sector consumption and total investment grows by 3.5% and 3.6% respectively. Average general inflation will range from 0.4-1.4 % and accounts surplus by 5.3 % of GDP.

### Software Industry

The finding from the survey result of Thailand software usability value in 2017 conducted by Digital Economy Promotion Agency indicated that the software consumption value in 2017 was 78,818 million Baht or growth rate of 1.6% when compared



with total software consumption value in 2016, being classified into software import value for the consumption of 30,735 million Baht and software manufacturing value for the domestic use of 48,083 million Baht, respectively. According to the entry of the ID industry into an ascending cycle after deceleration in the past two years due to the key factor which is the trend of the business sector, Digital Transformation of the organization to conform to the trend of new technologies such as Cloud or Big Data, has been emphasized. Moreover, an alertness of the public sector on emphasis of the technology and innovation will be the key of the national economic drive through policies particularly Digital Economy Policy and Thailand 4.0 Policy, focusing on development in the ten target industrial groups.

**5 Potential Industries  
(First S-curve) consisting of:**

- Next-Generation Automotive
- Smart Electronics Industry
- Affluent, Medical and Wellness  
Tourism Industry
- Agriculture and Biotechnology Industry
- Smart Electronics Industry

**5 Future Industries  
New S-curve) consisting of:**

- Industrial Robotics
- Aviation and Logistics Industry
- Biofuel and Biochemicals Industry
- Digital Industry
- Medical Hub Industry

Thailand 4.0 policy emphasizes on driving the domestic economy with science, technology and innovation to develop the country consistency with the current global trend that technology has been entered to be the part of the surroundings in daily life both in digital world and physical world, such as Artificial Intelligence (AI) Technology which can aid in better decision making of the workers and increase in competitiveness. In addition, the one important factor in Thailand 4.0 policy is human resource development to be suitably prepared for the rapid changing world and society. However, an educational sector has been adapted to be prepared for the youth in 4.0 era through an application of the principle of STEM Education (Science Technology Engineering and Mathematics Education) Learning, which is an educational course focusing on the understanding of the youth and awareness on the importance of science as the career building basis and the national development in the future. In addition, the importance and alertness of the reorganization have been foreseen by both public sector and private sector organizations to be ready for digital age, starting from an application of technologies, such as Big Data and AI for the organizational value addition. These have entirely laid the foundation for the long-term national development in order to drive toward the security, wealthy and sustainable country with the governmental vision.

However, Digital Economy Promotion Agency predicted that the growth rate of the Software and Software as Service (SaaS) consumption market in 2018 and 2019 will be 15.2% and 17.5%, respectively. The supportive growth factors include an adjustment of the business sector toward digital age from Thailand 4.0 policy of the government and an application of the new technologies to enhance competitiveness, such as Cloud, Big Data, AI, Blockchain, and IoT (Internet of Thing). Moreover, the trend of business sector focusing on creation of its own software or platform for the customer services, and the trend of Start-up emergence, have been the accelerating factors for the business sector's requirement to adapt toward digital age.

## Market Value of Software and Software as a Service (Saas) in 2015-2017

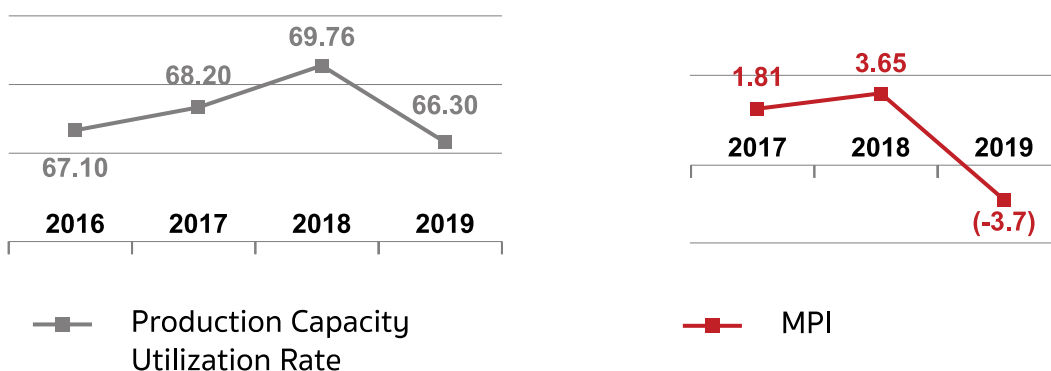
| Type                               | 2015<br>(Million Baht) | 2016<br>(Million Baht) | 2017<br>(Million Baht) | Growth Rate (%) |            |
|------------------------------------|------------------------|------------------------|------------------------|-----------------|------------|
|                                    |                        |                        |                        | 2015-2016       | 2016-2017  |
| Import Value for Consumption       | 32,944                 | 31,158                 | 30,735                 | (5.4)           | (1.4)      |
| Manufacture for Domestic Usability | 49,231                 | 46,415                 | 48,083                 | (5.7)           | 3.6        |
| <b>Total Value</b>                 | <b>82,175</b>          | <b>77,573</b>          | <b>78,818</b>          | <b>(5.6)</b>    | <b>1.6</b> |

Source: Digital Economy Promotion Agency, Ministry of Digital Economy and Society

### Manufacturing Industry

As the main revenues of the Company have been generated from distribution of SOLIDWORKS which is the MEC Design Software. Most of the group of such software users has been the manufacturers and industrial factories. If the capacity utilization rate of the factory entrepreneurs increases or the growth rate of the number of factories increases, it will result in an increase in the usability needs of the Company's products. Therefore, the domestic manufacturing industrial situation can indicate the market trend and growth of the Company's revenues on the other hand.

In 2019, the industrial manufacturing dropped by 2.3 % due to a decline of 0.8 % in the previous quarter in line with the decline in exports and temporary factors in industrial production in some important items. The industrial production index showed the proportion of exports in the 30-60 % which declined by 16.0 % MPI as production for domestic consumption sector. (Exports account for less than 30 %), down by 4.5 %, and the industrial production index for manufacturing exports. (Exports account for over 60 %), down by 1.6 % rate of capacity utilization averaged at 63.4 %, down from 65.0 % in the previous quarter and 69.3 % in the same quarter last year. The major decline of MPI such as motor vehicles (down 21.4 %), petroleum products (down 15.2 %) and sugar (down 22.1 %), the Index of Industrial Production is on the rise, as other machinery such as the general use (17.0 %), computer peripherals (7.3 %), and distilling, refining and blending of spirits (31.7 %). As a result, in 2019 the production industries fell by 0.7 %, industrial production index fell 3.7 % and the rate of capacity utilization averaged 66.3 %.



Source : Office of Industrial Economics

Moreover, the finding from the statistical data of the number of industrial factories indicated that the number of industrial factories at the end of 2018 has amounted 140,535 factories, increasing by 0.8% from 2017. During the year, there have been 4,115 factories which have been newly permitted for business operation, and 967 factories which have been permitted for business expansion, while 1,603 factories which have wound up. This statistical data of the industrial factories indicated the continual growth of the manufacturing sector of the country in 2016-2018 from the increasing number of factories consistency with Manufacturing Production Index (MPI) with a continual growth in the said period of time in the same direction.

| Statistical Data of the Number of Industrial Factories |                           | 2014      | 2015      | 2016      | 2017      | 2018      |
|--|---------------------------|-----------|-----------|-----------|-----------|-----------|
| New Business Operation (Factories)                     |                           | 4,636     | 4,627     | 4,253     | 4,077     | 4,115     |
| Business Expansion (Factories)                         |                           | 793       | 953       | 858       | 940       | 967       |
| Winding-Up (Factories)                                 |                           | 1,517     | 2,561     | 1,498     | 1,441     | 1,603     |
| Accumulated Statistics at Year-End                     | Number of Factories       | 141,247   | 139,821   | 138,083   | 139,446   | 140,535   |
|  | Investment (Million Baht) | 5,779,451 | 6,005,494 | 7,149,437 | 7,397,035 | 7,673,391 |

Source : Industrial Business Information Center, Department of Industrial Works

In 2020, the Office of Industrial Economics has forecast a growth rate of manufacturing production index (MPI) in 2020 is expected to grow by 2.0-3.0 % due to the government's stimulus policy which the government seems to have come out periodically. Investors have moved production lines to invest in Thailand as a result of a trade war. Driven by public investment, the progress of investment projects are important including the Eastern Special Development Zone Roadmap (EEC)

### Construction Industry

As AEC Design Software distributed by the Company is a direct working and service tool of the construction contractor, the Company will gain benefit from an expansion of the construction industrial group with the usability needs of AEC software for more services in case of the growth rate of the construction industrial sector. Thus, the construction industrial situation has been one of the factors that can indicate the trend of the Company's revenue growth. The average proportion of the investment value in the construction industry in Thailand in the period of 10 retroactive years was at 8.4% of Gross Domestic Product (GDP). The construction industry in the country has been classified into two main parts consisting of public sector construction work and private sector construction work in the ratio of an average investment value of 53:47. In Thailand, there have been around 90,000 juristic persons that engage in the construction contracting business.

In 2019, the construction industry has weakened following the delay of the budget process, which has resulted in a decline in public construction while private sector construction expanded. Construction production fell by 1.9 % compared with a 2.7 % expansion in the previous quarter, with public sector construction fell by 6.1 % compared with a 5.1 % growth in the previous quarter, caused by significant budget delays (government construction fell by 17.4 % compared with a 5.3 % growth in the previous quarter, while construction of state-owned enterprises grew by 15.2 %), private construction grew by 3.1 %, improved by a decrease of 5.3 % in the previous quarter, while construction of state-owned enterprises grew by 15.2 % in the previous quarter. The construction sector grew by 3.1 % improving from a decline of 0.1 % in the previous quarter. In line with the expansion of the construction of residential buildings and the construction of non-residential (eg, commercial buildings and plant), partly as a result of the construction project of Eastern Economic Corridor: EEC and the construction of several large hotels in Bangkok. While other buildings were lower, construction price index dropped two consecutive quarters by 2.8 %, according to a decrease in the index of prices of iron and steel products (down by 15.2 %) and the type of cement (down by 0.2 %) as important. While concrete products price index rose by 1.2 % for the whole year of 2019. Production in construction rose by 2.0 %, down from 2.4 % in 2018. By the construction sector of the state grew by 2.4 % (a 0.7 % increase the government's construction and construction enterprises grew by 5.6 %) and the construction sector grew by 1.4 %.

| Growth Rate: %              | 2015          | 2016         | 2017           | 2018         | 2019         |
|-----------------------------|---------------|--------------|----------------|--------------|--------------|
| Public Sector Construction  | 27.56%        | 10.92%       | (1.97%)        | 3.18%        | 8.80%        |
| Private Sector Construction | (2.67%)       | (1.01%)      | 0.52%          | 5.78%        | 3.5%         |
| <b>Total</b>                | <b>11.72%</b> | <b>5.47%</b> | <b>(0.90%)</b> | <b>4.31%</b> | <b>6.50%</b> |

Source : Office of the National Economics and Social Development Council

In 2019, the Economic Intelligence Center (EIC), Siam Commercial Bank Public Company Limited, predicted that total construction value of Thailand is expected to grow by 5-7% in 2020, by 7-8% in 2021 and 6-8% YoY in 2022. Driven by investment in the large size of the public sector especially, projects in the Eastern Special Economic Development Area (EEC) will contribute to the induction of private investment.

In 2020, government construction investment is likely to expand by 6-8% YoY from ongoing projects such as Bangkok-Nongkhai High Speed Rail Project (Phase 1 Bangkok-Nakhon Ratchasima) and new projects are expected to be gradually constructed, such as high-speed rail projects to connect 3 airports (Don Mueang-Suvarnabhumi-Utapao), Line Red Extension of metro, Southern Purple Line (Taopoon-Rat Burana) as well as other projects such as Utapao Airport Development And Eastern Aviation City. As a result, the value of government construction investment will continue to grow to 8-10% and 7-9% YoY in 2021 and 2022, respectively.

Construction investment of the private sector will be supported by 1) the construction of infrastructure projects, the government will induce construction sector to expand by 2) The EEC has supported the construction of industrial factories and property development, and 3) Other construction projects include the development of the private sector Mixed-use (eg One Bangkok and Dusit Central Park) it is expected that the investment in the private sector in 2020, 2021 and 2022 will grow by 4-6%, 5-7% and 5-7% YoY, respectively.

Construction contractor turnover trends will improve. The contractor has been raised from the public sector and large private sector projects. The medium and small contractor will be supported by 1) a subcontract from large backlog (Backlog) a lot, even with lower margins and 2) direct contractor construction. However, some central and retail contractors may have capital constraints, preventing them from stocking large amounts of building materials or relying on labor force rather than machinery. As a result, the production cost is higher and the turnover is not much growth.

#### **Infringement Rate of the Software Copyright**

As the Company has been formally appointed as the distributors from the foreign product owners, it has been useful from campaign and awareness on the significance of the usability of the lawful copyrighted software, and resulted in a continuous decreasing trend of the infringement in the current software usability. BSA | The Software Alliance or software business alliance group which is the trade association established for purpose of an attempt to stop the copyright infringement of the software manufactured by the members in the group, in collaboration with International Data Corporation (IDC), a data survey company of Thailand in United States of America, publicized survey result of the global software usability for 2018. The said survey result indicated that the global copyright infringement of software has tended to have a continuous decreasing rate from 42% in 2011 to be remained at 37% in 2017, as the result of the strict law enforcement of the public sector agencies in suppression of the offence relating to economic crime, and campaign relating to usability of the lawful copyrighted software. In addition, both public and private organizations have given more precedence to the security of information technology system, resulting in their emphasis on more usability of the lawful copyrighted software and contributing to reduction of risk and expenses from malware and threat attacks in cyber world. The users have also been beneficial from the usability of the copyrighted software in reduction of security risk and legal problem risk, increase in IT productivity, protection of corporate image, and creation of the confidence of the Company's customers and business partners.

However, the report of BSA indicated that the damage value for the usability of the non-licensed software in Thailand has

amounted 714 million USD or 66% in 2017, decreasing from the rate of 69% in 2015. However, the said damage value has still been higher than an average of Asia Pacific Region in 2017 at 57% and an average of 110 countries worldwide at 37%, showing a business opportunity of the software copyright distributors.

|                        | RATES OF UNLICENSED SOFTWARE INSTALLATION |            |            |            | COMMERCIAL VALUE OF UNLICENSED SOFTWARE (\$M) |                 |                 |                 |
|------------------------|---|------------|------------|------------|---|-----------------|-----------------|-----------------|
|                        | 2017                                      | 2015       | 2013       | 2011       | 2017  | 2015            | 2013            | 2011            |
| <b>ASIA PACIFIC</b>    |   |            |            |            |   |                 |                 |                 |
| Australia              | 18%                                       | 20%        | 21%        | 23%        | \$540   | \$579           | \$743           | \$763           |
| Bangladesh             | 84%                                       | 86%        | 87%        | 90%        | \$226   | \$236           | \$197           | \$147           |
| Brunei                 | 64%                                       | 66%        | 66%        | 67%        | \$18  | \$19            | \$13            | \$25            |
| China                  | 66%                                       | 70%        | 74%        | 77%        | \$6,842                                       | \$8,657         | \$8,767         | \$8,902         |
| Hong Kong              | 38%                                       | 41%        | 43%        | 43%        | \$277   | \$320           | \$316           | \$232           |
| India                  | 56%                                       | 58%        | 60%        | 63%        | \$2,474                                       | \$2,684         | \$2,911         | \$2,930         |
| Indonesia              | 83%                                       | 84%        | 84%        | 86%        | \$1,095                                       | \$1,145         | \$1,463         | \$1,467         |
| Japan                  | 16%                                       | 18%        | 19%        | 21%        | \$982   | \$994           | \$1,349         | \$1,875         |
| Malaysia               | 51%                                       | 53%        | 54%        | 55%        | \$395   | \$456           | \$616           | \$657           |
| New Zealand            | 16%                                       | 18%        | 20%        | 22%        | \$62  | \$66            | \$78            | \$99            |
| Pakistan               | 83%                                       | 84%        | 85%        | 86%        | \$267   | \$276           | \$344           | \$278           |
| Philippines            | 64%                                       | 67%        | 69%        | 70%        | \$388   | \$431           | \$444           | \$338           |
| Singapore              | 27%                                       | 30%        | 32%        | 33%        | \$235   | \$290           | \$344           | \$255           |
| South Korea            | 32%                                       | 35%        | 38%        | 40%        | \$598   | \$657           | \$712           | \$815           |
| Sri Lanka              | 77%                                       | 79%        | 83%        | 84%        | \$138   | \$163           | \$187           | \$86            |
| Taiwan                 | 34%                                       | 36%        | 38%        | 37%        | \$254   | \$264           | \$305           | \$293           |
| Thailand               | 66%                                       | 69%        | 71%        | 72%        | \$714   | \$738           | \$869           | \$852           |
| Vietnam                | 74%                                       | 78%        | 81%        | 81%        | \$492   | \$598           | \$620           | \$395           |
| Other AP               | 87%                                       | 87%        | 91%        | 91%        | \$442   | \$491           | \$763           | \$589           |
| <b>TOTAL AP</b>        | <b>57%</b>                                | <b>61%</b> | <b>62%</b> | <b>60%</b> | <b>\$16,439</b>                               | <b>\$19,064</b> | <b>\$21,041</b> | <b>\$20,998</b> |
| <b>TOTAL WORLDWIDE</b> | <b>37%</b>                                | <b>39%</b> | <b>43%</b> | <b>42%</b> | <b>\$46,302</b>                               | <b>\$52,242</b> | <b>\$62,709</b> | <b>\$63,456</b> |

Source : BSA | The Software Alliance

### Competitive Situation of the Domestic Software Business

According to the survey result of the software and software as a service industry in 2017 conducted by the Digital Economy Promotion Agency, the data was collected from the 2,374 companies that operate the software industry-related software. The survey result indicated that in the software market in Thailand, there have been various entrepreneurs as the manufacturers, importers, or distributors, including software service providers, such as System Integrator (SI) & Consultant and Cloud Provider. However, most of the industrial entrepreneurs for 90% have been small companies with revenues lesser or equal to 100 Million Baht. The entrepreneurs in this group are often the distributors of the self-developed software, and not the distributors of the foreign software. Most of the companies with revenues more than 100 Million Baht have generated revenues from distribution of Software License and Software as a Service (SaaS) which are the software imported from abroad around 85%, and self-manufactured software around 15%.

### Information of the Entrepreneurs in Software Industry

| Revenue Level          | Number of Companies | Total Revenues in 2016 (Baht) | Revenue Proportion in 2016 | Total Revenues in 2017 (Baht) | Revenue Proportion in 2017 |
|------------------------|---------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|
| > 500 Million Baht     | 54                  | 79,418,780,606                | 63.92%                     | 84,164,311,876                | 65.84%                     |
| > 100-500 Million Baht | 99                  | 19,433,547,625                | 15.64%                     | 21,254,539,433                | 16.63%                     |
| > 50-100 Million Baht  | 130                 | 9,945,965,418                 | 8.00%                      | 9,245,091,275                 | 7.23%                      |
| > 10-50 Million Baht   | 441                 | 9,788,101,177                 | 7.88%                      | 10,113,629,895                | 7.91%                      |
| ≤ 10 Million Baht      | 1,650               | 5,668,632,187                 | 4.56%                      | 3,062,435,611                 | 2.40%                      |
| <b>Total</b>           | <b>2,374</b>        | <b>124,255,027,012</b>        | <b>100.00%</b>             | <b>127,840,008,090</b>        | <b>100.00%</b>             |

Source : Digital Economy Promotion Agency

## Samples of the Companies in Software Industry



Source : Digital Economy Promotion Agency

For the competition in software distribution business, each entrepreneur has distributed software with the various and different usability functions to serve the user's needs in each area, such as office software, accounting software, Enterprise Resource Planning (ERP) software, and design software, etc. The design software which is a core product of the Company is a specific software. This type of software is often software developed by the foreign software developer and distributed through the distributor in Thailand. Most of the distributors have been the non-exclusive distributors, resulting in competition between each software distributor. Other distributors of the core software of which the Company are the distributors are as follows.

**SOLIDWORKS** : Metro Systems Corporation Public Company Limited

**ARCHICAD** : Team Consulting Engineering and Management Public Company Limited, and DCS Associates Company Limited

In addition, the Company has competitive with the distributors of the design software of other product owners. The software which is competitive and comparable with the software distributed by the Company is the software in the Group of Autodesk Inc. which is the developer of the design software both in MEC Design and AEC Design, such as AutoCAD (2D Design Software), Inventor (MEC Design Software), and Revit (AEC Design Software). Total of twelve distributors in Thailand for the software in the Group of Autodesk Inc. have been appointed as follows.

1. Synergysoft Solution Company Limited
2. VR Digital Company Limited
3. M Technologies (Thailand) Company Limited
4. SVOA Public Company Limited
5. I.T Solution Computer (Thailand) Company Limited
6. Cadcamthai Company Limited
7. CCM Systems Company Limited
8. Twoplus Soft Company Limited
9. Padee Innovation Company Limited
10. Bhatara Progress Company Limited
11. NR Automation Systems Company Limited
12. Advance Inter Solution Company Limited

However, in competition with other entrepreneurs, the Company mainly focuses on differentiation, and emphasizes on customer service, whether being a preparation of the personnel with knowledge, competence, and attention in efficiently solving problems for the customers who are the users, and providing one stop services in various areas, whether being Subscription Service, Prototype Production Service, and Training Service, etc., to ensure that the customer's needs on design solutions are fulfilled.

## 6. Supply of Products and Services

### 6.1 3D Design Products

The supply of products has been deemed as a key of the business operation of the Companies adhering to creation of the maximum customer satisfaction throughout over 25 years ago. The Company and its subsidiaries have been continuously appointed to be the distributors of both 3D MEC and AEC Design Products from the international accepted leading product owners. In addition, the executive teams of the Company possess knowledge, expert, and experiences in the 3D design solutions distribution industry for long time, has considered selecting the products offered to the customers to ensure that the customers receive the quality products with advanced technology as per the following details.

#### (1) Software Products

##### (a) Software of which the Company is not a distributor

Most of the distributed core software is the software of which APP and APP Indo have been directly appointed to be the distributor from the product owner, and shall directly order software with the foreign product owners in accordance with the purchase orders of their customers. APP and APP Indo shall acquire Serial Number from the product owner to activate software. An after sales services team shall install software for their customers for the software availability.

The term of the distributor agreement of software acquired by APP and APP Indo from the product owners is 1-3 years, and most of the distribution licenses are non-exclusive as the general trade terms in software business. However, due to the good relationship of the Company with the product owners for long time in accompany with its ability to efficiently fulfill the policies, this makes the executive assured of trust from the product owners to continuously be the distributors in long run.

The details of software of which APP and APP Indo have been appointed to be the distributors are as follows.

#### 1. MEC Design Software

| Software   | Product Owner                                 | Country                     | Type of License | Term of Agreement  | Executed by |
|------------|---|-----------------------------|-----------------|--|-------------|
| SOLIDWORKS | Dassault Systems<br>SOLIDWORKS<br>Corporation | United States of<br>America | Non-exclusive   | 5 years term (31 MAR 2018 - 31 MAR 2023); and an automatic renewal of 1 year per term                        | APP         |
|            |   |                             | Non-exclusive   | 1 year term; and an automatic renewal of 1 year per term (the effective date of the agreement on 1 APR 2014) | APP Indo    |
| SolidCAM   | SolidCAM Ltd.                                 | Israel                      | Non-exclusive   | 3 years term (2 MAR 2018 - 1 MAR 2021)   | APP         |
| SolidPlant | AH Holding B.V.                               | Netherlands                 | Non-exclusive   | 23 FEB 2018 - 31 DEC 2020; and an automatic renewal of 1 year per term                                       | APP         |

## 2. AEC Design Software

| Software              | Product Owner                              | Country                  | Type of License | Term of Agreement   | Executed by |
|-----------------------|--|--------------------------|-----------------|---|-------------|
| ARCHICAD, MEP Modeler | Graphisoft SE                              | Hungary                  | Non-exclusive   | 3 years term (1 JUN 2018 - 31 MAR 2021)   | APP         |
|                       |  |                          | Non-exclusive   | 3 years term (1 JUL 2018 - 30 JUN 2021)   | APP Indo    |
| GstarCAD              | Gstarsoft Co., Ltd.                        | China                    | Exclusive       | 2 years term (1 NOV 2017 - 30 OCT 2019); and an automatic renewal of 2 years per term(1 NOV 2019 - 30 OCT 2021) | APP         |
|                       |  |                          | Exclusive       | 1 year term (1 AUG 2019 - 31 JUL 2020)  | APP Indo    |
| CADProfi              | CADProfi Germany GmbH.                     | Germany                  | Exclusive       | Indefinite term of the agreement (the effective date of the agreement on 1 MAR 2015)                            | APP         |
| CADEWA                | Fujitsu Systems Global Solutions Sdn. Bhd. | Malaysia                 | Non-exclusive   | 1 year term; and an automatic renewal of 1 year per term (the effective date of the agreement on 1 MAR 2016)    | APP         |
| Eptar                 | Éptár Kft.                                 | Hungary                  | Non-exclusive   | Indefinite term of the agreement (the effective date of the agreement on 20 APR 2018)                           | APP         |
| ArchiFM               | Tungfram Innovative Solutions Ltf.         | Hungary                  | Non-exclusive   | 2 years term (1 JAN 2019 - 31 DEC 2020)   | APP         |
| ExtrAXION             | Alconsoft SA                               | Greece                   | Non-exclusive   | 1 year term; and an automatic renewal of 1 year per term (the effective date of the agreement on 21 AUG 2015)   | APP         |
| Twinmotion            | Abvent S.A.                                | France                   | Non-exclusive   | Indefinite term of the agreement (the effective date of the agreement on 15 APR 2015)                           | APP         |
| Artlantis             | Abvent S.A.                                | France                   | Non-exclusive   | Indefinite term of the agreement (the effective date of the agreement on 30 MAR 2018)                           | APP         |
| V-Ray                 | Chaos Software Ltd.                        | Bulgaria                 | Non-exclusive   | 1 year term; and an automatic renewal of 1 year per term (the effective date of the agreement on 2 JAN 2018)    | APP         |
| Rhinoceros            | McNeel Asia                                | United States of America | Non-exclusive   | Indefinite term of the agreement (the effective date of the agreement on 1 APR 2018)                            | APP         |
| Zbrush                | Pixologic Inc.                             | United States of America | Non-exclusive   | Indefinite term of the agreement (the effective date of the agreement on 1 APR 2018)                            | APP         |
| Lumion                | Act-3D B.V.                                | Netherlands              | Non-exclusive   | 1 year term (1 JAN 2019 - 31 DEC 2019)  | APP Indo    |
| Oracle Primavera      | Oracle Corporation                         | United States of America | Non-exclusive   | 2 years term (10 SEP 2018 - 2 SEP 2020)   | APP         |
| Prota                 | Prota Asia Pte Ltd                         | Singapore                | Exclusive       | 1 year term (7 FEB 2019 - 6 FEB 2020)   | APP         |



(b) Software of which the Company is not a distributor

The software of which the Company is not directly appointed as a distributor from the product owner, is software for the general usability, such as Sketchup Pro, Adobe, Microsoft Window, and ESET Aniti Virus. The Company shall order from the appointed distributor in Thailand for delivering to its customers.

**(2) 3D Printer and 3D Scanner Products**

(a) 3D Printers and 3D Scanners of which the Company is not a distributor

In supply 3D Printer and 3D Scanner products, the Company shall select the products from the manufacturers which are accepted in quality and the market leaders. The Company has been appointed as a distributor of 3D Printer and 3D Scanner in Thailand and Indonesia from total of three manufacturers. However, the term of the distributor agreement for 3D Printer and 3D Scanner acquired by the Company from the product owners is 1-2 years and the distribution license is non-exclusive.

| Product                               | Product Owner        | Country                  | Type of License | Term of Agreement  | Executed by   |
|---------------------------------------|----------------------|--------------------------|-----------------|--|---------------|
| Stratasys 3D Printer                  | Stratasys AP Limited | United States of America | Non-exclusive   | 1 year term (1 JAN 2019 - 31 DEC 2019)   | APP, APP Indo |
| Desktop Metal 3D Printer <sup>1</sup> | Desktop Metal, Inc.  | United States of America | Non-exclusive   | 1 year term; and an automatic renewal of 1 year per term (the effective date of the agreement on 1 JAN 2018) | APP           |
| GOM 3D Scanner <sup>2</sup>           | Gom GmbH.            | Germany                  | Non-exclusive   | 1 year term; and an automatic renewal of 1 year per term (the effective date of the agreement on 1 JAN 2019) | APP           |
|                                       |                      |                          | Non-exclusive   | 1 year term; and an automatic renewal of 1 year per term (the effective date of the agreement on 1 JAN 2019) | APP Indo      |

**Remark :** 1/ At present, the marketing for Desktop Metal 3D Printer has been under execution of the Company and the distribution has not yet been formally commenced. 2/ The Company has formally commenced to distribute GOM 3D Printers since 1 January 2019.

In part of Stratasys GOM 3D Printer GOM 3D Scanner, the Company will order and import from the foreign manufacturer, upon the Group the Company's receipt of purchasing order from its customer. The approximate lead time of ordering for Stratasys 3D Printer and GOM 3D Scanner are 30 and 15 days, respectively.

However, pursuant to the Notification of the Ministry of Commerce on the Determination of 3D Printer as merchandise which must observe an organization measure of the importation into the Kingdom B.E. 2559 (2016), "3D Printer" is determined to be a merchandise which must observe a organization measure of the importation into the Kingdom. An importer must execute in accordance with the requirement in the Notification of the Department of Foreign Trade on rule, procedure, and condition for importing 3D Printers into the Kingdom B.E. 2559 (2016) prescribing that the business operator for importing 3D Printers must execute the following.

1. An importer of 3D Printers must apply for the registration as an importer of 3D Printers with the Bureau of Foreign Trade Services, Department of Foreign Trade.
2. Every importation of 3D Printers, an importer must submit the Notification of the 3D Printer Importing Detail to the Merchandise Trade Administration Division, Department of Foreign Trade, at least 15 (fifteen) days prior to importation of the goods.
3. At the end of every June and December in every year, the importer of 3D Printers must notify the details relating to importation, possession, disposal and leasing or hire purchase of 3D Printers. Such report must be submitted within 15 (fifteen) days of the following month to the Merchandise Trade Administration Division, Department of Foreign Trade.

The Company has applied for the registration as the importer of 3D Printer with the Bureau of Foreign Trade Services, Department of Foreign Trade, and has already been registered on 14 July 2016.

#### Equipment and Consumables of 3D Printers

To ensure the efficient customer services, the Company must always reserve equipment and consumables of 3D Printers to be sufficient for its customer services. The Company monthly schedules the ordering cycle of equipment and consumables of 3D Printers from the foreign manufacturers and consider ordering based on the determined quantity of Minimum Stock. An approximate lead time of ordering is 7-15 days.

#### (b) 3D Printers of which the Company is not a distributor

The 3D Printers of which the Company is not a distributor, consist of 3D Printers of Sindoh Brand, FormLab Brand, and XYZ Brand. The Company will order 3D Printers including equipment and consumables of 3D Printers from the manufacturers or distributors which are appointed in Thailand for delivering to its customers.

### **(3) Computer and Accessories**

The selling of the Company is in nature of Project to the customers which are the educational institutions or government agencies. In the sale contract, it specifies the supply of other equipment which are durable articles, such as computer, tools and equipment, etc. The Company shall order such products in the list of vendors specified in the contract, or from the list of the vendors which have been screened and registered in Approved Vendor List Registration of the Company. In addition, in some cases, the customers will order software of which the Company is a distributor, and order computers and accessories; or a supplier of other software to be used with the software distributed by the Company for the efficient functionality. The Company shall facilitate its customers in supply of computers and accessories, or other software from the domestic distributors which are selected from the list of the distributors which have been passed for consideration on the accepted quality and service, and in the Approved Vendor List of the Company.

**Table for the Domestic and Foreign Purchasing Proportion of Software and Products**

| Source   | 2016          |               | 2017          |               | 2018          |               | 2019          |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | Million Baht  | %             | Million Baht  | %             | Million Baht  | %             | Million Baht  | %             |
| Foreign  | 213.13        | 83.62         | 242.96        | 77.53         | 258.48        | 80.50         | 265.15        | 70.40         |
| Domestic   | 41.76         | 16.38         | 70.42         | 22.47         | 62.59         | 19.50         | 88.32         | 29.60         |
| <b>Total Purchasing Value of Software and Products</b> | <b>254.99</b> | <b>100.00</b> | <b>313.38</b> | <b>100.00</b> | <b>321.01</b> | <b>100.00</b> | <b>353.47</b> | <b>100.00</b> |

According to above table, it has been deemed that the supply of design software and solutions products mostly distributed by the Company have been ordered from abroad. In 2016-2019, the Company's total ordering quantity of SOLIDWORKS from DSSW has been in the proportion of 34-47% of the Company's total purchasing value of software and products.

## **6.2 Machines for Prototype Production and Low Volume Production Service Works**

The prototype production and low volume production of RP are the automatic part production being accredited for Quality Management System ISO 9001:2015 from UKAS, England. RP considers selecting to use the different types

of machines in accordance with the appropriateness of production for each type of part, using 3D file received from the customer. After completion of production, QC officer will inspect the quality of part produced prior to delivery to the customer. The machines of RP used in prototype production and low volume production are as per the following details.

- 3D Printer: It is the high resolution machine for the prototype production. The variety of materials whether being thermoplastics or liquid plastics can be selected for using. The machine can rapidly make product model and therefore, it is suitable for the prototype production. RP has had total of five 3D Printers being classified into four set of 3D Printers – FDM, and one set of 3D Printer – Polyjet.
- Vacuum Casting Machine: It is a machine for making silicone mold, and injection molding of plastics, and suitable for the low volume production of parts. RP has had one set of Vacuum Casting Machine.
- CNC (Computer Numerical Control) Machine: It is used for milling the metal parts and forming in accordance with a 3D designed file, and suitable for the metal prototype production. RP has had one set of CNC Machine.

In respect to supply of equipment and consumables of machines used in production, RP will order by taking into account the determined quantity of Minimum Stock. If the quantity is reduced to the determined minimum quantity, RP will order from the domestic distributor and Lead Time is approximately 3-5 days.

Production capacity for parts of each type of machine can be summarized as follows.

| Type of Machine         | Production Capacity Utilization         | 2016      | 2017      | 2018      | 2019      |
|-------------------------|---|-----------|-----------|-----------|-----------|
| 3D Printer<br>- FDM     | Yearly Full Production Capacity (Hours) | 31,104.00 | 23,328.00 | 23,328.00 | 23,328.00 |
|                         | Actual Output (Hours)                   | 13,137.41 | 10,943.46 | 7,585.59  | 9,099.52  |
|                         | Capacity utilization Rate (%)           | 42.24     | 46.91     | 32.52     | 39.01     |
| 3D Printer<br>- Ployjet | Yearly Full Production Capacity (Hours) | 7,776.00  | 7,776.00  | 7,776.00  | 7,776.00  |
|                         | Actual Output (Hours)                   | 445.00    | 531.00    | 569.00    | 562.00    |
|                         | Capacity utilization Rate (%)           | 5.72      | 6.83      | 7.32      | 7.23      |
| 3D Printer<br>- SLA     | Yearly Full Production Capacity (Hours) | -         | -         | -         | 7,776.00  |
|                         | Actual Output (Hours)                   | -         | -         | -         | 1,189.00  |
|                         | Capacity utilization Rate (%)           | -         | -         | -         | 15.29     |

| Type of Machine        | Production Capacity Utilization         | 2016      | 2017      | 2018      | 2019      |
|------------------------|---|-----------|-----------|-----------|-----------|
| Vacuum Casting Machine | Yearly Full Production Capacity (Hours) | -         | 2,880.00  | 2,880.00  | 2,880.00  |
|                        | Actual Output (Hours)                   | -         | 1,946.00  | 713.70    | 672.50    |
|                        | Capacity utilization Rate (%)           | -         | 67.57     | 24.76     | 23.35     |
| CNC Machine            | Yearly Full Production Capacity (Hours) | -         | 2,880.00  | 2,880.00  | 2,880.00  |
|                        | Actual Output (Hours)                   | -         | 547.30    | 1,040.70  | 1,098.00  |
|                        | Capacity utilization Rate (%)           | -         | 19.00     | 36.14     | 38.13     |
| Total                  | Yearly Full Production Capacity (Hours) | 38,880.00 | 36,864.00 | 36,864.00 | 44,640.00 |
|                        | Actual Output (Hours)                   | 13,582.41 | 13,967.76 | 9,908.29  | 12,621.02 |
|                        | Capacity utilization Rate (%)           | 34.93     | 37.89     | 26.88     | 28.27     |

### 6.3 Training Center for Use of Design Software

#### (1) Training Center

DETI provides training services for using Design Software. The Design Software used is a piece of Training Licensed Software of which DETI has been supported for the software cost from the software owner. As at 31 March 2019, DETI has had two branches with total of eight training rooms as per the following details.

(1) Bangna Branch: It is located 324/36, Bangna Residence Building, Sanphawut Road, Bangna Nuea Sub-district, Bangna District, Bangkok. There are total of seven training rooms which can support the maximum number of trainees up to 86 persons.

(2) Bo Win Branch: It is located at 116/128-29, Village No. 3, Bo Win Sub-district, Si Racha District, Chon Buri Province. There is total of one room which can support the maximum number of the trainees up to 12 persons.

However, the utilization rate of the DETI Training Center from training rooms is as follows.

|   | 2016   | 2017   | 2018   | 2019   |
|---|--------|--------|--------|--------|
| Maximum Number of Trainees that can be supported (Persons/Year) | 22,837 | 24,795 | 25,643 | 25,578 |
| Number of Trainees (Excluding Onsite training) (Persons)        | 9,974  | 9,134  | 9,537  | 9,844  |
| Utilization Rate from Training Room (%)                         | 43.67  | 36.84  | 37.19  | 38.49  |
| Trainees in Part of Onsite Training (Persons)                   | 952    | 872    | 1,337  | 1,930  |

### (2) Trainer

DETI provides training services by trainer who is knowledgeable, expert, and experienced in applying programs. DETI has currently had ten full-time trainers. All of the trainers are professional and ready both for the teaching technique and real working experience, and expert in use of program. The trainer must be trained and certified from the product owner to indicate the trainer's knowledge and competence, and training quality of DETI.

In addition, DETI has outsourced the special external trainers who have the specific in-depth expertise and experience for transferring knowledge and experience for the advance courses periodically organized by DETI as appropriate for the full and efficient benefits of trainees from the training.

### (3) Training Courses

In considering the training courses opened for teaching, DETI shall mainly take into account the trainee's need. The executives and Head of the Trainer shall regularly consider on adjustment of the courses to be appropriate and consistent with the customer's need, and the trend of change in design technology. In organizing the training courses, the trainer shall define the suitable training content and training period for each type of customer group, and prepare a training supporting manual which must be passed for the consideration of the Head of Trainer. Nevertheless, the manual or documents used in training are the standard coaching textbooks of which DETI has been licensed from the product owners, and the textbooks written by the experts in each specific subject.

## **7. Undelivered Works**

-None-

## Risk Factors

The investment in the ordinary shares offered this time, investors should consider the risk factors that might occur with the Company. Apart from the risk factors appeared in this document, there might be other factors that could occur with the Company in the future that might not know now or any risks considered now by the Company and it does not have any significant impacts to its business operation. Therefore, investors should carefully consider the significant risk factors of the Company including the risk prevention that could be summarized as follows;

### 1. Competitive risk in business

The business of the Company is in the distribution of software and 3D products including 3D printer and 3D scanner which is very competitive between the group of technology developers to meet the needs of the user by continuously creating and developing new version and new product or the competition between software and 3D products distributors as the business of the Company. Each distributor attempts to create the creative and different products by providing the advanced and efficient technology as well as the marketing strategy such as public relations and other promotions e.g. selling as whole package, discount, or free trial version to gain more customers.

However, the main 3D software and 3D solutions sold by the Company; mechanical and engineering design software (MEC) as SolidWorks, architectural engineering and construction design software (AEC) as ArchiCAD and 3D printer as Stratasys which are the world-class leading products with high-performance. They are always developed, improved and added on more working function to meet the needs of users all the time. These products are widely accepted by users from many countries that could make the wide customer base such as engineers, architects, contractors including students or educational institutes to use SolidWorks in the coursework. This could be one strategy on how to create the customer base in Thailand of SolidWorks until nowadays.

Moreover, the Company has emphasized on the services to serve the needs of the customers such as Subscription Service, prototyping and training center to

meet those needs of the customers in the design solutions as one stop service. The Company has also developed special functions such as creating Library, the standard tools in Thailand for the specialized work including the professional after-sale service to make the difference and value for our products and to create more trust from our customers.

### 2. Risk of technological change

The Company operates the business of distribution of complete 3D design software for mechanical and engineering design software (MEC), architectural engineering and construction design software (AEC), 3D design product (Hardware) as well as related services which could be rapidly changed with the continuous development and change of technology. Therefore, if there is any change in the technology, the Company cannot track and adapt as those changes to meet the customer needs. As a result, the Company might lose the customer base and also has some effects on its operation.

More than 25 years of experience of the management team in distributing the 3D design solutions, they have a better understanding in this business. Therefore, the Company has realized that there would be the mentioned risk and also emphasized on searching products with advanced and high-performance technology from the world's leading product owners enabling the Company to constantly provide products into the market to meet the customer needs. Moreover, the Company is a good partner with the product owners such as Dassault Systemes SolidWorks Corporation, Graphisoft SE and Stratasys AP Limited which are the market leader in research and development. They also convey knowledge and information about trends or changes in technology to the Company as well as encourage employees at all levels to keep track of information related to the development of new technology and to participate in the training sessions organized by the product owner regularly in order to keep up with the rapid development of technology and adjust the service pattern to meet the customer needs more quickly.

### 3. Risk of software piracy

The piracy is a problem affecting the global software business from the unauthorized use of the software without cost or smuggling software sold at a cheap price. Therefore, the Company might get the effect from the software piracy affecting the circulation and image of products sold by the Company.

The Company has emphasized on the software piracy. When it has been found, the Company will notify the users and explain about the risk from utilizing the unauthorized software. If the user keeps utilizing the it, the Company will inform to the product owners to investigate and consider the next step.

However, software sold by the Company has a system to prevent duplication, modification or utilization of unauthorized software and the users have to input the serial number defined by the product owners to activate the software. Moreover, the main products sold by the Company have been joined in the Software Alliance, a global organization focused on supporting the enforcement of laws to protect intellectual property rights and the detection of the illegal use of pirated software. The users who commit software piracy must be prosecuted to the prison or be punished under the Copyright Act B.E. 2537. In addition, from the survey results of global software use in 2017 from BSA found that software piracy rate or unauthorized use without a license in Thailand was 66 percent in 2017 decreased from 69% in 2015 because many entrepreneurs paid more attention on the security of information systems, avoided using the unauthorized software which is one reason why an organization's data was accessed without permission. Therefore, the management believes that it is not very much affected by such risk.

### 4. Risk of Reliance products of SolidWorks

One of the products officially distributed by the Company is SolidWorks developed by Dassault Systemes SolidWorks Corporation. In 2016 – 2018 and the first 6 months period of 2019, the Company has the revenues from sales and related services of SolidWorks calculated as 45% - 60% from the total revenues from sales and services. In the current contract, the Company has the right to be the distributor of

SolidWorks for 5 years starting from 31 March 2018 to 31 March 2023 and will automatically renew for one year at a time if either party does not terminate the contract in advance. Therefore, Dassault Systemes SolidWorks Corporation will change any business model in the future or the Company is terminated the contract of being the distributor, do not have the right to renew the contract or there will be more or less distributor. It would have a significant effect on the revenues and incomes of the Company.

Dassault Systemes SolidWorks Corporation has a policy to give the right to distribute products through distributors and APP has received that right to distribute SolidWorks in Thailand from Dassault Systemes SolidWorks Corporation since 1997. For more than 20 years, the Company can operate its business complying with policies and business plans of Dassault Systemes SolidWorks Corporation. The Company has planned its strategies to present SolidWorks to the educational institutes to be the coursework for students. This is the beginning of learning to develop into the actual use of the work for the organizations which is very necessary for the Company to build the customer base of SolidWorks and it also steadily reflects on sales growth. From that strategy, it makes SolidWorks to be very popular in the industrial design in Thailand as well as from the good relationship with Dassault Systemes SolidWorks Corporation which makes the Company has the right to be the distributor of SolidWorks in Myanmar and Indonesia. The management team also believe that the Company will be supported and trusted by Dassault Systemes SolidWorks Corporation continuously and stably.

However, the Company has realized that risk all along, the Company has a policy to reduce that risk by searching for new products all the time such as 3D printers from Stratasys which was appointed to be the distributor in 2008, ArchiCAD from Graphisoft SE which was appointed to be the distributor in 2010. As a result, the proportion of reliance on sales and related services from being the distributor of SolidWorks is gradually reduced.

## 5. Risk of reliance on main executive in the business

From the 25 years' experience in the 3D design solutions of the chief executive officer (CEO), Mr. Prapas Tangatulrat has a better knowledge, expertise, and understanding of this business. He has set a business plan and policy of the Company whether product selections, marketing strategies and marketing activities in order to reach new target groups. Moreover, he also has a good relationship with the world-leading product owners and in the reseller contract of SolidWorks which the Company has received the privilege from Dassault Systemes SolidWorks Corporation mentioned that Mr. Prapas Tangadulrat must hold the shares more than 50% of the shareholding. From this condition, it makes the Company has a risk of reliance on the main executive in the administration. If there is a change in the management or shareholding proportion of Mr. Prapas Tangadulrat less than the condition mentioned in the contract, it may affect the administration and operation of the Company.

However, by Mr. Prapas Tangadulrat, founder and major shareholder of the Company in the proportion of 57.14% of the paid-up capital of the Company, after the IPO, this could be ensured that Mr. Prapas Tangadulrat will continue to be the CEO and main executive of the Company. He has confirmed that he will maintain the shareholding proportion of the Company not less than 50% during the current contract period of SolidWorks ended on 31 March 2023 as the condition mentioned in the contract. In addition, the management of the Company has more professional administration by identifying organization structure of each business unit and also specifying the responsibilities and approval authority in the administration of each level clearly in order to decentralize to the executives in the secondary level. Moreover, the Company also has a policy to train employees and executives to have more knowledge to be able to fully manage various aspects of the Company to ensure a stable growth in the long term of the Company.

## 6. Risk of reliance on personnel

Due to the software and solution distribution as a specialized business that relies on expertise and experience in 3D software and 3D design products

requiring more understanding about software usage and customer's working process, it is necessary to have personnel in sales unit and technical support unit who has more understanding in designing and other related processes in order to provide a solution that can meet the customer's needs as well as to provide the professional after-sales service. Therefore, if the Company cannot maintain its personnel who has experience and expertise, it can affect the services and operation of the Company.

As a result, the Company has focused on human resource management and gradually provide the training its personnel in order to improve the skills and knowledge. The Company also has a policy to encourage personnel to pass a training and be certified by the product owners which can confirm the quality of personnel. Meanwhile, the Company has motivated for the welfare and benefits by determining the appropriate compensation to motivate its personnel. Therefore, the average turnover rate of its personnel since 2016 is 1.63% per month.

## 7. Risk of foreign exchange rate

The Company ordered products from other countries and the Company had the payment as US dollar. Since 2016 - 2018 and the first six months period of 2019, the proportion of product order paid as US dollar are 83.62%, 77.53%, 80.50% and 80.68% from the total order value. Meanwhile, the revenue from sales and services is mainly Thai baht. Therefore, fluctuations in exchange rates when the dollar appreciates may affect the higher production cost and the operation of the Company.

However, the Company recognizes the importance of preventing this risk, the Company has a policy to determine the product price by taking into account the risk of fluctuations in exchange rate. From this policy, the Company can determine the appropriate selling price to be consistent with the cost of products in a certain level. Moreover, the Company also has a policy to prevent fluctuations in foreign exchange rates by making the Forward Contract as the full amount of the order value to be paid in foreign currency. In 2016 - 2018 and the first nine-month period of 2019, the Company has the profits from the exchange rate as 1.59 million baht, 3.91 million baht, 2.29 million baht and 0.78 million baht respectively.



## 8. Risk of impact from the operating performance and financial statements of subsidiaries in other countries.

The Company established PT Indonesia AppliCAD Company Limited (“APP Indo”) in 2013 to support ASEAN Economic Community (AEC). The management team saw the investment opportunity in Indonesia as there are more than 200 million of its population and it has the largest economic size in Southeast Asia as well as a growing trend of the industries from being one of the major production bases of the automotive industry. However, APP Indo had an operating loss in the past and from 2016 - 2018, APP Indo had a net loss as 9.61 million baht, 6.02 million baht and 1.71 million baht respectively, in the future APP Indo still has the operating loss. It will have a negative impact on the operating performance and the financial statements of the Company.

Due to the social and cultural conditions, market conditions and competition in Indonesia which are different from Thailand, the Company has continuously modified the strategy and marketing model of APP Indo to be consistent with the customer needs in Indonesia. Moreover, searching for more knowledgeable personnel to work with APP Indo can gradually reduce the loss of APP Indo and in the first nine-month period of 2019, APP Indo has a net profit of 3.54 million baht. Apart from generating the growth for the Company, expanding its business into Indonesia is a key strategy that will help the Company to have more power to negotiate with their partners and it also enhances the change to find new potential software and product in the future. The Company believes that the operating performance of APP Indo will empower the long-term business capability of the Company.

## 9. Risk of fluctuations in revenue from sales of 3D design products (Hardware)

Because the revenue of the Company derived from sales of 3D design products as 14.14% in 2016, 11.84% in 2017, 21.74% in 2018 and 24.07% in the first nine-month period of 2019 from revenues from sales and services which mainly derived from the revenue of sales of 3D printers in the industrial grade. The price of 3D printers starts from 1 million baht to 24 million baht which varies by size and usage function. In addition, the user group of 3D printers is limited and, in some cases, it is the high-value project. Therefore, the revenue from distribution of 3D printers is quite volatile as well as the marketing activities of 3D printers require more time to present and demonstrate how to use to the customers in order to make a decision to purchase. So, if the customers will delay the order due to some factors such as an annual budget, an investment policy in research and development or economic conditions, it will affect the performance of the Company.

The Company has realized about this risk. That is a reason why the Company always pay attention to organize the marketing activities of 3D printing technology to be well-known and to make the target customers see the benefits of the actual use of such technologies through the annual seminar and innovation such as Metalex and Manufacturing Expo. In addition, the Company also focuses on managing the customer relationship more closely by the related sales staff. They usually coordinate with the target customers and provide the information and other services on a regular basis. They also track the progress and possibility of the customer orders and they will report the progress of sales projects to the executives to ensure that it can possibly to close the deal. Moreover, with existing 3D printer manufacturers, new printers have been released within the price range, small and medium-sized that enterprises can more easily access these technologies.

## 10. Risk of a major shareholder holding share more than 50%

As on 19 March 2019, Mr. Prapas Tangadulrat, holding share of the Company as 159,995,556 shares or 80.00% from the total paid-up shares. After this IPO, the proportion of shareholding of Mr. Prapas Tangadulrat will reduce to 57.14% from the total paid-up shares which will allow this shareholder to have the power to control the Company and influence the decision-making of the Company almost every subject whether it is regarding the appointment of directors or the resolution of other issues that require a majority of the shareholders' meeting, except the subject to the law or the Company's article required to receive at least three-fourth of the shareholders' meeting. Therefore, other shareholders of the Company have the risk of not being to collect the voting points to review and balance the major shareholder proposed in the general meeting of shareholders.

However, the Company has appointed the audit committee to monitor, consider and refine the transactions that may cause any conflicts of interest in the future and to ensure transparency in the operations of the Company. Moreover, the Board of Directors comprises of 4 independent directors (including the Chairman) from the total of 8 directors and 4 executive directors. This structure of the Board of Directors shall lead to the balance of voting in order to determine the various matters and to ensure the proper management of the administration and efficiency.

## 11. Risk of secondary market for the trading of the ordinary shares of the Company

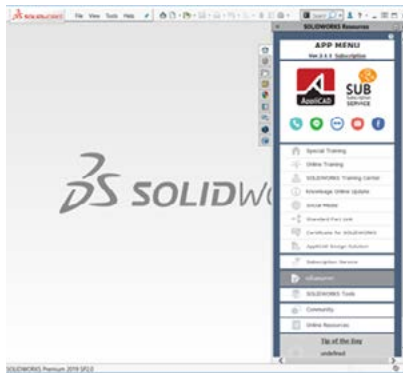
As the issuing shears for this IPO of the Company, it will be offered prior to the notice of the Stock Exchange of Thailand to receive the ordinary shares of the Company as listed company in the Stock Market. Therefore, the investors are subject to risks relating to the liquidity in the trading of the Company's shares on the secondary market and may not benefit from the sale of shares of the projected price if the Company cannot be registered.

However, the Company submitted the filing to the Stock Exchange of Thailand on 14 June 2019 and Finansia Syrus Securities Public Company Limited as its financial advisor to initially consider the qualifications of the Company and found that the Company is qualified under the regulations of the Stock Exchange of Thailand except the Free Float. The Company must have at least 300 non-strategic shareholders and not less than 25% of the paid-up capital. The financial advisor is expected that after the IPO, the Company will be qualified as the Free Float as the regulations of the Stock Exchange of Thailand.

## Research and Development

The Company has recognized the importance of making a difference to increase competitiveness, therefore the Company has considered the research and development as one of the strategies to develop its business to be sustainable in the long run and has established the research and development (R&D) to take responsibility for the development and presentation of design solutions to help make customers work efficiently. In the past, the Company has continued on product research and development as follows:

### 1. APP Menu



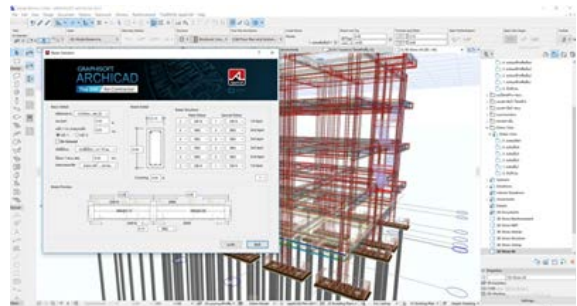
APP Menu is the add-on on SOLIDWORKS with the aim to increase the learning-to-use software to SOLIDWORKS users in Thailand. Moreover, it is another way to provide after-sales service to customers of the Company. The Company has developed APP Menu since 2015 and has begun to provide services to customers from 2016 onwards. The function of APP Menu is as follows;

- The learning materials in video format described in Thai for the users to follow the steps in the video. The lesson starts from the basic level to advance level such as Weldment and Sheet Metal.
- The article, content and link to connect to social media or the community of SOLIDWORKS users with the updated information and new knowledge.
- The standard parts (Library) such as bolts, screws that users can use immediately.
- The shortcut menu to assist in running various tools more quickly.
- Design Data Management system (DDM) is a storage

space for design files in the Cloud Base.

- Designing tools as a tool to help in creating specific design, rendering, and calculating including converting files and so on.
- As Technical Support channels that are available to assist in the event that customers experience problems through channels such as Hotline, Line App, Remote Access, Email and so on.

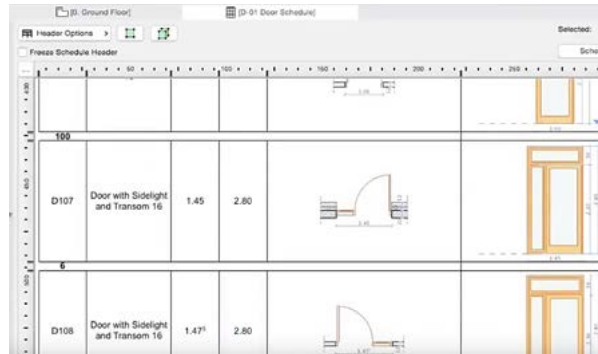
### 2. THAIBIM



The basic function of design and construction of each country is different and the Company has recognized the importance of such point. Therefore the Company has created and developed Thai BIM on ARCHICAD to complement and increase the efficiency of the users in Thailand including architects, engineers and contractors, small and medium-sized enterprises. The Company has developed Thai BIM since the late of 2017 and has begun to distribute in the early of 2018 with many functions as follows;

(1) structural composition function as the standard structure in Thailand such as

- Various footing such as spread footing, footing with piles, triangular footing etc. It automatically provides functions for adding reinforced steel to the footing.
- Inserting a steel reinforcement in concrete structures, pillars and beams with a data entry screen in Thai.



(2) Standard parts (Library) are available to the architects and engineers deployed in selected projects, including doors, windows and doors with mullion, ventilation, spirit house and others for more than 100 models.

(3) Quantities take-off function for architecture and structural automatically for each floor of the building according to Thai architects and engineers' standards. The information obtained can be linked to the median price of building materials and the federal accounting department's wages which are updated every month in order to get the price of construction at a mid-price price and can export as an Excel file.

In this regard, the program developed by the Company is protected by the Copyright Act BE.2537 by computer program is a copyrighted literature, with the right to fall into the sole copyright owner, which has been protected since it was created. If anyone commits copyright infringement, imprisonment and/or penalties are adjusted.

## Assets used for business operations

### 1. details of assets used for business operations

As at 31 December 2019, the Company and its subsidiaries have the assets used for business operations as follows;

| Type and details of assets   | ownership | Obligation As at 31 December 2019       | Net Book Value (million baht) |
|--|-----------|---|-------------------------------|
| Land - the headquarters of the Company<br>Deed No. 248953, Phra Khanong, Bangkok<br>The total area of 364 square meters (91 square Wa)           | Possessed | -                                       | 9.94                          |
| Land - the headquarters of the Company<br>Deed No. 223940, Phra Khanong, Bangkok<br>The total area of 412 square meters (1 Ngan and 3 square Wa) | Possessed | During the process with Commercial Bank | 9.97                          |
| Building and building improvements   | Possessed | -                                       | 39.69                         |
| office equipment   | Possessed | -                                       | 9.80                          |
| equipment  | Possessed | -                                       | 18.56                         |
| vehicles   | Possessed | -                                       | 1.68                          |
| <b>Total</b>   |           |   | <b>89.64</b>                  |

## 2. Summary of significant contracts in the business

### 2.1 Distributor Contract of the Company

Parties : Dassault Systemes SolidWorks Corporation (“DSSW”) as “Licensor”  
AppliCAD Public Company Limited as “Licensee”



Date of contract : 25 July 2019

Objective : The Company has the right to distribute SOLIDWORKS including other products and services mentioned in the contract as Non-exclusive in Thailand and Mynmar as well as the rights of branding and marketing prescribed in the territory that are entitled to and the rights cannot be transferred (non-Transferable).

Period : From 25 July 2019 to 31 December 2020  
If the Licensor does not notify the termination of the contract at least 9 months in advance or Licensee does not notify the termination of the contract at least 2 months in advance, the contract is automatically renewed at a time.

- Conditions for Termination :
1. Either party may terminate the contract by written notice to the other party. In the event that the other party breaches any of the terms of the contract and the inability to resolve the incident within 30 days of receiving the notice.
  2. The Licensor may terminate the contract, in the event that the Licensee violates the terms of trade confidentiality or in the event of an authorized distributor of goods to a competitor without permission.
  3. The Licensee is protected, liquidated or bankrupted.
  4. The Licensee may terminate the contract if the Licensee changes the shareholding ratio more than 50%.
  5. The Licensee may terminate the contract if the involved person is in the criminal prosecution and the Licensee considers that may have a negative impact on the reputation and image of the Licensee.

Parties : Graphisoft Asia Limited as "Licensor"  
 AppliCAD Public Company Limited as "Licensee"



Date of contract : 1 June 2018

Objective : The Company has to right to distribute ARCHICAD and MEP Modeler as Non-Exclusive in Thailand as well as the rights of documentation, branding and marketing.

Period : 3 years; from 1 June 2018 to 31 May 2021

- Conditions for Termination :
1. Either party may terminate the contract by written notice to the other party. In the event that the other party breaches any of the terms of the contract and the inability to resolve such an event within at least 15 days from the date of receiving the notice.
  2. The Licensor may terminate the contract if the Licensee can not purchase up to 80% of the orders for the second consecutive quarter. Unless the purchases of their target are from a result of the overall economy.
  3. The Licensee is protected, liquidated or bankrupted.
  4. A change in control of the affairs of the Licensee.

Parties : Gstarsoft Co., Ltd. as "Licensor"  
 AppliCAD Public Company Limited as "Licensee"



Date of contract : 1 November 2019

Objective : The Company has to right to distribute GstarCAD as Exclusive in Thailand and be able to appoint the Sub-Distributor and also grant the right of GstarCAD Exclusive Distributor in branding, distributing, services and marketing.

Period : 2 years; from 1 November 2019 to 30 October 2021 and renew for 2 years from 1 November 2019 to 30 October 2021

Conditions for Termination :  
1. The Licensor may terminate the contract if the Licensee can not acheive as specified in the contract.  
2. Either party may terminate the contract by submitting a notice of termination to the other party 60 days in advance.

Parties : Stratasys AP Limited as "Licensor"  
AppliCAD Public Company Limited as "Licensee"



Date of contract : 1 January 2019

Objective : The Company and its subsidiaries have the right to be the distributor of 3D Printer under Strtasys as Non-Exclusive in Thailand and Indonesia.

Period : 1 year from 1 January 2019 to 31 December 2019  
The Company and its subsidiaries have the right to renew to 31 December 2020

Conditions for Termination :  
1. Either party may terminate the contract by informing to the other party 30 days in advance.  
2. The Licensor may terminate the contract by written notice to the Licensee. In the event that Licensee breaches any of the terms of the contract and the inability to resolve such an event within at least 10 days from the date of receiving the notice.

Parties : Desktop Metal, Inc. as "Licensor"  
AppliCAD Public Company Limited as "Licensee"



Date of contract : 10 January 2019

Objective : The Company has the right to distribute the 3D Printer under Deskto Metal as Non-Exclusive in Thailand.

Period : 1 year from 10 January 2019 to 9 January 2020  
If either party does not inform the termination of this contract at least 30 days in advance, the contract will be automatically renewed for 1 year at a time.

Conditions for Termination :  
1. Either party may terminate the contract if either party agrees in the termination by informing to the other party 90 days in advance.  
2. Either party may terminate the contract by written notice to the other party. In the event that the other party breaches any of the terms of the contract and the inability to resolve such an event within at least 30 days from the date of receiving the notice.

Parties : GOM GmbH. as "Licensor"  
AppliCAD Public Company Limited as "Licensee"



Date of contract : 1 January 2019

Objective : The Company has the right to distribute the 3D Scanner under GOM as Non-Exclusive in Thailand.

Period : 1 year from 1 January 2019 to 31 December 2019  
If either party does not inform the termination of this contract at least 6 months in advance, the contract will be automatically renewed for 1 year at a time.

Conditions for Termination :  
1. A change in control of the affairs of the Licensee having the negative impact on the business.  
2. Breaches any of the terms of the contract especially violation of payment term.  
3. Serious breaches any of the terms of the contract which made a serious loss of business confidence.

## 2.2 Distributor Contract of PT. Indonesia AppliCAD

Parties : Dassault Systemes SolidWorks Corporation ("DSSW") as "Licensor"  
PT Indonesia AppliCAD as "Licensee"



Date of contract : 1 April 2014

Objective : PT Indonesia AppliCAD the right to distribute SOLIDWORKS including other products and services mentioned in the contract as Non-exclusive in Indonesia as postal code specified in the contract as well as the rights of branding and marketing prescribed in the territory that are entitled to and the rights cannot be transferred (non-Transferable).

Period : 1 year from 1 April 2014 to 31 March 2015  
If either party does not inform the termination of this contract at least 60 days in advance, the contract will be automatically renewed for 1 year at a time.

Conditions for Termination :  
1. Either party may terminate the contract by written notice to the other party. In the event that the other party breaches any of the terms of the contract and the inability to resolve the incident within 30 days of receiving the notice.  
2. The Licensor may terminate the contract, in the event that the Licensee violates the terms of trade confidentiality or in the event of an authorized distributor of goods to a competitor without permission.



- Conditions for Termination :
3. The Licensee is protected, liquidated or bankrupted.
  4. The Licensee may terminate the contract if the Licensee changes the shareholding ratio more than 50%.
  5. The Licensee may terminate the contract if the involved person is in the criminal prosecution and the Licensee considers that may have a negative impact on the reputation and image of the Licensee.

Parties : Graphisoft Asia Limited as "Licensor"  
PT Indonesia Applicad as "Licensee"

**GRAPHISOFT**  
A NEMETSCHKE COMPANY

Date of contract : 1 June 2018

Objective : PT Indonesia Applicad has to right to distribute ARCHICAD and MEP Modeler as Non-Exclusive in Indonesia as well as the rights of documentation, branding and marketing.

Period : 3 years; from 1 June 2018 to 31 May 2021

- Conditions for Termination :
1. Either party may terminate the contract by written notice to the other party. In the event that the other party breaches any of the terms of the contract and the inability to resolve such an event within at least 15 days from the date of receiving the notice.
  2. The Licensor may terminate the contract if the Licensee can not purchase up to 80% of the orders for tow consecutive quarters. Unless the purchases of their target are from a result of the overall economy.
  3. The Licensee is protected, liquidated or bankrupted.
  4. A change in control of the affairs of the Licensee.

Parties : Gstarsoft Co., Ltd. as "Licensor"  
PT Indonesia Applicad as "Licensee"

**Gstarsoft**

Date of contract : 1 August 2019

Objective : PT Indonesia Applicad has the right to distribute GstarCAD as Exclusive in Indonesia and be able to appoint the Sub-Distributor and also grant the right of GstarCAD Exclusive Distributor in branding, distributing, services and marketing.

Period : 1 year from 1 August 2019 to 31 July 2020

Conditions for Termination : 1. The Licensor may terminate the contract if the Licensee can not acheive as specified in the contract.  
2. Either party may terminate the contract by submitting a notice of termination to the other party 60 days in advance.

Parties : GOM GmbH. as "Licensor"  
PT Indonesia Applicad as "Licensee"



Date of contract : 1 January 2019

Objective : PT Indonesia Applicad has the right to distribute the 3D Scanner under GOM as Non-Exclusive in Indonesia.

Period : 1 year from 1 January 2019 to 31 December 2019  
If either party does not inform the termination of this contract at least 6 months in advance, the contract will be automatically renewed for 1 year.

Conditions for Termination : 1. A change in control of the affairs of the Licensee having the negative impact on the business.  
2. Breaches any of the terms of the contract especially violation of payment term.  
3. Serious breaches any of the terms of the contract which made a serious loss of business confidence.

### 3. Investment Policy in subsidiaries and associated companies

The Company will invest in companies with the same business objectives as the Company's core business or similar business or business supporting the Company's business which will increase its turnover or profitability or invest in synergy businesses for the Company by supporting the Company's core business operations to increase the Company's competitiveness. The Board of Directors may consider investing in other businesses than the Company's core business. If the Board of Directors sees such business as a potential business and such investment is beneficial to the Company and its shareholders.

To supervise the subsidiaries and associates, the Company will send directors or executives with the right qualifications and experience to conduct business to represent the management of the subsidiary and its associates to formulate important policies and control the business of such subsidiaries and/or associates. Directors representing the Company shall act in supervising subsidiaries and/or associates to manage or perform various operations in accordance with the Company's policies as well as to exercise their discretion in accordance with the resolutions of the Board of Directors and/or the meeting of shareholders of the Company to approve the critical matters of subsidiaries and/or associates to maximize the benefit of the Company and to achieve sustainable growth of the Company.

## Legal dispute

As of 31 December 2019, the Company and its subsidiaries are not the litigant or party in the following case

1. Cases may have a negative impact on the assets of the Company and its subsidiaries with higher than 5% of shareholders' equity as at 31 December 2019.
2. Cases may have a negative impact on the operation of the Company and its subsidiaries significantly that is incalculable.
3. Case does not cause due to the normal business of the Company and its subsidiaries.

## General and other important information

### 1. General Information

#### 1.1 Issuing Company

|                             |   |
|-----------------------------|---|
| Company name                | AppliCAD Public Company Limited   |
| Business type               | Distribution of the complete design solutions for Mechanical and Engineering software, Architectural Engineering and Construction software, 3D Printing Technology; 3D Printer and 3D Scanner as well as other related services |
| Head office                 | 69, Sukhumvit 68, Sukhumvit Road., Bangna Nuea, Bangna, Bangkok 10260   |
| Company registration number | 0107561000471   |
| Tel.                        | 0-2744-9045   |
| Fax                         | 0-2744-9049   |
| Website                     | <a href="http://www.applicadthai.com">www.applicadthai.com</a>  |

#### 1.2 Securities Registrar

|              |   |
|--------------|---|
| Company name | Thailand Securities Depository Company Limited              |
| Head office  | 93 Ratchadapisek Road, Din Daeng, Din Daeng, Bangkok, 10400 |
| Tel.         | 0-2900-9000   |
| Fax          | 0-2900-9001   |
| Website      | <a href="http://www.set.or.th/tsd">www.set.or.th/tsd</a>    |

### 1.3 Auditor

|              |   |
|--------------|---|
| Company name | Karin Audit Company Limited   |
| Head office  | 72 CAT Telecom Tower, Floor24, Charoen Krung Road, Bangrak, Bangkok.<br>10500 |
| Tel.         | 0-2105-4661   |
| Website      | <a href="http://www.karinaudit.co.th">www.karinaudit.co.th</a>                |

### 1.4 Internal Auditor

|              |  |
|--------------|--|
| Company name | P&L Internal Audit Company Limited   |
| Head office  | 281/157 The Fifth Avenue, B Building, 2nd floor, Bangkok - Nonthaburi Road,<br>Bang Khen, Muang, Nonthaburi, 11000 |
| Tel.         | 0-2526-6100  |
| Website      | <a href="http://www.plcorporation.com">www.plcorporation.com</a>   |

### 1.5 Financial Advisor

|              |  |
|--------------|--|
| Company name | Finansia Syrus Securities Public Company Limited   |
| Head office  | 18th, 25th floor, The Offices at Central World, 999/9, Rama 1 Road,<br>Pathumwan, Pathumwan, Bangkok 10330 |
| Tel.         | 0-2646-9999  |
| Website      | <a href="http://www.fnsyrus.com">www.fnsyrus.com</a>   |

## Securities and shareholder information

### 1. Registered and paid-up capital

As of 31 December 2019, the Company has a registered capital of 140,000,000 baht classified as the ordinary share of 280,000,000 shares at par value of 0.50 baht and paid-up capital of 140,000,000 baht divided into 280,000,000 of the ordinary shares at par value of 0.50 baht.

### 2. Major Shareholder

As of 31 December 2019, the list of first 10 shareholders of the Company at the book closing date on 30 December 2020 is as follows;

| List of shareholders              | Before IPO    |        |
|-----------------------------------|---------------|--------|
|                                   | No. of shares | %      |
| 1. Group of Tangadulrat Family    | 200,277,778   | 71.53  |
| 2. Mr. Banyong Panwongklom        | 5,950,000     | 2.13   |
| 3. Miss Tanyarat Chidensee        | 4,000,000     | 1.43   |
| 4. Supatra Pitakwonglert          | 3,500,000     | 1.25   |
| 5. Mr. Litthiwong Boonmeechot     | 3,300,000     | 1.18   |
| 6. Mr. Chaiyachat Wanichpak       | 3,250,000     | 1.16   |
| 7. Miss Wassana Wanichchakornporn | 3,167,000     | 1.13   |
| 8. Mr. Kriangkrai Hannantaviwat   | 1,800,000     | 0.64   |
| 9. Mr. Phiangkrai Akawakoka       | 1,600,000     | 0.57   |
| 10. Mrs. Arisa Tansatean          | 1,596,600     | 0.57   |
| 11. Other shareholders            | 51,558,622    | 18.41  |
| Total                             | 280,000,000   | 100.00 |

Remark: Group of Tangadulrat Family consists of the following names and number of share

|                    |             |             |        |         |
|--------------------|-------------|-------------|--------|---------|
| 1. Mr. Prapas      | Tangadulrat | 160,015,556 | shares | 57.15 % |
| 2. Mr. Chisanupong | Tangadulrat | 10,000,000  | shares | 3.57 %  |
| 3. Mr. Prasit      | Tangadulrat | 10,000,000  | shares | 3.57 %  |
| 4. Mr. Praphruet   | Tangadulrat | 10,000,000  | shares | 3.57 %  |
| 5. Miss Siriwan    | Tangadulrat | 9,860,000   | shares | 3.52 %  |
| 6. Mr. Prasert     | Tangadulrat | 200,000     | shares | 0.07 %  |
| 7. Miss Siwaporn   | Tangadulrat | 200,000     | shares | 0.07 %  |
| 8. Mrs. Nawaporn   | Tangadulrat | 2,222       | shares | 0.00 %  |

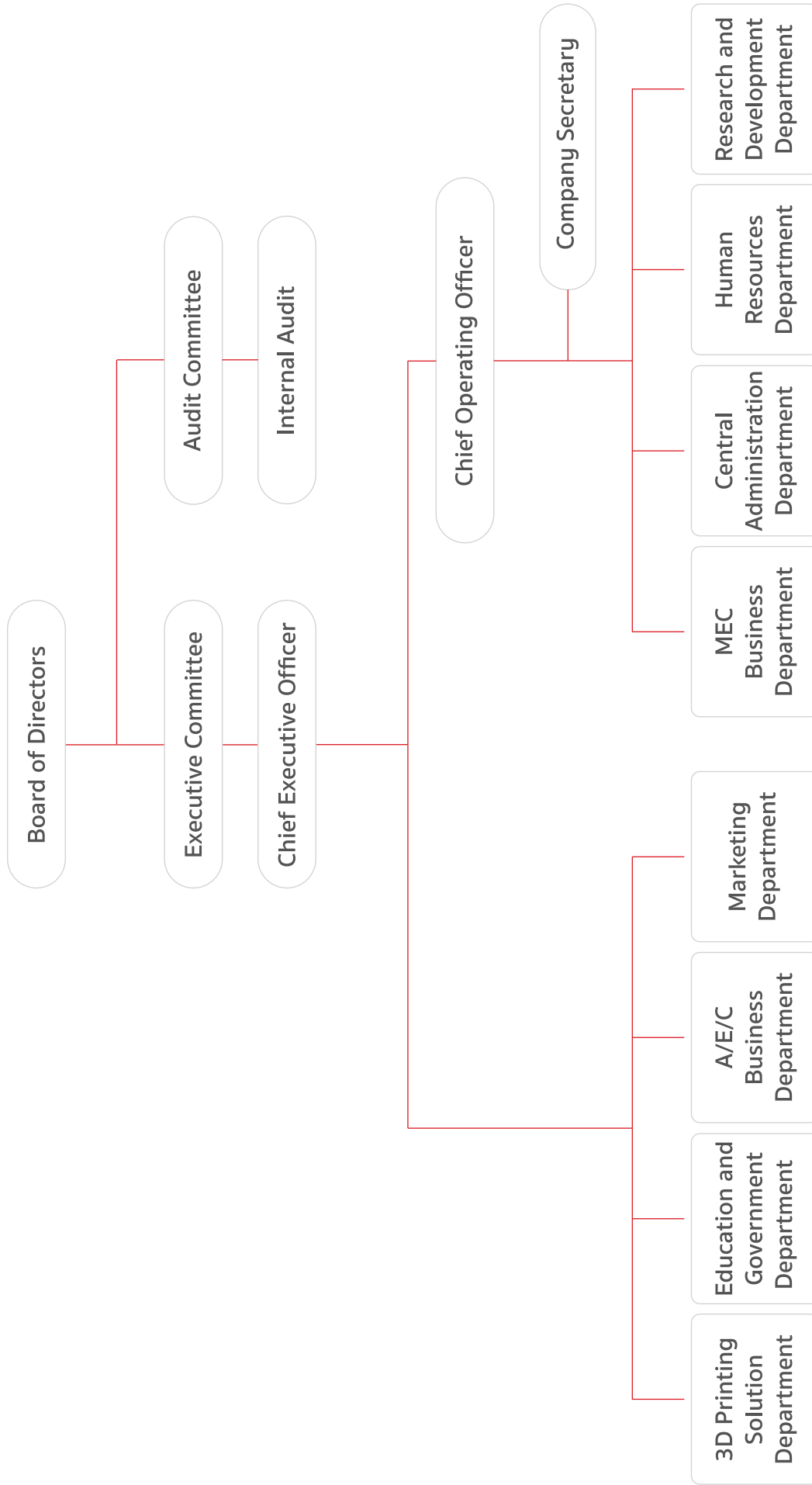
## Dividend Policy

The Company has a policy to pay the dividend to the shareholders at a rate of not less than 40% of the net profit as recorded in the Company's separate financial statement after the deductions of the corporate income tax and all legal reserves as required by law. However, the Company may consider the dividend payment differing from the articles of association of the Company depending on the Company's results of operations, financial positions, cash flow, necessity of working capital in business management, investment plans as well as economic condition.

The Company may determine the Company's subsidiaries to pay the dividend to the shareholders at a rate of not less than 40% of the net profit as recorded in the separate financial statement of the Company's subsidiaries after the deductions of the corporate income tax and all legal reserves as required by law. However, the Company's subsidiaries might consider the dividend payment differing from the articles of association of the Company's subsidiaries depending on the results of operations, financial positions, cash flow, necessity of working capital in business management, investment plans as well as economic condition.

# Management structure

## 1. Organization Chart



Remark: The Company employed P&L Internal Audit Public Company to check the internal control of the Company.



## 2. Board of Directors of the Company

Board of directors consists of 8 directors as follows;

| Name – Last name                       | Position   |
|--|--|
| 1. Asst. Prof. Dr. Prasert Kanthamanon | Chairman of the Board and Independent Director           |
| 2. Mr. Prapas Tangadulrat              | Director and Chief Executive Officer                     |
| 3. Mr. Somsak Worraraksa               | Director   |
| 4. Miss Thitiporn Chartaisong          | Director   |
| 5. Mr. Prakrit Laobooncharoen          | Director   |
| 6. Dr. Sunee Sornchaitanasuk           | Chairman of the Audit Committee and Independent Director |
| 7. Mr. Thanin Pornsiritivet            | Audit Committee and Independent Director                 |
| 8. Mr. Jeerawat Kulsapudom             | Audit Committee and Independent Director                 |

Remark : Dr. Sunee Sornchaitanasuk was appointed according to the resolutions of the Board of Directors' meeting no.1/2018 on 3 February 2018

And Miss Vutita Srikaew is a company secretary appointed from the resolutions of the Board of Directors' meeting no.1/2019 on 22 February 2019.

### The authorized director of the Company

- (1) Mr. Prapas Tangadulrat signs together with Miss Thitiporn Chartaisong and the seal of the Company or
- (2) Mr. Prapas Tangadulrat or Miss Thitiporn Chartaisong signs together with Mr. Somsak Worraraksa or Mr. Prakrit Laobooncharoen as two directors and the seal of the Company.

### The Board of Directors' meeting

In 2018 and 2019, the Company held the Board of Directors' meeting for 5 times and 8 times respectively as the following details of each director;

| Name – Last name                       | Position   | No. of meeting attended/<br>total No. of meeting |      |
|--|--|--|------|
|  |  | 2018   | 2019 |
| 1. Asst. Prof. Dr. Prasert Kanthamanon | Chairman of the Board and Independent Director           | 5/5  | 7/8  |
| 2. Mr. Prapas Tangadulrat              | Director and Chief Executive Officer                     | 4/5  | 8/8  |
| 3. Mr. Somsak Worraraksa               | Director   | 5/5  | 8/8  |
| 4. Miss Thitiporn Chartaisong          | Director   | 5/5  | 8/8  |
| 5. Mr. Prakrit Laobooncharoen          | Director   | 5/5  | 8/8  |
| 6. Dr. Sunee Sornchaitanasuk           | Chairman of the Audit Committee and Independent Director | 3/4  | 8/8  |
| 7. Mr. Thanin Pornsiritivet            | Audit Committee and Independent Director                 | 3/5  | 8/8  |
| 8. Mr. Jeerawat Kulsapudom             | Audit Committee and Independent Director                 | 5/5  | 7/8  |

Remark : Dr. Sunee Sornchaitanasuk was appointed according to the resolutions of the Board of Directors' meeting no.1/2018 on 3 February 2018

### 3. Audit Committee

Audit Committee consists of 3 directors as follows;

| Name – Last name             | Position   |
|------------------------------|--|
| 1. Dr. Sunee Sornchaitanasuk | Chairman of the Audit Committee and Independent Director |
| 2. Mr. Thanin Pornsiritivet  | Audit Committee and Independent Director                 |
| 3. Mr. Jeerawat Kulsapudom   | Audit Committee and Independent Director                 |

With Miss Vutita Srikaew is a secretary of Audit Committee

#### The Audit Committee's meeting

In 2018 and 2019, the Company held the audit committee's meeting for 4 times and 6 times respectively as the following details of each director;

| Name – Last name             | Position                        | No. of meeting attended/<br>No. total meeting |      |
|------------------------------|---------------------------------|---|------|
|                              |                                 | 2018  | 2019 |
| 1. Dr. Sunee Sornchaitanasuk | Chairman of the Audit Committee | 3/4   | 6/6  |
| 2. Mr. Thanin Pornsiritivet  | Audit Committee                 | 3/4   | 6/6  |
| 3. Mr. Jeerawat Kulsapudom   | Audit Committee                 | 4/4   | 5/6  |

### 4. Executive Committee

The Company has 6 executive directors as follows;

| Name – Last name                 | Position                 |
|----------------------------------|--------------------------|
| 1. Mr. Prapas Tangadulrat        | Chief Executive Officer  |
| 2. Mr. Isra Akrapitak            | Executive vice president |
| 3. Mr. Somsak Worraraksa         | Executive Director       |
| 4. Miss Thitiporn Chartaisong    | Executive Director       |
| 5. Mr. Thussanai Paisiriyaunyong | Executive Director       |
| 6. Mr. Prakrit Laobooncharoen    | Executive Director       |

## 5. Executive

The Company has 8 executives as follows;

| Name – Last name                | Position   |
|---------------------------------|--|
| 1. Mr. Prapas Tangadulrat       | Chief Executive Officer  |
| 2. Mr. Isra Akrapitak           | Chief Operating Officer  |
| 3. Mr. Krirkrit Jearnkamonchuen | Director of MEC Business Department<br>Director of 3D Printing Solution Department |
| 4. Mr. Somsak Worraraksa        | Director of AEC Business Department  |
| 5. Miss Thitiporn Chartaisong   | Director of Central Administration Department                                      |
| 6. Mr. Chayo Petcharat          | Director of Research and Development Department                                    |
| 7. Mrs. Khwanchai Viriyasumon   | Accounting manager - AppliCAD Public Company Limited                               |
| 8. Miss Phiemzetha Zibhunyarnt  | Accounting manager - Subsidiaries  |

## 6. Company secretary

| Name – Last name       | Position          |
|------------------------|-------------------|
| 1. Miss Vutita Srikaew | Company Secretary |

In the Board of Directors' meeting no.1/2019 on 22 February 2019, Miss Vutita Srikaew was appointed as a company secretary from the resolutions of the Board of Directors' meeting in accordance with the section 89/15 of the Securities and Exchange Act B.E. 2535, revised by the Securities and Exchange Act (No. 4), B.E. 2551 which defines the responsibilities of the company secretary as follows;

1. To supervise and advise directors and executives regarding compliance, regulations, rules, articles of association as well as to monitor the right practices correctly and consistently.
2. To be responsible for the board of directors' meetings and shareholders' meetings, as well as the coordination of such meetings as the rules of the meeting.
3. To supervise the information disclosure and reporting in the responsible section in accordance with rules and regulations of the Stock Exchange of Thailand and Securities and Exchange Commission, as well as related laws.
4. To prepare and store the following document;
  - 4.1 Registration of director
  - 4.2 Notice and report of the board meeting
  - 4.3 Notice and report of the shareholders meeting
  - 4.4 Annual report
  - 4.5 Stakeholder report of executive directors

## 7. Remuneration of directors and executives

### 7.1 Monetary remuneration

#### Remuneration of directors

In 2018 and 2019, the Company gave the remuneration to the board of directors as follows;

(Unit: Baht)

| Name – Last name              | 2018           | 2019             |
|-------------------------------|----------------|------------------|
| 1. Mr. Prasert Kanthamanon    | 120,000        | 210,000          |
| 2. Mr. Prapas Tangadulrat     | -              | 35,000           |
| 3. Mr. Somsak Worraraksa      | -              | 35,000           |
| 4. Miss Thitiporn Chartaisong | -              | 35,000           |
| 5. Mr. Prakit Laobooncharoen  | 70,000         | 140,000          |
| 6. Dr. Sunee Sornchaitanasuk  | 142,500        | 320,000          |
| 7. Mr. Thanin Pornsiritivet   | 87,500         | 245,000          |
| 8. Mr. Jeerawat Kulsapudom    | 140,000        | 210,000          |
| <b>Total</b>                  | <b>560,000</b> | <b>1,230,000</b> |

Remark: The board of director number 2 - 4 received a regular salary as an employee of the Company, so in 2018, they did not receive any remuneration as director.

(Unit: Baht)

| Position                          | remuneration / person / one time |
|-----------------------------------|----------------------------------|
| <b>Board of directors</b>         |                                  |
| - Chairman of the Board           | 30,000                           |
| - Director who is not executive   | 17,500                           |
| - Director who is executive       | 5,000                            |
| <b>Audit committee</b>            |                                  |
| - Chairman of the Audit Committee | 30,000                           |
| - Audit Committee                 | 17,500                           |

#### Remuneration of Executives

In 2018 and 2019, the Company gave the remuneration to the executives as 20.51 million baht and 18.57million baht. This remuneration includes a salary, a bonus, a contribution to provident fund and a commission.

| Year | No. of executive (Person) | Remuneration (Baht) |
|------|---------------------------|---------------------|
| 2018 | 9                         | 20,507,550.52       |
| 2019 | 9                         | 18,573,976.58       |

## 7.2 Other remuneration

At the annual general meeting of shareholders for 2019 on 8 March 2019, there had been approved the allocation of new ordinary shares of 8,000,000 shares or 2.86% of the total shares sold after IPO to be offered to the directors, executives, employees of the Company at offering price of 2.46baht per share which is the same price and same period of IPO. In addition, details of directors and executives of the Company for the allocation and reservation of shares are as follows;

| Name – Last name                       | Position  | No. of shares allocated | Percentage of shares offered to directors, executives and employees |
|--|---|-------------------------|---|
| 1. Asst. Prof. Dr. Prasert Kanthamanon | Chairman of the Board and Independent Director                        | 300,000                 | 3.75  |
| 2. Mr. Somsak Worraraksa               | Director  | 120,000                 | 1.50  |
| 3. Miss Thitiporn Chartaisong          | Director  | 100,000                 | 1.25  |
| 4. Mr. Thanin Pornsiritivet            | Audit Committee and Independent Director                              | 200,000                 | 2.50  |
| 5. Mr. Jeerawat Kulsapudom             | Audit Committee and Independent Director                              | 200,000                 | 2.50  |
| 6. Mr. Krirkrit Jearnkamonchuen        | Director of MEC business And Director of 3D Printer Solution business | 168,300                 | 2.10  |
| 7. Mr. Chayo Petcharat                 | Director of Research and Development                                  | 113,700                 | 1.42  |
| 8. Mrs. Khwanchai Viriyasumon          | Accounting Manager AppliCAD Public Company Limited                    | 120,000                 | 1.50  |
| 9. Miss Phemzetha Zibhunyarnt          | Accounting Manager - Subsidiaries                                     | 80,000                  | 1.00  |

## 8. Personnel

### 8.1 Number of personnel

As of 31 December 2018, the Company has 257 employees (excluding 8 executives) and as of 31 December 2019, the Company has 277 employees (excluding 8 executives) classified as business unit as the following details;

| Business unit                          | Number of employees |                   |
|--|---------------------|-------------------|
|  | As of 31 Dec 2018   | As of 31 Dec 2019 |
| 1. Management                          | 3                   | 3                 |
| 2. 3D Printing Solution Department     | 19                  | 24                |
| 3. Education and Government Department | 11                  | 11                |
| 4. AEC Business Department             | 67                  | 62                |
| 5. Marketing Department                | 20                  | 21                |

| Business unit   | Number of employees |                   |
|---|---------------------|-------------------|
|   | As of 31 Dec 2018   | As of 31 Dec 2019 |
| 6. MEC Business Department                                      | 96                  | 96                |
| 7. Central Administration Department– accounting                | 9                   | 10                |
| 8. Central Administration Department– financial                 | 4                   | 4                 |
| 9. Central Administration Department – procurement              | 6                   | 7                 |
| 10. Central Administration Department – Business Infrastructure | 13                  | 13                |
| 11. Human resources Department                                  | 9                   | 8                 |
| 12. Research and Development Department                         | -                   | 18                |
| <b>Total</b>  | <b>257</b>          | <b>277</b>        |

As of 31 December 2018, its subsidiaries have 78 employees and executive classified as 77 employees and 1 executive and as of 31 December 2019, its subsidiaries have 82 employees and executive classified as 81 employees and 1 executive.

## 8.2 Significant labor disputes in the past three years

-None-

## 8.3 Employee remuneration

### Monetary remuneration

In 20108 and 2019, the Company and its subsidiaries paid the remuneration to the employees (excluding executives) as 175,286,466.27 baht and 197,337,480.90 baht respectively. This remuneration is a salary, a commission, overtime, a bonus, a contribution to social insurance funds and a contribution to the provident fund.

### Other remuneration

At the annual general meeting of shareholders for 2019 on 8 March 2019, there had been approved the allocation of new ordinary shares of 8,000,000 shares or 2.86% of the total shares sold after IPO to be offered to the directors, executives, employees of the Company at offering price of 2.46 baht per share which is the same price and same period of IPO.

## 8.4 Personnel development Policy

The Company has realized that the personnel are the significant resources in the organization. Therefore, the Company has emphasized and focused on the human resource management by defining the human resource management policy as the key principle as follows;

1. The Company will manage human resources to support and comply with and the vision, policy as well as the strategy of the Company.
2. The Company will establish a clear, transparent and fair human resource management system and can be adjusted in accordance with current circumstances.

3. The company will focus on recruitment by providing a fair and efficient recruitment and selection system to provide talented to be consistent with the organization's culture.
4. The Company will focus on the personnel development to be more knowledgeable and capable by arranging the training in various ways regularly.
5. The Company will manage the wages and benefits to the employees by considering the duties and responsibilities of each position, ability of each employee as well as the ability to compete in the market.
6. The Company will allocate welfare appropriately. In addition, the Company's Board of Directors is considering the benefits and necessities of the personnel in accordance with the Company's capabilities, the nature of the business by considering to be improved in line with the changes in the economic and social conditions.
7. The Company focuses on creating a welcoming atmosphere and creating a better understanding as well as arranging the environment to be safe to operate in order to make the relationship between the Company and employees and between employees and employees run smoothly and friendly including hearing problems, and resolve to cooperate with the employees like the family.

# The Corporate Governance Code

## 1. The Corporate Governance Code Principles

The Company has recognized the importance of good corporate governance code that will support the operation of the Company to be more effective and transparent for the competitive in the market and the sustainable growth. This can lead to the confidence of all stakeholders who are involved in the Company's operations with the fair act and always consider the benefits of employees, investors, shareholders and other stakeholders. Therefore, the Company has defined the policy of good corporate governance code in the Board of Directors' meeting no. 2/2562 on 20 March 2019 with the principles and good corporate governance for the listed company in 2017 made by the Securities and Exchange Commission and the Stock Exchange of Thailand to be the guideline for the organizational management to ensure the Company's operation with fairness and transparency and also consider the benefits of all stakeholders as follows;

### Principle 1: Establish clear leadership role and responsibilities of the board

In order to make the understating of the roles and responsibilities as the leader of the organization for the board of directors, the Company has clearly defined the roles and responsibilities of the Board of Directors apart from the duties and responsibilities defined by the laws mentioned about the authorities and duties in the management of the Company in accordance with the laws, objectives, articles of association and resolutions of the shareholders' meeting with the responsibilities, prudence and honesty. The Company has also defined the authorities and responsibilities to the board of directors to define the vision, mission, policy, direction, goal, strategies, plans, and the Company's annual budget, including the supervision and follow-up of the work in compliance with the laws, policy, plans and defined annual budget as well as evaluation and monitor performance report.

Furthermore, the Company has appointed the subcommittees to assist in the supporting, checking and supervising the operation and management in accordance with laws, policy, and plans and defined annual budget which consists of the executives committee, audit committee and risk management committee. The Company has clearly defined the scope of authorities and responsibilities of the subcommittees and risk management committee. In

addition, the Company has prepared the charter for the board of directors and subcommittees and informed the information about that charter to the board of directors and subcommittees. Moreover, the Company has planned to annually review that charter in accordance with the direction of the Company.

The board of directors has created the business ethics and corporate governance policy to be the guideline in the corporate governance practices for ethical business, respect the right and have the responsibility to shareholders and stakeholders and conduct the business that benefits to the society, environment as well as the ability to adapt to the changing factors.

### Principle 2: Define objectives that promote sustainable value creation

The board of directors has distinctly defined the obvious and suitable vision and mission of the Company to communicate to all stakeholders to understand the main objective and goal of the Company and to ensure that all employees in the Company adhere to as the main duty in order to achieve the defined objectives and goals.

The Company also has the policy to review and consider the strategic plan and budget every year to ensure that strategic plan and budget are consistent with the economic conditions and organizational potential including promoting the innovation and the application of innovation and technology.

Moreover, the Board of Directors is responsible for the supervision and monitoring of performance in accordance with the strategy and budget including the allocation of significant resources.

### Principle 3: Strengthen board effectiveness

The Company has a policy to properly establish the Board of Directors' structure in accordance with the Company's business and size and as required by law. The composition of the Board of Directors shall have a proportion between executive directors and non-executive directors who reflect appropriately balanced power. The Chairman of the Board of Directors and chief executive officer of the Company shall not be the same person in order to clarify the responsibility between the policy of governance and routine management.

In order to ensure that the Board of Directors has enough time to perform the duties of the Company, the



Company requires each director will be able to hold positions in other listed companies up to 5 companies and require attending the meetings not less than 75% of the Board of Directors' meeting will be held in that year and to arrange the Board of Directors' meeting at least 4 times a year.

The role of the Board of Committees is to find people with the right knowledge, skills and experience and can serve as the advantage to the business of the Company to propose to the meeting of shareholders to consider the appointment of a director of the Company after being the listed company on the Stock Market of Thailand.

The Company will disclose the information of directors and executives such as age, education history, experience, stake shareholding, number of years being director, number of times participating in the meeting, remuneration of the Board of Directors for both monetary and non-monetary, being director in other listed companies, roles and responsibilities and performance report of the Audit Committee, Executive Committee and Risk Management Committees in the Company's annual report.

In addition, the Company has appointed Corporate Secretary to supervise and advise the directors and management regarding compliance with laws, regulations, rules and regulations of the Company and also monitor the compliance with the practice correctly and consistently. Moreover, Corporate Secretary is responsible for arranging the Board of Directors' meeting and the meeting of shareholders including coordination for the implementation of the resolutions of the conference as well as any other duties as required by law.

To supervise subsidiaries and/or its affiliated, the Company will assign the qualified and experienced directors or executives to conduct the business to represent the management of the subsidiaries and/or its affiliated to formulate important policies and control the business of such subsidiaries and/or its affiliated. In this regard, the Directors representing the Company shall act in supervising subsidiaries and/or affiliated to manage or perform various operations in accordance with the Company's policies as well as to exercise their discretion in accordance with the resolutions of the Board of Directors and/or shareholders of the Company approved in critical matters of subsidiaries and/or affiliated to maximize the benefit of the Company and to achieve sustainable growth of the Company.

#### **Principle 4: Ensure effective CEO and people management**

The Company has clearly set up a successor plan for key executive positions including the position of chief executive officer in order to maintain business continuity. The company will provide the appropriate remuneration as an incentive for the chief executive officer and key executive positions that are critical to the organization to maximize the interests of the Company and shareholders.

The Company has provided knowledge to the directors and the key executives by allocating to each of them to participate in training organized by various agencies to enhance new knowledge and perspectives as well as to provide executive development projects for the benefit of determining succession plans.

The Board of Directors will provide an evaluation of the duties of the chief executive officer and key executives every year to consider and develop capacity to increase productivity.

#### **Principle 5: Nurture innovation and responsible business**

The Board of Directors has focused on creating corporate culture, promoting innovation that contributes to the Company's customers, partners and partners. The development of the quality of the service, human resource development, environmental and social responsibility has always been taken into account by the Company to create a balance between business profits and social returns.

The Board of Directors has focused on the rights of all stakeholders, whether internal stakeholders or external stakeholders in order to create better understanding and cooperation between companies and stakeholders. This will be beneficial to the business and confidence building as well as to enhance the competitiveness of the Company in the long term. Therefore, the Company has established policies and practices as follows;

|                                 |   |
|---------------------------------|---|
| Shareholders                    | The Company is committed to conducting business to maximize the benefit of the Company and its shareholders as a whole with the knowledge and management skills effectively, honestly and fairly to major and minority shareholders by considering the good performance, stable growth and competitiveness.   |
| Employees                       | The Company has recognized the importance of every employee in the Company which will be involved in driving the Company and developing the further business in the future. The Company has focused on the development of the potential and knowledge and skills of employees and cultivating good attitudes and consciousness as well as considering providing fair, appropriate returns based on the knowledge of each employee's ability and providing adequate welfare. |
| Customers                       | The Company is responsible for the care to customers by focusing on sourcing and producing the quality products to meet customer needs as well as customer confidentiality, knowledge to customers to develop goods and services.   |
| Business partners and creditors | The Company has fairly, equally and honestly treated business partners and creditors in business operations, not taking advantage and maintains interest with business partners and creditors as well as strictly comply with trade conditions and/or mutually joint contractual agreements to develop business relations that contribute to the benefits of both parties.  |
| Competitor                      | The Company has behaved according to the good competition rules and laws set out and to maintain the norms of competitive practices and avoid dishonest ways to destroy competitors.  |
| Community and Society           | The Company has emphasized on cultivating the awareness to community and society in the Company as well as to support activities that contribute to the public and not to act contrary or illegal.  |

The Board of Directors will provide a framework for the governance and management of corporate information technology to meet the needs of the Company as well as to ensure that the technology used to increase the chance of business development and operations, risk management for the Company to achieve the objectives and goals of the organization.

## **Principle 6: Strengthen effective risk management and internal control**

The Board of Directors will provide a framework of internal control system that covers all aspects of finance and operation in accordance with the law and to provide sufficient effective monitoring and balancing mechanisms to always protect the Company's assets, provide the process of approval and responsibility of the executives and employees who are monitored and balanced each other and define the procedure in written form. The Company has hired internal auditors from outside. Monitor the operations of all agencies in accordance with the regulations placed as well as assess the efficiency and adequacy of internal control of various agencies in the Company.

The Company has appointed the risk management team to consider and analyze potential risks with the Company and present risk management measures to prevent the impact on the Company's business and supervise risk management in accordance with the risk management policy prescribed.

The Board of Directors has emphasized on anti-corruption by defining a clear policy and communicating with relevant people to acknowledge and follow. The Board of Directors has also established the policy of whistleblowing and complaints as a mechanism for governance for those involved in compliance with the policies established with respect to the corporate governance.

The Company provides has measured to provide whistleblowing or complaints about wrongdoing, ethics and code of conduct or behavior that may be discussed with the corruption of directors, executives and employees in the organization by providing a wide range of communication channels to enable employees and stakeholders to report complaints or complaints to the Company. The complainant shall provide a detailed notice, including name, address, telephone number, which can be contacted to the receipt channel as required by the Company.

## **Principle 7: Ensure disclosure and financial integrity**

The Board of Directors has determined to supervise the compliance with laws and regulations relating to the disclosure by the Company will focus on the disclosure of accurate, complete and transparent information of the Company as well as financial information, general information and non-financial information so that all relevant people are aware of the information equally.

The Board of Directors is responsible for the preparation of the Annual Report, Form 56-1, the Company's financial report

and financial information that appears in the Annual Report. The preparation of financial reports is prepared in accordance with generally certified accounting standards, choosing the appropriate accounting policies and regular lists, and carefully exercises disinformation in preparation, as well as requiring adequate disclosure of important information in the notes to the financial statements. The Board of Directors assigned the Audit Committee to oversee the quality of financial reports and to comment on the Board of Directors.

In addition, the Board of Directors has placed importance on the financial liquidity of the Company and the company's debt repayment capabilities and report to the Board of Directors on a quarterly basis.

After being the listed company in the Stock Market of Thailand, the Company will publish the information of the Company to the shareholders through channels and dissemination media of the Stock Exchange of Thailand and the Company's website and assigned Miss Vutita Srikaew to contact and provide information to shareholders, investors, securities analysts or related entities, as well as any person with accurate, complete and true information.

## **Principle 8: Ensure engagement and communication with shareholders**

The Board of Directors has emphasized on the rights of shareholders without any actions to violate or deprive shareholders' rights except the basic rights of shareholders such as the right to buy, sell or transfer the shares they hold, the right to receive a share of profits from the Company, the right to attend shareholders' meetings. The Company has focused on the rights of shareholders to obtain the Company's information properly, complete, adequately and equally in order to make decisions on all matters.

1. The Company shall arrange a shareholders' meeting to allow shareholders to consider important matters as required by law or that may affect the Company's business operations.
2. The Company will send the notice of the meeting with the accompanying information to the shareholders prior to the meeting according to the meeting at the legal period. The Company will allow shareholders to complete the study of the information prior to the date of the shareholders' meeting, as well as the Company will allow shareholders to submit questions in advance of the meeting, and will set out the criteria to submit questions and publish such guidelines on the Company's website and the Company will gather to bring

important questions to inquiries at the meeting.

3. The Company will allow minority shareholders to nominate candidates to nominate as directors or propose additional agendas before the meeting of shareholders which will be assigned as clear guidelines and disclose the criteria to shareholders in advance and will provide reasons not to bring the agenda proposal of shareholders as an agenda of the Company to the meeting of shareholders at that time.
4. In case that the shareholders are unable to attend the meeting on their own, the Company will facilitate shareholders who are not able to attend the meeting on their own to be able to proxy at least one individual or appoint at least one independent director to attend the meeting and vote on behalf of such shareholders by informing the list with the information of such independent directors in the notice of the meeting of shareholders.
5. In case that the Company has foreign shareholders, the Company will make a notice of the meeting with the accompanying information of the entire meeting in English and deliver it to foreign shareholders with the delivery of the Thai version.
6. Add channels to acknowledge shareholder news via the Company's website after the Company is registered as a listed company on the Stock Exchange of Thailand, the Company will continue to publish the notice of the Shareholders' Meeting at least 14 days prior to the date of the meeting so that shareholders can easily and complete the information of the agenda.
7. The Company will facilitate all shareholders equally to attend the meeting in both location and time.
8. At the meeting of shareholders, the meeting will be conducted in accordance with the laws and regulations of the Company. It will consider and vote on the agenda set out in the order. It cannot change the matter, or add the agenda unnecessarily and to allow shareholders to have the equal rights in question, leaving a comment and recommendations.
9. The Company will use ballots on important agendas and provide independent parties such as external auditors, legal advisers, as auditors of voting at the meeting.
10. The Company will encourage all directors and executives involved to attend the meeting to respond to questions from shareholders simultaneously.
11. Take note of the minutes of the meeting completely, accurately, transparently, and record the list of directors and

executives attending the meeting, how to vote and count votes resolutions of the meeting, the results of the vote, including important questions and comments in the minutes of the meeting so that shareholders can be completed within 14 days from the date of the meeting of shareholders. In addition, the Company will provide a video of the meeting to preserve the reference, and after the Company is registered as a listed company on the Stock Exchange of Thailand, the Company will send the minutes of the meeting to the Stock Exchange of Thailand or related entities within the specified time, as well as to bring the minutes of the shareholders' meeting published on the Company's website for shareholders to consider.

## 2. Subcommittee

The structure of the Board of Directors consists of 3 sets of director; the Board of Directors, the Audit Committee and the Executive Committee which are fully qualified under Section 68 of the Public Limited Companies Act B.E. 2535 (1992) and as announced by the Relevant Capital Markets Commission. In this regard, the scope of the authority of the Board of Directors is as follows;

### 2.1 Scope of responsibilities of the Board of Directors

1. The Committee shall have the power, duties and responsibilities of the management and operations of the Company according to the laws, the Articles of Association of the Company as well as the resolutions of the Shareholders' Meeting with honesty and careful to maintain the Company's interests.
2. Arrange the board meeting at least 3 months at a time
3. Perform the appropriate and efficient accounting systems and provide reliable financial reporting and auditing, as well as provide adequate and appropriate internal control systems and internal audit systems.
4. Arrange the balance sheet and income statement of the Company as at the end of the accounting period of the company verified by the auditor and present to the shareholders for consideration and approval.
5. Set goals, policies, plans business, the Company's budget as well as monitoring and supervision of administration and management of the Company and its subsidiaries in accordance with the policies, plans, budgets and compliance with applicable laws, as well as

the notifications, regulations and relevant guidelines of the Capital Market Commission, the Securities and Exchange Commission, the Stock Exchange of Thailand such as the related party transaction, acquisition or disposal of major assets as far as non-conflicting or controversial to other laws.

6. Review and approve policy directions, strategies, business operations of the Company proposed by management
7. Continuously monitor operations in accordance with roadmap and budget.
8. Consider and define the risk management policy to cover both the organization and supervise the system or process of risk management, with support measures and control methods to reduce the impact on the Company's business properly.
9. Consider and establish the management structure, the power to appoint the subcommittee, the chief executive officer and other subcommittees as appropriate including the scope of the authority of such persons.

In this regard, the delegation stipulated by the scope of the authority must not be as a delegation that makes the subcommittee, chief executive officer and other subcommittees can consider and approve potential conflicts of interest, interest or any other conflicts of interest with the Company or its subsidiaries, except as an approval of items in accordance with the policies and guidelines already considered and approved by the Board of Directors.

10. Prepare the annual report and be responsible for the preparation and disclosure of financial statements to reflect the financial operating results in the past year and presented to the meeting of shareholders for consideration and approval.
11. The Board of Directors may authorize one or several directors or any other person to perform on behalf of the Board of Directors under the control of the Board of Directors or provide the authority to have such persons as the Board of Directors deemed appropriate within the period of time that the Board of Directors deems appropriate, which the Board of Directors may revoke, change or amend the authority when deemed appropriate.
12. In this regard, the authorization is not allowed for such people to consider and approve their projects or individuals that may be conflicts of interest, interest or any other conflicts of interest with the Company or its subsidiaries as such definition in notification of the Capital

Market Commission and/or the Securities and Exchange Commission and/or the Stock Exchange of Thailand except as an approval of items in accordance with the policies and guidelines already considered and approved by the Board of Directors.

## 2.2 Scope of responsibilities of the Audit Committee

1. To review the financial reporting of the Company to be accurate and adequate.
2. To review the system of internal control (Internal Control) and internal audit (Internal Audit) of the Company to be appropriate and effective and consider the independence of the internal audit agency, as well as to approve the appointment, transfer, dismissal of the head of the internal audit agency or any other agency responsible for internal audit.
3. To review the management, practices and policies, risk management (Risk Management) as required.
4. To review the Company to comply with the Securities and Exchange Commission law, terms of the Stock Exchange and laws related to the Company's business.
5. Consider, select, propose, appoint an independent person to act as auditor of the Company and offer the remuneration of such persons, as well as attend meetings with the auditor without management at least once a year.
6. Consider the related party transactions or transactions that may have a conflict of interest in accordance with the laws and requirements of the Stock Exchange in order to ensure that such transactions are reasonable and in the best interests of the Company.
7. Prepare the Report of the Audit Committee disclosed in the annual report of the Company. The report must be signed by the Chairman of the Audit Committee and must contain at least the following information;
  - a) Opinion on the accuracy, completeness and reliability of the Company's financial reports
  - b) Opinion on the adequacy of the Company's internal control system
  - c) Opinion on the terms of the Stock Exchange or the laws relating to the Company's business
  - d) Opinions about the appropriateness of the auditor
  - e) Opinion on transactions that may have a conflict of interest

- f) Number of Audit Committee meetings and attendance of each audit committee
  - g) Overall opinion or observations received by the Audit Committee from charter
  - h) Other items that see that shareholders and investors should know under the scope of duties and responsibilities assigned by the Board of Directors.
8. Have the right to be independent of any professional consultant's fees as deemed necessary by the Company.
  9. Perform other duties as the Board of Directors approved from the opinion of the Audit Committee.

### 2.3 Scope of responsibilities of the Executive Committee

1. To consider the proposal of the management and present the business plan, including the Company's annual budget to the Board of Directors to approve.
2. To control the Company's operation in accordance with the policy, goal, business plan, budget as well as to supervise the operation to be quality and efficient.
3. To consider and approve normal business operations such as investments in accordance with investment statements or budgets approved by the Board of Directors, order products, sales order and so on. The limit for each item is in accordance with the approval table approved by the Board of Directors.
4. To establish the employment rate and consider adjusting the salary, employee bonus from the chief operating officer level, as well as to consider approving the capacity of people who are not in the annual budget in accordance with the approval table approved by the Board of Directors.
5. To consider the profits and losses of the Company, proposal of annual dividend or interim dividend payment to propose to the Board of the Company to approve.
6. To give the power to authorize any other person to one person or several people operating one under the control of the executive committee or may authorize the authority to grant such person the authority as deemed appropriate, and within the time of the executive committee deems appropriate. The executive committee may cancel, revoke, change or modify the person who has been authorized or authorized to be authorized as deemed appropriate.
7. Perform other duties according to the Board of Directors assigned from time to time

In this regard, the assignment of authority and responsibility of the executive committee shall not be as authorized or sub-authority that allows the authorized person stake from the executive committee to approve transactions of which they or the person may have conflicts (according to the definition of the notification of the Capital Market Commission and/or the Securities and Exchange Commission and/or the Stock Exchange of Thailand and/or related agencies), interests or may have any other conflict of interest with the Company or its subsidiaries and/or related companies. The executive committee does not have the authority to approve the operation of such matters. This must be proposed to the Board of Directors' Meeting and/or the meeting of shareholders (as a case) for further approval, except as an approval of transactions in accordance with normal business and regular trading conditions in accordance with the notification of the Capital Market Commission and/or the Securities and Exchange Commission and/or the Stock Exchange of Thailand and/or related agencies.

### 2.4 Scope of Authority, Duties and Responsibilities of the Chief Executive Officer

1. Supervise the operation and/or daily administration of the Company
2. Prepare the business plans as well as the Company's business strategy and annual budget to propose to the Executive Committee and the Board of Directors of the Company for further approval.
3. To supervise the operation or performance of the Company according to the policies, plans and budgets approved by the Board of Directors of the Company and to monitor and evaluate the performance of the Company according to the policy and consistent with good governance as well. And report the performance of management including progress in the implementation to the executive committee, Audit Committee and the Board of Directors.
4. To consider and approve regular business operations in accordance with investment statements or budgets approved by the Board of Directors. The limit for each item is in accordance with the approval table approved by the Board of Directors. However, it shall not exceed the annual budget approved by the Board of Directors including the agreement relating to such matters.

5. Have the authority to consider and approve the Company's regular business operations in accordance with the budget approved by the Board of Directors and in accordance with the approval authority approved by the Board of Directors.
6. Have the authority to approve manpower, employment, packing employee, determining wages and bonuses, remuneration and appointment of employee as well as determining the duties and responsibilities of each department and position for the deputy director downward.
7. Have the power to issue orders, regulations, announcements and records for the operations of the Company according to the policies and interests of the Company and to maintain discipline within the organization.
8. Have the authority to appoint committee or other working groups for the benefit and efficiency of good management and transparency and have the power to authorize any other person to one person or several people operating one under the control of the Chief Executive Officer or may authorize the authority to grant such person the authority as deemed appropriate and within the appropriate time. The chief executive officer may cancel, revoke, change or modify the person who has been authorized or authorized to be authorized as deemed appropriate.
9. Perform other duties as assigned by the Executive Committee or the Board of Directors.

In this regard, the implementation of the chief operating officer or a person authorized by the chief executive officer, or a person who may have conflicts of interest (in accordance with the notification of the Capital Market Commission and/or the Securities and Exchange Commission and/or the Stock Exchange of Thailand and/or related agencies) interests or may have any other conflict of interest with the Company or its subsidiaries and/or related companies. The chief executive officer does not have the authority to approve the operation of such matters. This must be proposed to the Board of Directors' Meeting and/or the meeting of shareholders (as a case) for further approval, except as an approval of transactions in accordance with normal business and regular trading conditions in accordance with the notification of the Capital Market Commission and/or the Securities and Exchange Commission and/or the Stock Exchange of Thailand and/or related agencies

### The authority of approval

The company has approved the operations as follows;

|   | Chief operating officer                               | Executive Committee                                    | Board of Directors |
|---|---|--|--------------------|
| 1. Approval of the investment exceeded the investment budget approved | 10% And report to the board of directors              | 20% And report to the board of directors               | > 20%              |
| 2. Approval of the investment plan apart from budget plan             | < 1 million baht And report to the board of directors | < 10 million baht And report to the board of directors | > 10 million baht  |
| 3. Approval of the order to sell                                      | < 5 million baht                                      | < 30 million baht                                      | > 30 million baht  |
| 4. Approval of the non-product orders to sell                         | < 1 million baht                                      | < 30 million baht                                      | > 30 million baht  |
| 5. Sales approval   | < 5 million baht                                      | < 30 million baht                                      | > 30 million baht  |

### 3. Nomination and appointment of directors and top-level executives

The selection of persons to be appointed as directors of the Company shall be done through the meeting of shareholders. The Board of Directors will consider from the experience, knowledge, competence and qualifications required by law. Since the Company does not have the Nomination Committee to select the person who will hold such position, then the meeting of shareholders will select in accordance with the criteria and procedures set in the Articles of Association of the Company.

#### 3.1 The composition and appointment of the Board of Directors.

1. Shareholders shall consider and approve the appointment of the Board of Directors.
2. The Board of Directors consists of at least 5 directors and not less than half of the total number of directors must be resident in the Kingdom and must meet the required laws.
3. The Company has a policy that Chairman and chief operating officer shall not be the same person to achieve clarity on the responsibilities between policy making, governance and management.
4. The Board structure shall consist of independent directors in the right amount to supervise the activities which is not less than one-third of the total board of directors, but not less than 3 people, in accordance with the requirements of the Securities and Exchange Commission.
5. The appointment of directors in accordance with the Articles of Association of the Company and related laws which must be transparent and clear in the nomination of directors and the consideration should require a person's history, education and experience, and the professional of the person with sufficient details for the purpose of decision-making of the Board of Directors and shareholders.
6. Director who retired by rotation may be re-elected to such position.

#### 3.2 The composition and appointment of independent directors.

The Board of Directors will jointly consider the qualifications of the person who will be independent directors based on the qualifications and characteristics of the Directors under the notification of the Capital Market Commission, the Securities and Exchange Commission, the Stock Exchange of

Thailand including the announcement, regulations and/or related regulations. In addition, the Board of Directors will consider selecting independent directors from qualified people. It will then be presented to the meeting of shareholders to consider the appointment of the Company's directors. The Company has a policy to appoint at least one-third of the total director and must not be less than 3 persons.

#### Qualification of Independent Director

1. Holding not over 1% of the shares with voting rights of the Company, its subsidiaries, associated companies or juristic person of the person who may have conflict including shares held by the relevant person.
2. Not being or having been a director, an employee, staff, consultant with a salary or controlling authority of the Company, the parent company, its subsidiaries, associates, same subsidiaries or juristic persons who may conflict unless they have been removed from such characteristics for at least 2 years prior to the submission date of application to the Securities & Exchange Commission.
3. Not a person with a bloodline relationship or by legal registration in a parent, spouse, brothers and children, including spouses of executives, major shareholders, control authorities or persons who will be offered as executives or control authorities of the Company or its subsidiaries.
4. Not being or have been a business relationship with the Company, the parent company, its subsidiaries, associates or potentially conflicting entities in a manner that may hinder the use of independent judgment including not being or as a major shareholder, directors who are not independent directors or executives of those with business ties with the Company, parent companies, subsidiaries, the company or juristic person who may have conflicts unless it has been removed from such characteristics for at least 2 years prior to the submission date of application to the Securities & Exchange Commission.
5. Not being or have been an auditor of the Company, the parent company, its subsidiaries, associates or potentially conflicting entities in a manner that may hinder the use of independent judgment including not being or as a major shareholder, directors who are not independent directors, executive or managing partner of the Audit Office, which has the company's auditors, the parent company, its subsidiaries, associates or juristic persons who may have conflicts unless



they have been removed from such characteristics for at least 2 years prior to the submission date of application to the Securities & Exchange Commission.

6. Not being or have been any professional service providers including providing legal advisors or financial advisors, which are charged more than 2 million baht per year from the Company, parent company, its subsidiaries, associates, or juristic person that may have conflict of interest. In the event that a professional service provider is a juristic person, including being a major shareholder, directors who are not independent directors, executive or the manager partner of the professional service provider, unless it has been removed from such characteristics for at least 2 years prior to the submission date of application to the Securities & Exchange Commission.
7. Not being a director appointed as a representative of the Board of Directors of the Company, its major shareholder or shareholders who are related to the major shareholders of the Company.
8. Do not operate in the same nature and be a significant competition with the affairs of the applicant or its subsidiaries, or not as an implied partner in the partnership or as an executive director, employees, staff, consultants who receive regular salaries or hold more than 1% of the total voting rights of third parties, which operate in the same nature and are significant competition with the Company's business or its subsidiaries.
9. Not having any characteristics which make it impossible to comment freely about the operations of the Company.

### **3.3 The composition and appointment of the Audit Committee.**

1. The Board of Directors shall appoint the audit committee of at least three persons and each director must be independent directors.
2. The Board of Directors or the audit committee shall select 1 member of the audit committee to serve as chairman of the audit committee.
3. The audit committee shall have at least one person with knowledge or experience in accounting or finance and knowledgeable about the reason for the change of financial reporting.

In this regard, each audit committee shall have the term of office for 3 years or equal to the term of director of the Company.

### **3.4 Selection of the Chief Executive Officer, Chief Operating Officer or equivalent level position.**

When the position of chief executive officer, chief operating officer or equivalent level position is vacant or who is not in a position to perform the duties, the Company will manage the duties to a nearby level or secondary level to act in that position until the recruitment and selection of qualified person will be done in accordance with the Company's criteria. In this regard, such person shall have a vision, knowledge and experience appropriate to the organizational cultural. The executive committee considers the nomination to present to the Board of Directors for the approval of the appointment of a suitable replacement for the position further.

### **4. Supervision of the operation of subsidiaries and affiliates.**

The Company will invest in companies with the same business objectives as the Company's core business or similar business or business supporting the Company's business which will increase its turnover or profitability or invest in synergy businesses for the Company by supporting the Company's core business operations to increase the Company's competitiveness. The Board of Directors may consider investing in other businesses than the Company's core business. If the Board of Directors sees such business as a potential business and such investment is beneficial to the Company and its shareholders.

To supervise the subsidiaries and associates, the Company will send directors or executives with the right qualifications and experience to conduct business to represent the management of the subsidiary and its associates to formulate important policies and control the business of such subsidiaries and/or associates. Directors representing the Company shall act in supervising subsidiaries and/or associates to manage or perform various operations in accordance with the Company's policies as well as to exercise their discretion in accordance with the resolutions of the Board of Directors and/or the meeting of shareholders of the Company to approve the critical matters of subsidiaries and/or associates to maximize the benefit of the Company and to achieve sustainable growth of the Company.

### **5. Control of Internal Information**

The Company and its subsidiaries recognize and appreciate the importance of the implementation of the Principles

of Corporate Governance (Good Corporate Governance) to strengthen the confidence of shareholders, investors and those involved in the ongoing operation. In addition, the Board of Directors is aware of the importance of using the Company's internal information for its personality. Therefore, the Board of Directors and executives of the Company should consider the company's internal data control measures to ensure that the Company has transparent operations in accordance with good corporate governance principles as follows;

1. Directors and employees must maintain the confidentiality/ data within the Company and subsidiaries and shall not disclose such information, or to seek benefits for such information or for the benefit of another person, whether direct or indirect, and whether they receive compensation or not.
2. The Company shall arrange to collect the important information that has not been disclosed as confidential and limit to know only the management and disclose to the employee of the Company as necessary.
3. In a case, the Company has to disclose the internal information to the employee of the Company, the Company shall inform the employee as the confidential and limit to use.
4. Prohibit the directors, executives, employees and staff of the Company and its subsidiaries, including spouses or those who live together, my husband, wife and underage child to use the Company's internal information and its subsidiaries, which may have or may have an impact on changes in the price of the Company's securities, which have not been made public to purchase, sell, buy or offer the Company's securities directly or indirectly before it is disclosed publicly. Whether such actions are done for the benefit of themselves or others, or to allow others to do so without their benefit, anyone who violates the breach will be punished in accordance with the disciplinary measures of the Company and its subsidiaries.
5. The Company prohibits directors, executives and employees of the Company and its subsidiaries to receive the internal information in order to disclose such information to third parties or the personnel involved and prohibits directors and executives of the Company including their spouses or those living together as husband and wife, children and underage person in the purchase - sale of shares of the Company during the period of 1 month before the Company shall publish financial statements or publish information that is essential to the public.
6. The Company shall educate the directors and executives

of the Company to acknowledge the duty on reporting their holding of securities including their spouses or those living together as husband and wife, children and underage person according to Section 59 of the Securities Exchange Act of 2535, including the amendment ("Securities Act") and the notification of the Securities and Exchange Commission No. SorChor. 12/2552 Re: preparation and disclosure of shareholding of directors, executives and auditors and the punishments under Section 275 of the Securities and Exchange Act BE 2535.

7. The Company requires the directors and executives of the Company to report any changes in the shareholding of the Company to the Securities and Exchange Commission according to Section 59 of the Securities Exchange Act of 2535, including the amendment ("Securities Act") and the notification of the Securities and Exchange Commission No. SorChor. 12/2552 Re: preparation and disclosure of shareholding of directors, executives and auditors and send a copy of this report to the Company on the same day the report is submitted to the Securities and Exchange Commission.

## 6. Remuneration of the auditor

In the fiscal year 2018 ended 31 December 2018 the Company paid the remuneration of the Audit Fee to the Company's auditor, Karin Audit Co., Ltd. as the amount of 2,141,000 baht, which is the audit fee and the interim financial statements for the Company and its subsidiaries as well as the consolidated financial statements. In addition to such compensation, the Company does not have any other fees to be paid to the auditor, auditor-general, audit office and person or entity related to the auditor or audit office affiliated with the auditor.

The Annual General Meeting of Shareholders for the year on 8 March 2019 has approved the remuneration of the auditors for the year 2019 as the amount of 2,355,000baht, which is the auditor and the audited financial statements, interim financial statements of the Company and subsidiaries including the consolidated financial statements.

## 7. Compliance with good corporate governance principles in other matters

- none-

# 1. Corporate Social Responsibilities: CSR

## 1. Overview

The Company has focused on the business operation for the sustainable growth and has conducted the business in a good way to society with the good corporate governance principles and ethics. The Company has recognized the importance of responsibilities to stakeholders, economic, society and environment by defining the Corporate Social Responsibilities or CSR as the 8 principles set by the Stock exchange of Thailand (SET) as follows;

1. Fair business practice
2. Anti-corruption
3. Human right protection
4. Fair treatment of employees
5. Responsibility to consumers
6. Responsibility for the environment
7. Community or social development
8. Possession and dissemination of innovation derived from activities related to responsibility for society, the environment, and stakeholders

## 2. Operation and Reporting (CSR-In process)

The Company has focused on the business operation for the sustainable growth with CSR principles in order to produce the benefits to the society along with the growth of the Company. The Company has employed the CSR principles as the guideline to define the operation process and to ensure that all employees are aware of and perform the duties under such policies effectively based on responsibility to society, environment and stakeholder as follows;

### (1) Fair business practice

The Company has committed to conduct its business correctly, honestly, justly, transparently and has also disclosed the important information that can be checked. The Company will consider the benefits and impacts to shareholders, customer, suppliers, employees and stakeholders, including sharing the benefits properly and fairly. However, the Company has given the importance of complying with the laws as well as the international code of conduct by assigning directors, executives and employees to follow the laws, regulations

without taking part in any accomplices, supports or any actions violating the related laws and regulations.

### (2) Anti-corruption

The Company and its subsidiaries have had the intention and commitment to conduct its business with transparency, fairness, and responsibility for all stakeholders for a sustainable growth of the Company with the principles of a good corporate governance, ethics, code of conduct anti-corruption policy that can be verified.

Directors, executives and employees of the Company must strictly comply with the Company's anti-corruption policy, ethics and code of conduct to build confidence to the stakeholders inside and outside the organization to conduct the business together with honesty.

Moreover, the Company provides the channel to receive any clues and complaints about the dishonest and non-transparent actions as well as any illegal actions against policies, rules and regulations of the Company.

### (3) Human right protection

The Company has recognized that doing the business must respect the life and dignity of all people which is the foundation of human resources management and development as well as building human relationships in society. The Company has the guidelines to promote and encourage the compliance with the basic principles of human rights and equality without discrimination of race, nationality, religion, language, color, gender, age, education, social status or physical condition as well as taking care of employees to work in a safe and happy environment.

### (4) Fair treatment of employee

The Company has recognized that importance of human resource development and fair treatment of employee are crucial factor to increase the business value and to strengthen the competitiveness and sustainable growth of the Company in the future.

The Company has defined the guideline for the employee's treatment. The Company's executives must treat its employees fairly without any biases to support the potential creation in progress, to enhance employee's productivity as well as to encourage employees to understand the code of conduct that employees must comply with. Therefore, the

Company has defined the employees benefits appropriately to lighten the burden of the employees and to take care of the employees such as provident fund, treatment fee for outpatient, life insurance and group health insurance, annual check-up, financial support for sports and exercises as well as financial assistance in various cases such as ordination, childbirth, death and so on.

Moreover, the Company has provided the support its employees to develop themselves all the time in order to increase the efficiency of the employees in all level. The Company always holds the training for the employees of the practical skills and English language skills to improve self-development and organization.

**(5) Responsibility to consumers**

The Company has defined the guideline for its employees to strictly follow when treating the customers as the code of conduct, taking care and being responsible to the customers in term of quality and service as its standard and regulations as follows;

- 5.1 Treat customers fairly in products and services
- 5.2 Disclosure of information about the products and services accurately and completely
- 5.3 Keep confidential data and customer information
- 5.4 Educate the customers to develop the products and services
- 5.5 Provide more channel to receive complaint about products and services to comply with the Company's complaint policy.

**(6) Responsibility for the environment**

Being aware that it is part of environmental protection, the Company has emphasized on the responsibilities for the society, community, environment for human life while today's society begins to realize the importance of environmental protection. Therefore, the Company has operated and seriously controlled the compliance with the laws relating to the environmental protection.

**(7) Community or social development**

The Company has defined the guideline to follow or control the compliance with the related laws and regulations and has been responsible to the society as well as cooperated, assisted, supported and volunteered

any activities that benefit the community and society. The Company has also strengthened the economy and rehabilitated the society and innovation.

**(8) Possession and dissemination of innovation derived from activities related to responsibility for society, the environment, and stakeholders**

The Company has supported the innovation in the various fields, especially in the working process both within the organization and between organizations by emphasizing on the creative innovation that creates the positive change in productivity and value-added for maximum benefit to society. So that, the Company counted an innovation publication as one of CSR by communicating and disseminating of innovation to the stakeholders directly and indirectly in various channels to ensure that this innovation information will be reached to the stakeholders. This policy can reinforce the user base to the Company's products. The Company has operated many projects as follows;

8.1 The Company has coordinated with Pattaya Redemptorist Technological College, Chonburi in "Promoting learning to create a career opportunity Project". The Company has supported SolidWorks to use when designing and held the software training for the participants.



8.2 The Company has coordinated with the Bureau of Personnel Competency Development to hold the workshop under the project of “curriculum design and manufacture of mechanical parts to use in the manufacture of automotive components” for the teacher of machinery and basic production techniques at Chanthaburi Technical College, Chanthaburi.



8.3 The Company always holds the big annual event known as “APPLICAD’S SOLIDWORKS INNOVATION DAY’ to present the complete industrial design technology and innovation and to gather a group of users with relevant industry to learn and exchange knowledge and experience as well as to update the new innovation and technology of design software.



8.4 The Company always holds the big annual event known as “ARCHICAD THAI BIM CONFERENCE” to present the complete architecture and construction design technology and innovation and to gather a group of users in the real estate and architecture to learn and exchange knowledge and experience as well as to update the new innovation and technology of architecture and construction design software to elevate the standard of Thai design process to the international level with BIM.



With the commitment of the Company in the sustainable business development, the Company was selected to be “THAILAND TOP SME AWARDS 2017” which is the prestigious award for the SME entrepreneur with Thailand’s outstanding innovation of the year and the best performance by industry. On 6 September 2017, Dr. Somchai Harnhirun, permanent secretary of Ministry of Industry, award Mr. Prapas Tangadulrat, CEO of AppliCAD Public Company Limited, to develop a sustainable business with a wide range of services, One-stop service and meet customer needs.



### 3. CSR (After Process)

The Company has recognized the importance of community and society. Therefore, the Company has followed the CSR policy with the purpose to operate the business with the community by providing the education opportunity to the society. Due to the sustainable growth of the Company by qualified personnel and social strength, the Company has supported many activities for the people both inside and outside the Company as follows;

(1) The Company supported the education for youth and also gave the importance to Thai Education. The Company provided the opportunity to children in the remoted area to experience the advance technology as “Robot” with the cooperation from many companies supported the Department of Computer Engineering, Faculty of Engineering, King Mongkut’s University of Technology Thonburi, under the project name “Workshop for Kids: Fun with Robots” starting from 2011 to 2018 continuously.



(2) The Company has delivered lunch, snacks and toys to support the learning skills as well as scholarship for the children from The Orphanage Foundation of Thailand at Soi Ruam Chai, Suksawad, Rat Burana.

(3) The executives and employees of the Company and its subsidiaries have donated blood to Phramongkutklao Hospital at the Company’s head office which the Company will do this project every year

## Internal control and risk management

### The opinion of Borad of Directors on the Internal control of the Company

According to the resolution of the meeting of Board of Directors No./2020 on 21 February 2020 with 3 Audit Committees attended the meeting, the Board of Directors has evaluated the adequacy of the internal control of the Company by requesting information from the management which can be concluded that the assessment of internal controls of the Company consists of 5 parts in various fields as follows;

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information & Communication
5. Monitoring Activities

The Board of Directors has agreed that the Company has the adequate and appropriate internal control system. The Company has provided sufficient personnel to operate the system effectively. The Company's business operations are in line with good corporate governance and transparency. In addition, the Company has provided a monitoring system to oversee the Company's operations to ensure that it can protect the Company's assets from the misuse or without authority of director or executive as well as adequate control system for transactions with conflict-related persons or related parties.

### Head of Internal Audit of the Company

The Company has employed P&L International Audit Co., Ltd., an external unit to monitor the Company's internal control system from 2014 to the present. P&L International Audit Co., Ltd., has assigned Miss Sukanya Manolert, Assistant Vice President to be the head of internal audit.

The Board of Directors has considered the quality of Miss Sukanya Manolert and agreed that she has the sufficient quality to perform such duties due to independence. Knowledge, competence and experience in internal audit operations.

Therefore, the consideration and approval of appointment, transfer, dismissal of the head of internal audit of the company must obtain the approval or the agreement of the Audit Committee.

## Details of transaction

Between the year 2019, the Company and its subsidiaries have transactions with people who may have conflicted with the details of the transaction as follows;

| Persons who may have conflict   | transaction  | Transaction Value (Million Baht) |       |       | Necessity and rationality of transaction  | Opinion of Audit Committee   |
|---|--|----------------------------------|-------|-------|---|--|
|   |  | 2019                             | 2018  | 2017  |   |  |
| Mr. Prapas Tangadulrat<br>- Chief Executive Officer of the Company, holding 80% of the issued shares. | Rental of land and building  | 0.60                             | 0.60  | 0.60  | The Company has leased land and buildings from Mr. Prapas Tangadulrat to be used as a storage of facility and parking lot of the Company with a 3-year lease period starting 1 July 2019 to 30 June 2022 at the rental rate of 50,000 baht (area 1,504 sqm. as 33,24 baht per one sqm.) such rental rate when compared with the area value of the Company, rental of parking spaces in similar areas from third parties which are 1. Mr. Tongdee Busaratepkul with the monthly rental of 25,473.68 baht (area 1,196 sqm. as 21,30 baht per one sqm.), 2. Mrs. Sritong Busaratepkul with the monthly rental of 31,578.95 baht (area 1,196 sqm. as 26.40 baht per one sqm.). the rental which the Company has paid to Mr. Prapas is higher than both persons above due to the rental of showroom with parking and it is located next to the office building of the Company. | The audit committee has considered and agreed that the lease of land and building of the Company is a comparable price to the market value from the third parties considered as a reasonable price.  |
|   | <u>Guarantee of the Company's credit limit</u><br>- Guarantee of credit limit in the contract<br>- Debt balance at the end of period | -                                | 87.24 | 25.40 | The Company has had the agreement of credit limit with Siam Commercial Bank as the working capital in the business. Such credit limit has been guaranteed by Mr. Prapas Tangadulrat in the accordance with the terms and conditions of the commercial bank without the guarantee fee charged from the company's financial leasing. The Company was approved the additional credit limit on 4 April 2018 and terminated the guarantee of credit limit by Mr. Prapas Tangadulrat on 26 August 2019.   | The audit committee has considered and agreed that the assurance of Mr. Prapas Tangadulrat that happens because of the necessity to bring benefits to the Company on a credit limit contract with commercial banks for the use as working capital in the Company's business operations. As of 31 December 2019, the Company has no guarantee of the credit line. |



| Persons who may have conflict                          | transaction      | Transaction Value (Million Baht) |      |      | Necessity and rationality of transaction  | Opinion of Audit Committee   |
|--|------------------|----------------------------------|------|------|---|--|
|  |                  | 2019                             | 2018 | 2017 |   |  |
| Mr.Prakit Laoboontharoen<br>- as the Company executive | Consultation fee | 0.48                             | 0.48 | 0.04 | <p>RP has employed Mr.Prakit Laoboontharoen to provide the consultation service of sales. Mr. Prakit has good experience and professional in sales, marketing and product of 3D as well as the good relationship with industrial entrepreneurs. Such consultation is used for the benefits of the Company's operation in the monthly employment rate in the contract of 40,000 baht by considering from the remuneration paid to executives in similar levels with the 2 working days (8 days) which are 36,690.91 baht and 39,709.09 baht. In this regard, the Company has used such remuneration because the Company could not find any external consultant in the same responsibilities, although Mr.Prakit Laoboontharoen has the engineering technical position with Prime Design Solutions Company Limited without monthly salary that could not be comparable.</p> | <p>The audit committee has considered and agreed that such transaction is reasonable due to Mr. Prakit has good experience and professional in sales and marketing which the Company can utilize his consultation for RP's executives that can maximize the benefit for its goal and operation to be more efficient.</p> |

| Persons who may have conflict   | transaction                       | Transaction Value (Million Baht) |      |      | Necessity and rationality of transaction   | Opinion of Audit Committee  |
|---|-----------------------------------|----------------------------------|------|------|--|---|
|   |                                   | 2019                             | 2018 | 2017 |  |   |
| <p>Siam City Cement Public Company Limited</p> <p>- has the same director which is Dr. Sunee Sornchaitanasuk</p> <p>- Dr. Sunee Sornchaitanasuk is an independent director of the Company and also is director and audit committee of Siam City Cement Public Company Limited</p> | Revenue from sales of product     | 0.12                             | -    | -    | <p>The Company has distributed the designing and creating animation software to Siam City Cement Public Company Limited and also distributed 3D design software as SOLIDWORKS Standard version to B.Grimm Power Public Company Limited with a regular trading in terms of the same price as the price sold to Bizstar Associates Co., Ltd, More iDeas More Design Co., Ltd., and Bolt &amp; Nut Industry Co., Ltd. with same trade conditions in accordance with normal trading lines.</p> | <p>The audit committee has considered and agreed that such transaction is in accordance with regular trading and also reasonable.</p> |
| <p>B.Grimm Power Public Company Limited</p> <p>- Dr. Sunee Sornchaitanasuk is an independent director of the Company and also is an independent director and audit committee of B.Grimm Power Public Company Limited</p>  | Revenue from sales of product     | 0.30                             | -    | -    | <p>The Company has distributed 3D design software as SOLIDWORKS Standard version to B.Grimm Power Public Company Limited with a regular trading in terms of the same price as the price sold to Bolt &amp; Nut Industry Co., Ltd. with same trade conditions in accordance with normal trading lines.</p>  |   |
| <p>Magnolia Quality Development Corporation Limited</p> <p>- has the same director which is Mr. Thanin Pornsirivet</p> <p>- Mr. Thanin Pornsirivet is an independent director of the Company and also is director of Magnolia Quality Development Corporation Limited</p>         | Revenue from sales of consumables | 0.06                             | 2.91 | -    | <p>The Company has distributed machine and consumables to Magnolia Quality Development Corporation Limited with a regular trading in terms of the same price as the price sold to Top Trend Manufacturing Co., Ltd. with same trade conditions in accordance with normal trading lines.</p>  |   |

## Measures and procedures to approve the Related Parties Transaction

The Company has imposed measures to enter transactions between the Company and its subsidiaries and related parties, and the Audit Committee shall comment on the necessity, reasonableness and price suitability of the transaction, based on conditions in accordance with the normal trading practices at the market price. This can be compared to the price incurred to third parties. In the event that the Audit Committee does not have the expertise to consider the transactions of the following transactions. The Company shall provide individuals with special knowledge, such as auditors, property appraisals, law firms, etc. which is independent of the Company and those who may have conflicts to comment on such transactions to make the decision of the Audit Committee to allow the Audit Committee to present to the Board of Directors or shareholders as a case.

In addition, the Company and its subsidiaries have imposed measures not to allow executives or stakeholders to participate in the approval of transactions they have directly and indirectly. The Board of Directors shall ensure that the Company shall comply with the Securities and Exchange Commission and the Articles of Association, announcements, orders or requirements of the Capital Market And the Stock Exchange Of Thailand as well as to comply with the disclosure of transactions in the notice of the relevant transaction and the acquisition of significant assets of the Company and its subsidiaries. Moreover, it shall comply with the accounting standards set by the Federation of Accounting Professions under the Royal Patronage and will disclose the transactions between each other in the notes to the financial statements reviewed by the Company's auditors.

## Policies and trends in future Related Parties Transaction

The Company and/or its subsidiaries may continue to make transactions with each other in the future, which will be in accordance with the nature of the general trade business and clearly establish the transaction policy which will be the usual price and trading terms of the business which is similar to the appointment of unrelated individuals and/or companies, such as buying or selling, providing or receiving rental services, guarantees by major shareholders and/or directors, etc. The transactions between the upcoming parties are necessary to conduct the Company's business and/or its subsidiaries and to the benefit of the Company and/or its subsidiaries. The Audit Committee will consider reviewing the compliance and commenting on the reasonableness of the transactions that occur every quarter.

For transactions that do not comply with normal business that may occur in the future, the Company shall conduct an audit committee to review the compliance with the guidelines and show the reasons for such transactions before the Company or its subsidiaries enter such transaction by taking the following measures and procedures to approve the transaction as specified above. However, related parties transactions that may cause a potential conflict of interest in the future. The Board of Directors shall comply with the laws of the Securities and Exchange Commission and the Articles of Association, announcements, orders or requirements of the Capital Market And the Stock Exchange Of Thailand as well as to comply with the disclosure of transactions in the notice of the relevant transaction and the acquisition of significant assets of the Company and its subsidiaries. Moreover, it shall comply with the accounting standards set by the Federation of Accounting Professions under the Royal Patronage.

## Management Discussion and Analysis

### 1. An overview of the previous performance

The Company, the reseller of Mechanical solutions (MEC), Architecture Engineering & Construction (AEC) and 3D designing products (Hardware); 3D printing, 3D scanner as well as other related services has been appointed by the world's leading products' owners such as SOLIDWORKS from Dassault Systems SOLIDWORKS Corporation, ARCHICAD from Graphisoft SE, 3D Printer from Stratasys AP Limited and 3D scanner GOM from Gom GmbH. In order to provide the full service of 3D designing solutions, the Company has also provided the software training and prototyping service with the 3D printing. Moreover, the Company has also expanded into Indonesia under the name of PT. Indonesia AppliCAD by holding 67 % of issued shares.

After all this time, the Company has focused on providing the best products and technologies to create the satisfaction for our customers by continuously searching for new products and services to expand their business. As a result, we have gained more trust from customers and product owners which are affected to the Company's performance to continuously grow from 2016 to 2018 and 2019. The Company has had the total revenue as 540.39 million baht, 563.48 million baht, 738.96 million baht and 734.97 million baht respectively. Meanwhile, net profit of the Company has been increasing from 21.23 million baht in 2016 to 27.73 million baht in 2017, 75.24 million baht in 2018 and 57.63 million baht in 2019.

### 2. Analysis of operating

#### 2.1 Revenue

In 2016 to 2018 and 2019, the Company has had the total revenue as 540.39 million baht, 563.48 million baht, 738.96 million baht and 734.97 million baht respectively which consists of the revenue from selling products, services and others as following details;

| Type of service           | 2016          |               | 2017          |               | 2018          |               | 2019          |               |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                           | Million Baht  | %             | Million Baht  | %             | Million Baht  | %             | Million Baht  | %             |
| Sales revenue of products | 328.65        | 60.82         | 337.67        | 59.92         | 477.85        | 64.67         | 441.68        | 60.09         |
| Sales revenue of services | 203.31        | 37.62         | 215.71        | 38.28         | 251.17        | 33.99         | 285.30        | 38.82         |
| Other revenues            | 8.43          | 1.56          | 10.11         | 1.79          | 9.94          | 1.34          | 7.99          | 1.09          |
| <b>Total revenue</b>      | <b>540.39</b> | <b>100.00</b> | <b>563.48</b> | <b>100.00</b> | <b>738.96</b> | <b>100.00</b> | <b>734.97</b> | <b>100.00</b> |

## Sales Revenue

In 2016 to 2018, the Company had the sales revenue as 328.65 million baht, 337.67 million baht and 477.85 million baht respectively. It could be calculated as the growth rate of 2.74% and 41.52% consecutively. In 2019, the sales revenue is 441.68 million baht which is lower than the same period of last year which is 477.85 million baht decreased by 7.57%. The sales revenue of the Company from software and 3D design products is as following details;

| Type   | 2016         |         | 2017         |         |                 | 2018         |         |                 | 2019         |         |                 |
|--|--------------|---------|--------------|---------|-----------------|--------------|---------|-----------------|--------------|---------|-----------------|
|  | Million Baht | Ratio % | Million Baht | Ratio % | Growth rate (%) | Million Baht | Ratio % | Growth rate (%) | Million Baht | Ratio % | Growth rate (%) |
| Sales revenue from software                      | 253.43       | 77.11   | 272.13       | 80.59   | 7.38            | 319.34       | 66.83   | 17.35           | 287.38       | 65.07   | (10.01)         |
| Sales revenue from 3D design products (Hardware) | 75.22        | 22.89   | 65.53        | 19.41   | (12.88)         | 158.51       | 33.17   | 141.88          | 154.30       | 34.93   | (2.66)          |
| Total amount of sales revenue                    | 328.65       | 100.00  | 337.67       | 100.00  | 2.74            | 477.85       | 100.00  | 41.52           | 441.68       | 100.00  | (7.57)          |

### (1) Sales revenue from software

Sales revenue from software is the main revenue of the Company calculated as the ratio of 70 – 80% of the sales revenue. It could be separated into the mechanical design solutions (MEC) as the ratio of 65% of sales revenue from software and architecture engineering & construction design solutions (AEC) as the ratio of 35% of sales revenue from software. The Company had the sales revenue from software as 253.43 million baht in 2016 and increased to 272.13 million baht in 2017 or 7.38% of the growth rate as the result of sales revenue growth of software in MEC of 10.67% in accordance with the growth of manufacturing sector expanding as 2.93% with the main factor of export growth in the manufacturing industry such as computer, component, automotive and so on. Meanwhile, the sales revenue from AEC increased only 0.69% from last year because of the impact of the recession in the domestic construction industry as 1.0% in 2017. Many customers had postponed the order of AEC for the year of 2018. The Company had the sales revenue from software as 319.34 million baht increased by 17.35% from previous year. The sales revenue from software of MEC increased 8.17% which grown almost the same ratio of 2017 in accordance with the growth of manufacturing sector expanding as 2.99% from the expanding of automotive industry. Moreover, the sales revenue from software of AEC increased 37.91% as

in 2016, the Company developed and distributed THAIBIM which is add-on software of ARCHICAD to increase the working efficiency for the users and also received the good feedback from this add-on.

For 2019, the Company has the sales revenue from software as 287.46 million baht decreasing from the same period of last year by 13.65%, mainly due to the recession of the industrial production especially the production for export which has been affected by the world economic recession and the trade protectionism, as well as the recession of the construction sector and real estate in the country effected from the more measure to strictly approve the loan for real estate.

### (2) Sales revenue from 3D design products (Hardware)

Sales revenue from 3D design products derives from 3D printing technologies, especially 3D printer for industrial use as well as related consumables. Products in this group are expensive, therefore the decision process might take time. In some cases, it is a high value project and the sales revenue of products in the group is very volatile. In 2016, the Company has the sales revenue from 3D design products as 75.22 million baht separated into sales revenue from 3D printer as 55.80 million baht and sales revenue from consumables as 19.42 million baht. In 2017, the Company has the sales revenue from 3D design

products as 65.53 million baht separated into sales revenue from 3D printer as 41.18 million baht and sales revenue from consumables as 24.35 million baht. The sales revenue from 3D design products in 2017 reduced by 12.88% from 2016, mainly due to the postponement of the delivery of goods to customer who is the government and educational institutions as 34.24 million baht from 2017 to the beginning of 2018. As a result, the Company has the sales revenue from 3D design products as 158.51 million baht separated into sales revenue from 3D printer as 128.33 million baht and sales revenue from consumables as 30.18 million baht as well as the Company has expanded the customer groups of 3D printing into the petrochemical industry. Therefore, the sales revenue from 3D designs products in 2016 increased by 141.88%.

For 2019, the Company has the sales revenue from 3D design products as 154.29 million baht separated into the sales revenue from 3D printer as 121.82 baht and sales revenue from consumables as 32.47 million baht. The sales revenue from 3D design products of the same period of last year decreased by 0.06% and the sales revenue of 3D printer for 2019 has mainly derived from the customers who are the business partners.

#### **Sales revenue from Services**

The sales revenue from services is calculated as 35-38% from the total of sales revenue of the Company. In 2016 to 2018, the Company has the sales revenue from services as 203.31 million baht, 215.71 million baht calculated as 6.10% and 16.44% of the growth rate. The Company has the main service known as Subscription Service which is the software upgrade, or/ and maintenance service of 3D printers as the Subscription Services' package. This sales revenue will be gradually recognized throughout the period in the contract. In 2016 to 2018, the Company has the sales revenue from Subscription Services as 156.83 million baht, 165.29 million baht and 186.78 million baht respectively as the 5.39% and 13.00% of the growth rate which is consistent with the sales growth of software. Since 2017 onwards, the Company also has the policy more focusing on the Subscription Services' customer of SOLIDWORKS, mainly because more than 80% of sales revenue from Subscription Services has derived from SOLIDWORKS. Therefore, the Company has set team of Customer Service Engineering (CSE) to take care of new

customers throughout the first-year period under the contract. As a result, the customers purchasing SOLIDWORKS in the first year have increasingly renewed the Subscription Services according with, in 2018, the Company has focused on the group of customers purchasing SOLIDWORKS and did not renew the Subscription Services. After focusing on this group, it could make our previous customers renew the service contract. From that policy, the Company has more the Subscription Services' contracts which are still active as 2,560 contracts as at the end of 2016 increasing to 2,595 contracts as at the end of 2017 and 3,073 as at the end of 2018.

Moreover, the Company also provides other services to meet customer needs such as prototyping, low volume production, 3D design as the requirement from the customers (Customized Services) and training service. In 2016 to 2018, the Company has the sales revenue from other services as 46.47 million baht, 50.42 million baht and 64.39 million baht respectively. It could be calculated as the growth rate of 8.48% and 27.72% which is consistent with the sales growth of software as well as the Company has focused on adding more value to our products and services such as the 3D design service, software development to meet the customers' needs and so on.

For 2019, the Company has the sales revenue from other services as 285.30 million baht increased by 13.59% from the same period of last year and at the end of 2019, the Company has the active Subscription Service of SOLIDWORKS as 3,121 contracts increased from the same period of last year which is 3,073 contracts.

#### **Other revenues**

In 2016 to 2018, the Company has the other revenues as 8.43 million baht, 10.11 million baht and 9.94 million baht or 1.56%, 1.79% and 1.34% from the total revenue. Other significant revenues are the shared commission and market funding from the product owners and the exchange gains. The Company received the shared commission and market funding from the product owners as 5.64 million baht, 4.70 million baht and 5.29 million baht. Moreover, the Company also gained the exchange gains as 1.59 million baht, 3.91 million baht and 2.29 million baht respectively.

For 2019, the Company has the other revenues

as 7.99 million baht consisting of the significant revenue which is the shared commission and market funding from the product owners as 3.65 million baht and gain on sale of property 1.14 million baht.

## 2.2 Costs and expenses

The costs and expenses of the Company consist of cost of sales and service, distribution cost, administrative cost and financial cost. In 2016 to 2018 and 2019, the Company has had the total costs and expenses of 512.32 million baht, 526.74 million baht 644.00 million baht and 662.77 million baht respectively which could be calculated as 94.81%, 93.48%, 87.15% and 90.18% of the total revenue as the following details;

| Costs and expenses              | 2016          |               | 2017          |               |
|---------------------------------|---------------|---------------|---------------|---------------|
|                                 | Million baht  | %             | Million baht  | %             |
| cost of sales and service       | 284.86        | 55.60         | 295.78        | 56.15         |
| distribution cost               | 135.53        | 26.45         | 138.20        | 26.24         |
| administrative cost             | 90.88         | 17.74         | 91.76         | 17.42         |
| financial cost                  | 1.05          | 0.21          | 1.00          | 0.19          |
| <b>Total costs and expenses</b> | <b>512.32</b> | <b>100.00</b> | <b>526.74</b> | <b>100.00</b> |
| % per total revenues            | 94.81         |               | 93.48         |               |

| Costs and expenses              | 2018          |               | 2019          |               |
|---------------------------------|---------------|---------------|---------------|---------------|
|                                 | Million baht  | %             | Million baht  | %             |
| cost of sales and service       | 377.27        | 58.58         | 380.30        | 57.38         |
| distribution cost               | 160.44        | 24.91         | 176.31        | 26.60         |
| administrative cost             | 106.00        | 16.46         | 106.16        | 16.02         |
| financial cost                  | 0.29          | 0.05          | 0.00          | 0.00          |
| <b>Total costs and expenses</b> | <b>644.00</b> | <b>100.00</b> | <b>662.77</b> | <b>100.00</b> |
| % per total revenues            | 87.15         |               | 90.18         |               |

### Cost of sales and service and gross profit

The cost of sales and service is the main expense of the Company. In 2016 to 2018 and 2019, the Company has the cost of sales and service as 284.86 million baht, 295.78 million baht, 377.27 million baht and 380.30 million baht which could be calculated as 55.60%, 56.15%, 58.58% and 57.38% of the total costs and expenses of 2016 to 2018 and 2019. If comparing the costs and expenses of 2016 to 2018 and 2019, the Company has such revenues calculated as 53.55%, 53.45%, 51.75% and 52.31% respectively and it could be calculated as the gross profit of 46.45%, 46.55% 48.25% and 47.69%. However, the cost of sales and service could be classified into 3 groups which are cost of software, cost of 3D design and cost of service.

#### 1. cost of software

In 2016 to 2018, the Company had the cost of software as 140.82 million baht, 163.14 million baht and 171.48 million baht which could be calculated as the gross profit of 44.44%, 40.05% and 46.30%. As a result, the gross profit margin of software in 2017 deduced from 2016 due to the increasing of the online sales and the company is not the

distributor of many of these software as well as they have a higher cost of sales. Moreover, in 2017, the Company also got the affect from the recession in the construction industry. From this recession, it affected to our customers to postpone the purchase our AEC software and it could lead to the contraction of the sales of ARCHICAD which is the software with the high gross profit. And in 2018, the gross profit margin of software increased by 46.30% due to the value of Thai baht which is likely to appreciate against the USD from the average of 33.94 baht per USD in 2017 to 32.31 baht per USD in 2018. It affected to the Company to have less cost of software as well as the recovery of the construction industry and launching new product known as THAIBIM which made the sales and gross profit of AEC software better.

For 2019, the Company has the cost of software as 156.86 million baht calculated as the gross profit margin of 42.42% decreased from the gross profit margin in 2018 which is 46.41% due to the increase of cost of software in some projects as well as the growing proportion of some software with low gross margin that the Company is not dealer.

## 2. Cost of 3D design products (Hardware)

In 2016 to 2018, the Company has the cost of 3D design products as 58.26 million baht, 37.73 million baht and 98.28 million baht calculated as the gross profit of 22.55%, 42.42% and 38.00% respectively. It shows that the cost of 3D design products is quite volatile because in 2016, the Company begun to expand the business to the government and educational institutions, therefore, the price competition strategy is used to build a customer base and expand the market for customers in this group. In addition, in 2016, the exchange rate of the baht has depreciated by an average of 34.25 baht per USD in 2015 and 35.30 baht per USD in 2016 which lead the Company to find other 3D design software with high cost. For 2017, the Company had gross profit margin of 3D design products rose to 42.42% as a result of the Thai baht with an average of 35.30 baht per USD in 2016 to 33.94 baht per USD in 2017, resulting in the 3D design costs of the Company was lower. In 2018, the 3D design product gross margin of the Company was 38.00% lower than the previous year, although the value of Thai baht continued to rise to 32.31 baht per USD in 2018. Since 2018, the Company

organized a large project for government and educational institutions which is the distribution of the Company's products alongside other products that the Company is not a reseller to make the cost of the product increase.

For 2019, the Company has the cost of selling 3D design products of 102.48 million baht calculated as 33.58% of margin which was lower than the margin in 2018, which was 38.00% due to 3D printer sales incurred in 2019, mainly as sales to business partner customers, with lower margins than sales to general customers.

## 3. Cost of services

The Company had a service cost of 85.79 million baht in 2016 amounting to 94.90 million baht in 2017 and 107.51 million baht in 2018 calculated as 57.80% at 56.00% and 57.20% respectively of gross margin. Significant service costs included subscription service costs, which were the cost stipulated by the Company to pay to the owner of the product accounted for 76.04% 73.17% and 68.97% of service costs in 2016-2018 respectively. In addition, the other significant service costs were the cost of technical staff, which is the job of providing services to customers both before sale and after sales. Employee expenses accounted for 13.26% at 14.31% and 14.27% of service costs in 2016-2018, respectively,

For 2019, the Company has a service cost of 120.95 million baht or 57.60% of gross margin similar to the margin in 2018, with subscription service costs and employee expenses accounted for 67.02% and 14.44% of service costs, respectively.

## Gross profit and margin

From the above mentioned cost impact in 2016 to 2018, the Company had gross profit of 247.09 million baht 257.60 million baht and 351.75 million baht calculated as 46.45% at 46.55% and 48.25% respectively of gross margin. The reason that margins rose throughout 2016 to 2018 was a result of the USD's growth resulting in a decrease in sales costs. As a result, some costs were fixed costs that did not vary by income, such as employee expenses, rents and depreciation, while sales and services of the Company had steadily increased. For the year 2019, the Company has gross profit of 346.69 million baht calculated as 47.69% of gross margin which was lower than the margin in 2018 due



to the margin of software sales decreased as the cost of some core software was higher as well as the software that the Company is not a dealer, a software with a lower margin, has a growing proportion, including 3D printer sales made in 2019, mainly sold to business partner customers, which have lower margins than sales to regular customers.

#### **Cost of distribution**

The Company had the cost of distribution of 135.53 million baht in 2016, 138.20 million baht in 2017 and 160.44 million baht in 2018 calculated as 25.48%, 24.97% and 22.01% of sales and services, respectively. The proportion was consistently decreasing due to the Company's revenue increases every year, while the cost of distribution is largely non-volatile based on income, such as salesperson salaries, marketing expenses and travel expenses. Significant distribution costs of the Company include employee expenses and marketing expenses as follows:

Employee expenses, most is the compensation paid to salesperson which will be paid as a monthly salary, commission and remuneration based on the sales performance. In 2016, the Company had the employee expenses of 102.70 million baht, in 2017 as 102.45 million baht and in 2018 as 123.25 million baht calculated as 75.78 % and 74.13 %, 76.82 % of the total cost of sales in the years 2016 to 2018 respectively.

Marketing expenses included the costs involved in annual events and seminars such as SOLIDWORKS Innovation Day, Metalex and ARCHICAD THAIBIM Conference, as well as online marketing such as Facebook and Google, as well as gift expenses and reward for customers. Marketing expenses amounted to 16.61 million baht, 14.88 million baht and 15.51 million baht, respectively calculated as 12.26%, 10.77% and 9.67% of total distribution costs in 2016 to 2018 respectively.

For 2019, the Company has the cost of distribution of 176.31 million baht or 22.68% of sales and services. With significant distribution costs include employee expenses of 129.77 million baht and marketing expenses of 20.90 million baht calculated as 76.11% and 7.89% of distribution costs respectively.

#### **Cost of Administration**

In 2016 to 2018, the Company had the administrative expenses of 90.88 million baht, 91.76 million baht and 106.00 million baht calculated as 16.82%, 16.28% and 14.34% of total revenue, respectively. It can be seen that the Company had tightened control over administrative expenses. As a result, the proportion of administrative expenses of the Company had been steadily decreasing.

Significant administrative expenses were expenses associated with the executive and employees such as salaries, bonuses and other welfare which can be calculated as 63.62% 65.41% and 65.85% of administrative expenses in 2016 to 2018 respectively and expenses related to office buildings such as rental, utility depreciation, etc., which accounted for 18.24% 15.63% and 14.07% of administrative expenses in 2016 to 2018 respectively. The expenses for the office had decreased since 2017 due to the Company invested to purchase land and building which is the office of the Company in June 2016 instead of renting, resulting in the decrease of rental of the Company. In addition, the Company had professional fees such as audit fees, internal auditor fees and consultation fees, which accounted for 4.40%, 5.40% and 6.82% of administrative expenses in 2016 to 2018, respectively. For professional service fees since 2017, it was partly as the cost of preparing for the initial public offering and others relating to being the listed company in the Stock Exchange. In addition to the above costs, other administrative expenses were consumables, bank fees and travel expenses, etc.

For 2019, the administrative expenses of the Company amounted to 106.16 million baht or 14.60% of total revenue, with significant administrative expenses such as administrative expenses and employees of 72.83 million baht and office expenses amounted to 14.08 million baht or 68.60% and 13.26% of administrative expenses, respectively.

#### **Financial expenses**

The Company had the financial expenses of 1.05 million baht in 2016, 1.00 million baht in 2017, 0.29 million baht in 2018 and 0.01 million baht in 2019 arose from short-term loans from financial institutions, which are current limits for use in the Company's business operations.

## 2.3 Net profit

From the Company's operation above, in 2016 to 2018 and 2019, the Company has had net profit of 21.23 million baht, 27.73 million baht, 75.24 million baht and 57.63 million baht respectively, representing a net profit margin of. 3.93 %, 4.92 %, 10.18 % and 7.84% respectively and the reason is that the rate of increase in net profit in 2018 as a result of the revenue from sales and services of the Company increased while the cost of distribution and the cost of administration have been largely fixed expenses that do not vary according to revenue resulting in economies of scale and in the increase of the Company's net profit.

### Return on equity

When considering the return on equity, it is evident that the rate of return on equity adjusted in line with the growth rate of net profit. The Company has had the return on equity of 87.90% in 2016, 77.81% in 2017, 115.89% in 2018 and 27.69% in 2019 due to the increase of shareholders. Moreover, the Company has continuously paid dividends to shareholders of 6.50 million baht in 2016, 46.72 million baht in 2017 and 67.02 million baht in 2018.

## 3. Financial Position

### 3.1 Asset

At the end of 2016 to 2018 and 2019, the Company had total assets of 273.28 million baht, 310.54 million baht, 379.39 million baht and 615.45 million baht respectively. The significant assets of the Company included trade receivables, prepaid service costs, inventories, land and plant and equipment. At the end of 2018, the proportion of such significant assets per total assets was 18.77%, 16.56%, 7.41% and 19.90% respectively. For 2019, the proportion of such significant assets per asset was 8.83%, 10.50%, 4.22% and 14.56% respectively. Details of the group's important assets can be summarized as follows:

### Account Receivables

The Company had the account receivables before deducting the allowance for doubtful accounts of 81.31 million baht at the end of 2016, 69.40 million baht at the end 2017, 71.19 million baht at the end 2018 and 54.37 million baht at the end 2019 accounted for 29.75%, 22.35%, 18.77%, and 8.84% respectively of the total assets. The Company had the credit term policy about 30 to 60 days. At the end of 2016 to 2018 and at the end of 2019, the Company had the period of debt collection averaged to 43.98 days, 49.02 days, 34.71 days and 31.09 days respectively.

| Overdue period                              | As of 31 Dec 2016 |               | As of 31 Dec 2017 |               | As of 31 Dec 2018 |               | As of 31 Dec 2019 |               |
|---|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|   | Million baht      | %             | Million baht      | %             | Million baht      | %             | Million baht      | %             |
| Not due                                     | 62.78             | 77.21         | 50.46             | 72.70         | 47.86             | 67.23         | 44.26             | 81.41         |
| <u>Overdue</u>                              |                   |               |                   |               |                   |               |                   |               |
| Not over 3 months                           | 17.56             | 21.59         | 18.55             | 26.72         | 22.16             | 31.12         | 8.24              | 15.16         |
| 3 - 6 months                                | 0.73              | 0.89          | 0.09              | 0.13          | 0.86              | 1.20          | 1.87              | 3.44          |
| 6 - 12 months                               | 0.25              | 0.31          | 0.20              | 0.29          | 0.32              | 0.45          | -                 | -             |
| More than 12 months                         | -                 | -             | 0.11              | 0.16          | -                 | -             | -                 | -             |
| <b>Total account receivables</b>            | <b>81.31</b>      | <b>100.00</b> | <b>69.40</b>      | <b>100.00</b> | <b>71.19</b>      | <b>100.00</b> | <b>54.37</b>      | <b>100.00</b> |
| Deduction : allowance for doubtful accounts | (0.12)            |               | (0.31)            |               | (0.32)            |               | (0.20)            |               |
| <b>Account receivables - Net</b>            | <b>81.19</b>      |               | <b>69.09</b>      |               | <b>70.87</b>      |               | <b>54.17</b>      |               |

From the above table, it is evident that most of account receivables of the Company are not due and overdue not over 3 months. At the end of 2016 to 2018 and 2019, the Company had the receivables who are not overdue accounted to 77.21%, 72.70%, 67.23% and 81.40% respectively of the total account receivables before the deduction of allowance for doubtful accounts and are the receivables who are overdue not over 3 months accounted to 21.59%, 26.72%, 31.12%, and 15.16% respectively of the total account receivables before the deduction of allowance for doubtful accounts. Most of receivables who are overdue not over 3 months because the Company could not collect the money as during the waiting for the period of billing and payment of the customers. Moreover, the receivables overdue for more than 3 months accounted for 1.20%, 0.58 %, 1.65 % and 3.43 % of total trade accounts receivable before allowance for doubtful accounts at the end of the year 2016 to 2018 and 2019 by the receivables are during the negotiations and track for settle outstanding debts. In 2018 and 2018, the Company amortized bad debts for receivables owed more than 1 year as the amount of 0.36 million baht and 0.20 million baht respectively, as the receivables have set aside both allowances for doubtful accounts.

For policies to reserve allowances for doubtful accounts, the Company has considered from the experience of collecting debts and the age of outstanding debt of each receivables by considering setting up 50% allowances for doubtful accounts for the account receivables who are over 6 months and will consider setting up allowance for doubtful accounts of 50% for the remaining amount if the receivables are owed more than 12 months as the amount of 0.12 million baht, 0.31 million baht, 0.32 million baht and 0.21 million baht respectively.

#### Prepaid service cost

Prepaid service cost is the cost of subscription service that the Company shall pay to the product owners and is pending amortization of the period of the service contract which is mostly a one-year contract. By the end of 2016 to 2018 and 2019, the Company had the prepaid service cost of 46.68 million bath, 55.29 million baht, 62.81 million baht and 64.59 million baht, respectively accounted to 17.08%, 17.80%, 16.56%, and 10.50% of total assets, respectively. Prepaid service costs will be increased according to the number of subscription service contracts under service.

#### Inventor

|  | As of 31 Dec 2016 |               | As of 31 Dec 2017 |               | As of 31 Dec 2018 |               | As of 31 Dec 2019 |            |
|--|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|------------|
|  | Million baht      | %             | Million baht      | %             | Million baht      | %             | Million baht      | %          |
| Finished goods                                 | 14.26             | 68.83         | 32.40             | 79.48         | 14.72             | 52.38         | 11.05             | 42.53      |
| Spare parts and consumables                    | 5.94              | 28.66         | 7.67              | 18.81         | 8.24              | 29.33         | 10.45             | 40.22      |
| Raw materials                                  | 0.45              | 2.17          | 0.67              | 1.64          | 0.68              | 2.41          | 1.50              | 5.77       |
| Work in Process                                | 0.07              | 0.34          | 0.03              | 0.08          | 0.30              | 1.08          | 0.10              | 0.38       |
| Goods in transit                               | -                 | -             | -                 | -             | 4.16              | 14.81         | 2.88              | 11.09      |
| <b>Total inventories</b>                       | <b>20.71</b>      | <b>100.00</b> | <b>40.76</b>      | <b>100.00</b> | <b>28.11</b>      | <b>100.00</b> | <b>25.98</b>      | <b>100</b> |
| Deduction : allowance for inventory impairment | (1.83)            | (8.82)        | (2.03)            | (4.99)        | (1.57)            | (5.58)        | (2.45)            | (9.43)     |
| <b>Inventories - net</b>                       | <b>18.88</b>      |               | <b>38.73</b>      |               | <b>26.54</b>      |               | <b>23.53</b>      |            |

Inventories of the Company include finished goods which mostly are the software, machinery and equipment pending to be installed and delivered to customers. The Company has no software stocking policy because the purchase of software from the product owner has a short Lead Time. In the 3D printer section which is directly appointed as a dealer from the owner of the product. The Company will only order and import from overseas manufacturers when receiving orders from customers

only. Therefore, the Company has only the remaining items in the spare parts and consumables that are reserved to serve customers who purchase 3D printers with the order every month based on the minimum stock as defined.

At the end of 2016 to 2018 and 2019, the Company had inventories before deducting allowance for inventories impairment of 20.71 million baht, 40.76 million baht, 28.11 million baht and 28.75 million baht, respectively. The inventories at the end of 2017 significantly increased from the previous year as at the end of 2017, the Company had the 3D design product which was a high-value machine pending to be delivered to customers in the government and educational institutions section. The Company already delivered such machine in the first quarter of 2018.

In addition, the Company had policy to consider the settle of allowance for diminution in value of inventories of spare parts and consumables based on the useful life of each product category. At the end of 2016 to 2018 and 2019, the Company had inventories of spare parts and consumables as the amount of 5.94 million baht, 7.67 million baht, 8.24 million baht and 10.31 million baht. As a result, in 2016, the Company set the allowance for diminution in value of inventories as the amount of 1.83 million baht accounted to 8.82% of the total value of inventories. In 2017, the Company increased the allowance for diminution in value of inventories by 0.21 million baht. Consequently, at the end of 2017, the Company had the amount of allowance for diminution in value of inventories as 2.03 million baht accounted to 4.99% of the total value of inventories. At the end of 2018, the Company had the amount of allowance for diminution in value of inventories as 1.57 million baht accounted to 5.58% of the total value of inventories. Moreover, the Company had the amount of allowance for diminution in value of inventories decreased from the previous year as 0.47 million baht, resulting the Company had promotion to drain slow-moving group products to make inventory management more efficient.

For 2019, the Company increased the allowance for diminution in value of inventories by 0.64 million baht which affected the amount of allowance for diminution in value of inventories in 2019 as 2.45 million baht accounted to 9.43% of the total value of inventories.

### Property, plant and equipment

The Company had the net value property, plant and equipment of 54.75 million baht at the end of 2016, 52.16 million baht at the end of 2017 and 75.50 million baht at the end of 2018 accounted to 20.03%, 16.80% and 19.90% respectively of the total assets.

In 2016, the Company invested in buying property and office building from the lessor as the amount of 23.91 million baht and invested in construction, decoration and buying office equipment as the amount of 5.64 million baht. In addition, the Company also invested in machine for manufacturing service of parts and equipment for the demonstration to customers as the amount of 3.91 million baht, while the impairment was 9.61 million baht. In 2017, the Company invested in the reconstruction of building and buying office equipment as the total amount of 6.19 million baht and also invested in the 3D printer for the demonstration of 1.11 million baht. Moreover, the Company invested in buying the vehicle as the amount of 0.67 million baht while the amortization of office equipment, other equipment and vehicles had the net book value of 0.47 million baht and a depreciation of 10.09 million baht. As a result, at the end of 2017, the Company had property, plant and equipment as the amount of 52.16 million baht decreased from the end of 2016 of 2.59 million baht. In 2018, the Company invested in additionally buying property and office building from the lessor as the amount of 27.32 million baht and also invested in the construction, decoration and buying office equipment as the amount of 5.30 million baht as well as invested in equipment for the demonstration and vehicle as the amount of 0.78 million baht. Meanwhile, the amortization of office equipment and other equipment had the net book value of 0.15 million baht and a depreciation of 10.00 million baht. As a result, at the end of 2018, the Company had property, plant and equipment as the amount of 75.50 million baht increased from the end of 2017 as 23.41 million baht.

In 2019, the Company had the net value of property, plant and equipment of 89.64 million baht. The investment was in machinery for production of workpieces and equipment for demonstration as 14.30 million baht and invested in building improvements and buying of office equipment as the total of 15.39 million baht while the amortization of office equipment and other equipment had the net book value of 9.00 million baht and a depreciation of 12.27 million baht.

## 3.2 Liquidity

### Cash Flow

| (unit : million baht)                                | 2016    | 2017    | 2018    | 2019    |
|--|---------|---------|---------|---------|
| Net cash from (used in) operating activities         | 42.69   | 45.19   | 135.58  | 86.38   |
| Net cash from (used in) investing activities         | (25.27) | (7.42)  | (30.05) | (26.59) |
| Net cash from (used in) financing activities         | (0.003) | (28.24) | (38.77) | 178.35  |
| Cash and cash equivalents increase (decrease) in net | 17.34   | 8.10    | 66.56   | 238.59  |

The Company had the net cash flow from the operation activities as the amount of 42.69 million baht in 2016, 45.19 million baht in 2017 and 135.58 million baht in 2018. It is evident that the Company had the cash flow from the operation increasingly. In 2017, the Company had pre-tax profit of 36.74 million baht increased from 28.06 million baht in 2016. In addition, in 2017, the Company had account payables and other current payables increased by 36.02 million baht and had account receivables and other current receivables decreased by 2.33 million baht. Meanwhile the Company had the more inventories of 20.05 million baht, resulting to the cash from operation of 45.19 million baht. In 2018 the Company had pre-tax profit of 94.96 million baht and inventories of 12.66 million bath, account receivables and other current receivables increased 25.27 million baht. Meanwhile the Company had account receivables and other current receivables increased 25.83 million baht, resulting to the cash from operation of 135.58 million baht.

In 2016 to 2018, the Company had cash flow used in investing activities as the amount of 25.27 million baht, 7.42 million baht and 30.05 million baht respectively. In 2016, the Company purchased property, plant, equipment and intangible assets as the amount of 31.62 million baht while had the cash received from asset disposal of 0.47 million baht. In addition, the Company had the cash received from repayment of loans to related parties and interest as the amount of 4.89 million baht and 1.00 million baht of interest. In 2017, the Company invested in reconstruction of office building and purchased the equipment, vehicle and intangible assets as the amount of 8.20 million baht with the cash of asset disposal of 0.62 million baht and interest of 0.26 million baht. In 2018, the Company invested in buying more ordinary shares of RP from the existing shareholders

as the amount of 0.86 million baht resulting in the increase the Company's stake in RP to 99.99% of the total number of issued shares, as well as the investment in property, plant, equipment and intangible assets as the amount of 34.90 million baht. Meanwhile, the Company had cash received from the asset disposal of 0.10 million baht. In addition, the Company also had cash received from repayment of loan to related parties of 3.17 million baht and interest of 2.46 million baht.

The Company had the cash flow used in financing activities as the amount of 0.003 million baht in 2016, since the Company had a long-term loan from financial institution as the amount of 17.00 million baht in order to purchase property and office buildings and repaid such long-term loan from financial institution, financial lease and interest paid were 10.78 million baht. Moreover, the Company paid the dividend of 6.50 million baht. In 2017, the Company had cash received from payment for new ordinary shares as the amount of 27.00 million baht while repayment of long-term loan from financial institution, financial lease and interest were 8.52 million baht and the dividend payment as the amount of 46.72 million baht. As a result, the Company had the net cash flow used in financing activities as the amount of 28.24 million baht. In 2018, the Company had cash received from payment for new ordinary shares as the amount of 46.80 million baht while the repayment of long-term loan from financial institution and finance lease with interest were 18.55 million baht and the dividend payment of 67.02 million baht. Therefore, the Company had cash flow used in financing activities as the amount of 38.77 million baht.

In 2019, the Company had net cash from operating activities as the amount of 86.38 million baht due to a pre-tax

profit of 72.20 million baht, with the decrease of account payables and other current payables as the amount of 5.71 million baht while the increase of account receivables and other current receivables as the amount of 4.57 million baht. The Company had the inventories decreased as the amount of 2.11 million baht. Moreover, the Company invested in plant, equipment and intangible assets as the amount of 31.05 million baht and the cash received from the disposal of office equipment and other equipment of 3.80 million baht. The cash flow used in investing activities amounted to 26.59 million baht, with net cash used in financing activities amounted to 8.38 million baht due to the repayment of loan and related interest of 0.74 million baht and paid a dividend of 24.84 million baht and the value of capital funding of 196.80 million baht.

### Current Ratio

The Company's current ratio at the end of 2016 to 2018 and 2019 was 0.99 times, 0.98 times, 1.09 times and 1.99 times, respectively, and a quick ratio of 0.66 times, 0.52 times, 0.75 times and 1.64 times, respectively. The current ratio to the quick ratio varied since the Company had the proportion of the cost of inventories and prepaid services to the current assets accounted for 31.55 %, 37.84 %, 30.67 % and 17.34 % at the end of 2016 to 2018 and 2019 respectively.

The Company had cash cycle of 23.94 days in 2016, 26.43 days in 2017 and 20.95 days in 2018. The cash cycle in 2017 was increased due to the average sales period increased from 25.77 days in 2016 to 37.37 day as at the end of the year, the Company had a waiting product for the project of public sector and educational institutions, resulting in an increase in the average sales period, with the Company had an average debt collection period of 43.98 days in 2016 to 49.02 days, while the average repayment period increased to 59.97 days. at the end of 2017. The Company had undue account payables, which were due to the purchase of high-value 3D design products to prepare for delivery to customers, and for 2018, the Company had a cash cycle reduced to 20.95 days due to the average debt collection period of 34.71 days, while the average debt collection period was 34.71 days and average repayment period of 46.63 days.

In 2019, the Company had cash cycle of 21 days, the average debt collection period of 31.09 days, the average sales period of 25.61 days and average repayment period of 35.46 days.

|                                  | 2016  | 2017  | 2018  | 2019  |
|----------------------------------|-------|-------|-------|-------|
| Current ratio (times)            | 0.99  | 0.98  | 1.09  | 1.99  |
| Quick ratio (times)              | 0.66  | 0.52  | 0.75  | 1.64  |
| Average collection period (days) | 43.98 | 49.02 | 34.71 | 31.09 |
| Average sales period (days)      | 25.77 | 37.37 | 32.86 | 25.61 |
| Average repayment period (days)  | 45.81 | 59.97 | 46.63 | 35.46 |
| Cash Cycle (days)                | 23.94 | 26.43 | 20.95 | 21.24 |

## 3.3 Sources of funding

### Liabilities

At the end of 2016 to 2018 and 2019, the Company had total liabilities of 238.47 million baht, 271.64 million baht, 286.54 million baht and 292.02 million baht respectively. Liabilities mainly were from accounts payable and other payables and unearned revenue which is liabilities arising from business operations. The Company had account payables and other current payables of 85.99 million baht at the end of 2016, 93.90 billion baht at the end of 2017, 94.21 billion baht at the end of 2018 and 78.57 million baht in 2019 and unearned income arising from Subscription Services that will be recognized revenue during contract of 112.63 million baht at the end of 2016, 140.74 million baht at the end 2017, 165.52 million baht at the end of 2018 and 175.42 million baht in 2019.

In this regard, if considering the liabilities from financial institutions including loans from financial institutions and

financial lease liabilities, in 2016 to 2018, the Company had loans from financial institutions as the amount of 24.32 million baht, 18.11 million baht and 0.73 million baht which were short-term loans for use as working capital of the business as the amount of 8.33 million baht at the end of 2016, 14.22 million baht at the end of 2017 and in 2018, the Company had no the outstanding of short-term loans. The other part was long-term loans from financial institutions. The credit for the purchase of land and buildings in 2016 amounted to 17.00 billion baht. The Company gradually repaid the loan according to the terms of the loan agreement, resulting in at the end of 2016 to 2018, the Company had a long-term loan balance of 15.99 million baht, 3.88 million baht and 0.73 million baht. In addition, the Company also had liabilities under finance lease agreements which were the liabilities arising from leasing vehicles of 2.25 million baht at the end of 2016, 0.88 million baht at the end of 2017 and the Company had no liabilities under finance leases outstanding at the end of 2018 and for 2019 the Company had no debt from financial institutions from both of loans from financial institutions and the financial lease liabilities.

### Shareholder

The Company had shareholders' equity of 34.81 million baht at the end of 2016, 38.90 million baht at the end of 2017, increased from the end of 2016 to 4.09 million baht due to the capital increase 27.00 million baht. As a result, the Company had issued and paid-up capital increased from 9.00 million baht to 36.00 million by issuing 270,000 newly issued ordinary shares with a par value of 100 baht, as well as cumulative profit increased from 27.73 million baht and paid dividend of 46.72 million baht. For shareholders at the end of 2018 amounted to 92.86 million baht, increased from at the end of 2017 amounted to 53.95 million baht due to the Company's capital increase of 46.80 million baht. As a result, the Company had issued and paid-up capital increased from 36.00 million baht to 82.80 million baht by issuing 468,000 newly issued ordinary shares with a par value of 100 baht, as well as cumulative profit increased from operating results in 2018 of 75.24 million baht and paid dividend of 67.02 million baht.

In 2019, the Company had shareholders' equity of 323.43 million baht, increased from the end of 2018 of 230.57 million baht due to retained earnings increased from comprehensive income in 2018 of the Company as the amount of 57.63 million baht. The Company had the capital value of 196.80 million baht. As a result, the Company had issued and paid-up capital increased from 82.80 million baht to 140.00 million baht and paid dividend of 24.84 million baht.

### Appropriateness of the capital structure

The Company had a debt-to-equity ratio of 7.13 times at the end of 2016, 7.25 times at the end of 2017, 3.09 times at the end of 2018 and 0.90 times in 2019 since most of the Company's liabilities are operating liabilities such as account payables and account payables received in advance based on the proportion of interest-bearing liabilities to shareholders, will be 0.55 times at the end of 2016, 0.13 times at the end of 2017, 0.01 at the end of 2018 and in 2019, the Company had no debt that has to pay the interest. The reason is that the ratio of debt to shareholders' equity declined steadily as a result of the shareholder's shares rose as detailed explanation on the part of shareholders.

## The report of authorized audit and financial statements

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
DECEMBER 31,2019  
AND INDEPENDENT AUDITOR'S REPORT



**Independent Auditor's Report**

**To The Shareholders of Applicad Public Company Limited**

**Opinion**

I have audited the financial statements of Applicad Public Company Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position and as at December 31, 2019, and the consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of Applicad Public Company Limited and its subsidiaries as at December 31, 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



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**Allowance for doubtful account**

**Risk**

Refer to Note 6. The group's trade and other current receivable amounting to 130.57 million baht as at December 31, 2019 an accounts receivable consisted of group of small and medium enterprises, state enterprises, government agencies, and educational institutions. Trade accounts receivable are presented at net realisable value. The group set up allowance for doubtful receivables based on a review of each account receivable that may not be collected. I focused on the allowance for doubtful account assessment due to its related to the management's significant judgment.

**Risk Response of Auditor**

My audit procedures responded to the risk referred to the above are as follows:

- Tested reliability of control regarding credit limit granted to customers, collection procedure, approval procedure and related system, including calculation of allowance for doubtful account of each account receivable.
- Examined the accuracy of account receivable aging report.
- To assess allowance for doubtful account of each account receivable, I considered aging of outstanding balance, evaluated repayment, and assessed amount of allowance for doubtful account.

**Allowance for diminution in value of inventories**

**Risk**

Refer to Note 7. The group's inventories balance was 23.54 million baht, represented 3.83% of total assets of consolidated financial statement. The group's inventories consisted of license software and machinery for 3D printing. Inventories are stated at the lower of cost or net realisable value. The management made significant judgment related to allowance for diminution in value of inventories. Thus assessment of inventory valuation is significant.

**Risk Response of Auditor**

My audit procedures responded to the risk referred to the above are as follows:

- Tested of inventory ageing classification of inventory report. And examined calculation of Allowance for diminution in value of inventories, referred to the group's policy.
- Evaluated allowance for diminution in value of inventories that compared with historical sales data as a basis of assumption.
- Compared cost of inventory with net realisable value that referred to selling price after year ended.
- In addition, I observed physical count to confirm existence of non-activated software and machinery for 3D printing.

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**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Jadesada Hungsapruerk.



(Mr. Jadesada Hungsapruerk)

Certified Public Accountant (Thailand) No. 3759

Karin Audit Company Limited

Bangkok, Thailand

February 21, 2020

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

(Unit : Baht)

|  | Notes | Consolidated       |                    | Separate           |                    |
|--|-------|--------------------|--------------------|--------------------|--------------------|
|  |       | As at              | As at              | As at              | As at              |
|  |       | December 31, 2019  | December 31, 2018  | December 31, 2019  | December 31, 2018  |
| <b>ASSETS</b>                          |       |                    |                    |                    |                    |
| <b>Current assets</b>                  |       |                    |                    |                    |                    |
| Cash and cash equivalents              | 5     | 353,670,693        | 115,076,942        | 340,569,119        | 111,107,102        |
| Trade and other current receivable     |       |                    |                    |                    |                    |
| Trade and other current receivable     | 6, 21 | 65,981,354         | 84,789,393         | 58,173,055         | 75,921,647         |
| Other receivable-prepaid service costs | 6     | 64,591,915         | 62,813,487         | 63,316,376         | 61,070,697         |
| Short-term loans                       | 21    | -                  | -                  | 12,873,764         | 10,815,604         |
| Inventories                            | 7     | 23,543,342         | 26,539,315         | 20,480,714         | 23,460,389         |
| Other current assets                   | 8     | 286,593            | 2,075,111          | 263,166            | 1,903,091          |
| <b>Total current assets</b>            |       | <b>508,073,897</b> | <b>291,294,248</b> | <b>495,676,194</b> | <b>284,278,530</b> |
| <b>Non-current assets</b>              |       |                    |                    |                    |                    |
| Investments in subsidiaries            | 9     | -                  | -                  | 6,124,202          | 6,124,202          |
| Property, plant and equipment          | 10    | 89,639,865         | 75,501,408         | 78,043,485         | 66,996,070         |
| Other intangible assets                |       | 2,563,648          | 1,876,253          | 2,528,188          | 1,812,105          |
| Deferred tax assets                    | 19    | 14,223,361         | 9,397,069          | 17,339,380         | 12,752,471         |
| Other non-current assets               |       | 951,187            | 1,324,192          | 434,642            | 592,978            |
| <b>Total non-current assets</b>        |       | <b>107,378,061</b> | <b>88,098,922</b>  | <b>104,469,897</b> | <b>88,277,826</b>  |
| <b>Total assets</b>                    |       | <b>615,451,958</b> | <b>379,393,170</b> | <b>600,146,091</b> | <b>372,556,356</b> |

  
 นายประกาศ ตั้งอดุลย์รัตน์

  
 Applicad Public  
 Company Limited

  
 นางสาวรุติพร ฉาโสง

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2019

(Unit : Baht)

|   | Notes  | Consolidated       |                    | Separate           |                    |
|---|--------|--------------------|--------------------|--------------------|--------------------|
|   |        | As at              | As at              | As at              | As at              |
|   |        | December 31, 2019  | December 31, 2018  | December 31, 2019  | December 31, 2018  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |        |                    |                    |                    |                    |
| <b>Current liabilities</b>                  |        |                    |                    |                    |                    |
| Trade and other current payables            |        |                    |                    |                    |                    |
|   |        |                    |                    |                    |                    |
| Trade and other current payables            | 11, 21 | 78,565,096         | 94,213,883         | 71,058,947         | 89,491,576         |
| Other payables-unearned revenues            | 11     | 175,419,347        | 165,515,271        | 172,056,330        | 161,378,480        |
| Current income tax payable                  |        | 1,015,905          | 6,062,547          | 1,015,905          | 6,062,547          |
| Current portion of long-term liabilities    | 12     | -                  | 728,443            | -                  | 728,443            |
| Current provisions for employee benefit     | 13     | 354,333            | 285,035            | 311,518            | 246,708            |
| <b>Total current liabilities</b>            |        | <b>255,354,681</b> | <b>266,805,179</b> | <b>244,442,700</b> | <b>257,907,754</b> |
| <b>Non-current liabilities</b>              |        |                    |                    |                    |                    |
| Long-term loans from financial institutions |        |                    |                    |                    |                    |
|   |        |                    |                    |                    |                    |
| Long-term loans from financial institutions | 12     | -                  | -                  | -                  | -                  |
| Non-current provisions for employee benefit | 13     | 36,446,076         | 19,521,775         | 31,109,794         | 16,222,261         |
| Decommissioning funds obligations           |        | 220,000            | 210,000            | -                  | -                  |
| <b>Total non-current liabilities</b>        |        | <b>36,666,076</b>  | <b>19,731,775</b>  | <b>31,109,794</b>  | <b>16,222,261</b>  |
| <b>Total liabilities</b>                    |        | <b>292,020,757</b> | <b>286,536,954</b> | <b>275,552,494</b> | <b>274,130,015</b> |

  
 นายประกาศ ตั้งอดุลย์รัตน์

  
 Applicad Public  
 Company Limited

  
 นางสาวจิริตพร ฉาโรง

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2019

(Unit : Baht)

|   | Notes | Consolidated       |                    | Separate           |                    |
|---|-------|--------------------|--------------------|--------------------|--------------------|
|   |       | As at              | As at              | As at              | As at              |
|   |       | December 31, 2019  | December 31, 2018  | December 31, 2019  | December 31, 2018  |
| <b>Shareholders' equity</b>                               |       |                    |                    |                    |                    |
| Share capital   |       |                    |                    |                    |                    |
| Authorized share capital                                  |       |                    |                    |                    |                    |
| 280,000,000 ordinary shares of Baht 0.50 each             | 14    | 140,000,000        | 82,800,000         | 140,000,000        | 82,800,000         |
| Issued and paid share capital                             |       |                    |                    |                    |                    |
| 280,000,000 ordinary shares of Baht 0.50 each             |       | 140,000,000        | 82,800,000         | 140,000,000        | 82,800,000         |
| Share Premium (discount) on ordinary shares               |       | 146,725,000        | -                  | 146,725,000        | -                  |
| Surplus (Deficit) from business combinations              |       |                    |                    |                    |                    |
| under common control                                      |       | 954,644            | 954,644            | -                  | -                  |
| Retained earnings   |       |                    |                    |                    |                    |
| Appropriated-Legal reserve                                | 15    | 8,443,280          | 5,796,280          | 8,443,280          | 5,796,280          |
| Unappropriated  |       | 25,867,738         | 2,892,227          | 29,425,317         | 9,830,061          |
| Other components of shareholders' equity                  |       | 1,942,455          | 413,065            | -                  | -                  |
| <b>Total equity attributable to owners of the company</b> |       | <b>323,933,117</b> | <b>92,856,216</b>  | <b>324,593,597</b> | <b>98,426,341</b>  |
| Non-controlling interests                                 |       | (501,916)          | -                  | -                  | -                  |
| <b>Total shareholders' equity</b>                         |       | <b>323,431,201</b> | <b>92,856,216</b>  | <b>324,593,597</b> | <b>98,426,341</b>  |
| <b>Total liabilities and shareholders' equity</b>         |       | <b>615,451,958</b> | <b>379,393,170</b> | <b>600,146,091</b> | <b>372,556,356</b> |



  
นายประกาศ ตั้งอดุลยรัตน์

  
นางสาวฐิติพร ฉาโรสง

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

|   | Notes | Consolidated         |                      | Separate             |                      |
|---|-------|----------------------|----------------------|----------------------|----------------------|
|   |       | 2019                 | 2018                 | 2019                 | 2018                 |
| <b>Revenue</b>  |       |                      |                      |                      |                      |
| Revenue from sales  | 22    | 441,677,018          | 477,849,957          | 406,268,102          | 452,741,291          |
| Revenue from services   | 22    | 285,303,212          | 251,171,790          | 250,821,719          | 226,308,100          |
| Other income  |       | 7,993,309            | 9,938,787            | 9,454,736            | 10,209,116           |
| <b>Total revenue</b>  |       | <b>734,973,539</b>   | <b>738,960,534</b>   | <b>666,544,557</b>   | <b>689,258,507</b>   |
| <b>Expenses</b>   |       |                      |                      |                      |                      |
| Cost of sales   | 22    | (259,340,355)        | (269,760,422)        | (242,950,040)        | (257,386,323)        |
| Costs of rendering of services  | 22    | (120,954,738)        | (107,506,653)        | (108,861,866)        | (99,082,613)         |
| Selling expenses  | 22    | (176,307,147)        | (160,439,793)        | (156,797,885)        | (145,734,499)        |
| Administrative expenses   | 22    | (106,163,519)        | (105,995,407)        | (90,303,387)         | (89,004,432)         |
| Finance costs   | 22    | (6,833)              | (294,254)            | (6,833)              | (260,580)            |
| <b>Total expenses</b>   |       | <b>(662,772,592)</b> | <b>(643,996,529)</b> | <b>(598,920,011)</b> | <b>(591,468,447)</b> |
| <b>Profit (loss) before income tax expenses</b>   |       | <b>72,200,947</b>    | <b>94,964,005</b>    | <b>67,624,546</b>    | <b>97,790,060</b>    |
| Tax income (expense)  | 19,22 | (14,575,380)         | (19,725,548)         | (14,683,286)         | (19,924,455)         |
| <b>Profit (loss) for the year</b>   |       | <b>57,625,567</b>    | <b>75,238,457</b>    | <b>52,941,260</b>    | <b>77,865,605</b>    |
| <b>Other comprehensive income :</b>   |       |                      |                      |                      |                      |
| <b>Components of other comprehensive income that will be reclassified to profit or loss :</b>         |       |                      |                      |                      |                      |
| Exchange differences on translating financial statement   |       | 456,600              | (200,860)            | -                    | -                    |
| <b>Total components of other comprehensive income that will be reclassified to profit or loss</b>     |       | <b>456,600</b>       | <b>(200,860)</b>     | <b>-</b>             | <b>-</b>             |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>       |       |                      |                      |                      |                      |
| Gains (losses) on remeasurement of defined benefit plans  |       | (6,592,182)          | -                    | (5,859,004)          | -                    |
| <b>Total components of other comprehensive income that will not be reclassified to profit or loss</b> |       | <b>(6,592,182)</b>   | <b>-</b>             | <b>(5,859,004)</b>   | <b>-</b>             |
| <b>Total comprehensive income (expense) for the year</b>  |       | <b>51,489,985</b>    | <b>75,037,597</b>    | <b>47,082,256</b>    | <b>77,865,605</b>    |
| <b>Profit (loss) attributable to :</b>  |       |                      |                      |                      |                      |
| Equity holders of the parent  |       | 57,482,103           | 75,518,371           | 52,941,260           | 77,865,605           |
| Non-controlling Interests   |       | 143,464              | (279,914)            |                      |                      |
|   |       | <b>57,625,567</b>    | <b>75,238,457</b>    |                      |                      |
| <b>Total comprehensive income (expense) attributable to :</b>   |       |                      |                      |                      |                      |
| Equity holders of the parent  |       | 51,346,521           | 75,317,511           | 47,082,256           | 77,865,605           |
| Non-controlling Interests   |       | 143,464              | (279,914)            |                      |                      |
|   |       | <b>51,489,985</b>    | <b>75,037,597</b>    |                      |                      |
| <b>Basic earnings (loss) per share</b>  |       |                      |                      |                      |                      |
| Profit (Loss) (Baht per share)  | 20    | 0.28                 | 0.96                 | 0.26                 | 0.99                 |



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นายประกาศ ตั้งอดุลยรัตน์

  
นางสาวรุติพร ฉาโสง

The accompanying notes are an integral part of the financial statements.



APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

| Consolidated  |                               |   |   |                   |                |                                |   |   |  |  |                           |                     |
|---|-------------------------------|---|---|-------------------|----------------|--------------------------------|---|---|--|--|---------------------------|---------------------|
| Equity attributable to owners of the Company's shareholders |                               |   |   |                   |                |                                |   |   |  |  |                           |                     |
| Notes   | Issued and paid share capital | Share Premium (discount) on ordinary shares | Surplus (Deficit) from business combinations under common control | Retained earnings |                | Financial statement conversion | Other components of equity                                |   |  | Total shareholders' equity of parent company | Non-controlling Interests | Total shareholders' |
|   |                               |   |   | Appropriated      | Unappropriated |                                | Gains (losses) on remeasurements of defined benefit plans | Changes in ownership interests in subsidiaries of controlling interests without a change in control | Total other components of shareholders' equity |  |                           |                     |
|   | 36,000,000                    | -   | 954,644   | 1,903,000         | 12,695,914     | 336,711                        | -   | -   | -  | 326,711                                      | 1,432,055                 | 53,312,324          |
|   | -                             | -   | -   | -                 | (14,408,778)   | -                              | -   | -   | -  | -  | -                         | (14,408,778)        |
|   | 36,000,000                    | -   | 954,644   | 1,903,000         | (1,712,864)    | 336,711                        | -   | -   | -  | 326,711                                      | 1,432,055                 | 38,903,546          |
| 14  | 46,800,000                    | -   | -   | -                 | -              | -                              | -   | -   | -  | -  | -                         | 46,800,000          |
| 16  | -                             | -   | -   | -                 | (67,020,000)   | -                              | -   | -   | -  | -  | -                         | (67,020,000)        |
|   | -                             | -   | -   | -                 | 75,518,371     | (200,860)                      | -   | -   | -  | (200,860)                                    | (279,914)                 | 75,037,597          |
|   | -                             | -   | -   | 3,893,280         | (3,893,280)    | -                              | -   | -   | -  | -  | -                         | -                   |
| 9   | -                             | -   | -   | -                 | -              | -                              | 287,214   | -   | -  | 287,214                                      | (1,152,141)               | (864,927)           |
|   | 82,800,000                    | -   | 954,644   | 5,796,280         | 2,892,227      | 125,851                        | -   | -   | -  | 413,065                                      | -                         | 92,856,216          |
| 16  | -                             | -   | -   | -                 | (24,840,000)   | -                              | -   | -   | -  | -  | -                         | (24,840,000)        |
| 14  | 57,200,000                    | 146,725,000                                 | -   | -                 | -              | -                              | -   | -   | -  | -  | -                         | 203,925,000         |
|   | -                             | -   | -   | -                 | 57,482,103     | 456,600                        | (6,592,182)   | -   | -  | (6,135,582)                                  | 143,464                   | 51,346,521          |
| 9   | -                             | -   | -   | -                 | (427,410)      | -                              | 1,072,790   | -   | -  | 1,072,790                                    | (645,380)                 | -                   |
|   | -                             | -   | -   | -                 | (6,592,182)    | -                              | 6,592,182   | -   | -  | 6,592,182                                    | -                         | -                   |
|   | -                             | -   | -   | 2,647,000         | (2,647,000)    | -                              | -   | -   | -  | -  | -                         | -                   |
|   | 140,000,000                   | 146,725,000                                 | 954,644   | 8,443,280         | 25,867,738     | 582,451                        | -   | -   | -  | 1,942,455                                    | (501,916)                 | 323,431,201         |



*(Signature)*  
นายประภาส ตั้งอุดมรัตน์

*(Signature)*  
นางสาวสุทิพร ฉาโดง

นายประภาส ตั้งอุดมรัตน์

นางสาวสุทิพร ฉาโดง

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)  
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

| Notes   | Separate                      |   |                   |                |   |  |                      |             |       |              |
|---|-------------------------------|---|-------------------|----------------|---|--|----------------------|-------------|-------|--------------|
|   | Issued and paid share capital | Share Premium (discount) on ordinary shares | Retained earnings |                | Other components of shareholders' equity                  |  |                      | Total       | Total | Total        |
|   |                               |   | Appropriated      | Unappropriated | Gains (losses) on remeasurements of defined benefit plans | other components of shareholders' equity | shareholders' equity |             |       |              |
| Beginning balance as at January 1, 2018 (Before Restated) | 36,000,000                    | -   | 1,903,000         | 17,286,515     | -   | -  | -                    | -           | -     | 55,189,515   |
| Adjustment  | -                             | -   | -                 | (14,408,779)   | -   | -  | -                    | -           | -     | (14,408,779) |
| Beginning balance as at January 1, 2018 (After Restated)  | 36,000,000                    | -   | 1,903,000         | 2,877,736      | -   | -  | -                    | -           | -     | 40,780,736   |
| Increase (decreasing) in share capital                    | 46,800,000                    | -   | -                 | -              | -   | -  | -                    | -           | -     | 46,800,000   |
| Dividend  | -                             | -   | -                 | (67,020,000)   | -   | -  | -                    | -           | -     | (67,020,000) |
| Total comprehensive income (loss) for the year            | -                             | -   | -                 | 77,865,605     | -   | -  | -                    | -           | -     | 77,865,605   |
| Other - Capital reserves legal                            | -                             | -   | 3,893,280         | (3,893,280)    | -   | -  | -                    | -           | -     | -            |
| Ending balance as at December 31, 2018 (After Restated)   | 82,800,000                    | -   | 5,796,280         | 9,830,051      | -   | -  | -                    | -           | -     | 98,426,341   |
| Dividend  | -                             | -   | -                 | (24,840,000)   | -   | -  | -                    | -           | -     | (24,840,000) |
| Increase (decrease) in share capital                      | 57,200,000                    | 146,725,000                                 | -                 | -              | -   | -  | -                    | -           | -     | 203,925,000  |
| Total comprehensive income (loss) for the year            | -                             | -   | -                 | 52,941,260     | -   | -  | (5,859,004)          | (5,859,004) | -     | 47,082,256   |
| Transfer to Retained earnings                             | -                             | -   | -                 | (5,859,004)    | -   | -  | 5,859,004            | 5,859,004   | -     | -            |
| Other - Capital reserves legal                            | -                             | -   | 2,647,000         | (2,647,000)    | -   | -  | -                    | -           | -     | -            |
| Ending balance as at December 31, 2019                    | 140,000,000                   | 146,725,000                                 | 8,443,280         | 29,425,317     | -   | -  | -                    | -           | -     | 324,593,597  |



นายประภาส ตั้งอดุลย์รัตน์

นางสาววิจิตพร ขาโสดง

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

|  |  | (Unit : Baht) |              |              |              |
|--|--|---------------|--------------|--------------|--------------|
|  |  | Consolidated  |              | Separate     |              |
| Notes  |  | 2019          | 2018         | 2019         | 2018         |
| <b>Cash flows from operating activities</b>                |  |               |              |              |              |
|  | Profit (loss) before income tax for the period                                   | 72,200,947    | 94,964,005   | 67,624,546   | 97,790,060   |
| <b>Adjustment of profit (loss) on cash received (paid)</b> |  |               |              |              |              |
|  | Adjustment on Financial Cost   | 6,833         | 294,254      | 6,833        | 260,580      |
|  | Adjustment on Trade and other current receivable (increase) decrease             | (4,569,197)   | (25,826,131) | (6,415,293)  | (24,923,955) |
|  | Adjustment on Inventories (increase) decrease                                    | 2,113,629     | 12,655,550   | 2,118,409    | 13,841,214   |
|  | Adjustment on Other current assets (increase) decrease                           | 2,214,144     | 15,440,429   | (1,780,109)  | 14,509,407   |
|  | Adjustment on Trade and other current account payable increase (decrease)        | (5,710,591)   | 25,274,003   | (7,720,705)  | 24,655,963   |
|  | Adjustment on Other liabilities increase (decrease)                              | -             | (2,133,890)  | -            | (2,066,975)  |
|  | Depreciation Depletion and Amortization charge                                   | 12,914,452    | 10,359,806   | 10,069,380   | 7,755,131    |
|  | Adjustment on Provisions liabilities (Reverse)                                   | 9,151,720     | 4,783,575    | 7,868,888    | 3,598,934    |
|  | Adjustment on Unrealized Loss (Gain) on exchange rate                            | 51,162        | (168,131)    | 52,175       | (164,674)    |
|  | Adjustment Bad debts and allowance for doubtful accounts (Reverse)               | 6, 21         | (116,520)    | 11,651       | 1,858,950    |
|  | Adjustment on Reduction of inventories to net realisable value (Reverse)         | 7             | 882,343      | (467,720)    | 861,267      |
|  | Adjustment on Loss (Gain) from sales of non-current assets                       |               |              |              |              |
|  | - Property, plan and equipment   | 10            | (944,182)    | 52,113       | (1,286,537)  |
|  | - Intangible assets  |               | (3,871)      | -            | (3,871)      |
|  | Other Adjustment on non cash - Amortization assets                               | 10            | 399,485      | -            | -            |
|  | Other Adjustment on Cash generated from investments                              |               | (18,220)     | (1,532,191)  | (427,410)    |
|  | <b>Cash provided from (used in) operating activities</b>                         | 88,572,134    | 133,707,323  | 72,826,523   | 136,492,561  |
|  | Income tax recoverable (paid out)  | (1,950,791)   | 2,519,575    | (1,414,214)  | 2,687,353    |
|  | Cash received (paid) from other activities - Provision for employee benefits     | 13            | (240,300)    | (642,879)    | (240,300)    |
|  | <b>Net cash provided from (used in) operating activities</b>                     | 86,381,043    | 135,584,019  | 71,172,009   | 138,810,914  |
| <b>Cash flows from investing activities</b>                |  |               |              |              |              |
|  | Cash received from sales of subsidiaries, net of cash paid                       |               | -            | 427,410      | -            |
|  | Cash received from the sale of property, plan and equipment                      | 10            | 3,780,292    | 97,960       | 3,488,668    |
|  | Cash paid from sales of subsidiaries   |               | -            | (864,927)    | (864,927)    |
|  | Cash paid for purchase of property, plan and equipment                           | 10            | (29,692,760) | (33,563,891) | (22,697,099) |
|  | Cash received from the sale of intangible assets                                 |               | 19,397       | -            | 19,397       |
|  | Cash paid for purchase of intangible assets                                      |               | (1,352,285)  | (1,335,402)  | (1,353,436)  |
|  | Advance payments and loans to other persons or related parties                   | 21            | -            | -            | (3,068,000)  |
|  | Cash received from advance payment and loans to other persons or related parties | 21            | -            | 3,167,000    | 2,489,824    |
|  | Interest income  |               | 651,740      | 2,453,876    | 633,520      |
|  | <b>Net cash flows provided from (used in) investing activities</b>               | (26,593,616)  | (30,045,384) | (20,059,716) | (32,745,628) |



นายประภาส ตั้งอศุลยรัตน์

นางสาวรุติพร ฉาโสด

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
 STATEMENTS OF CASH FLOWS (CONT.)  
 FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

| Notes   | Consolidated       |                     | Separate           |                     |
|---|--------------------|---------------------|--------------------|---------------------|
|   | 2019               | 2018                | 2019               | 2018                |
| <b>Cash flows from financing activities</b>                                       |                    |                     |                    |                     |
| Cash receipt from issue of ordinary share   | 203,925,000        | 46,800,000          | 203,925,000        | 46,800,000          |
| Cash paid for loans   | (728,443)          | (17,377,716)        | (728,443)          | (17,377,716)        |
| Cash paid for repayment finance lease payable                                     | -                  | (881,604)           | -                  | (41,278)            |
| Dividend  | 16 (24,840,000)    | (67,020,000)        | (24,840,000)       | (67,020,000)        |
| Interest expense  | (6,833)            | (294,254)           | (6,833)            | (260,580)           |
| <b>Net cash flows provided from (used in) financing activities</b>                | <b>178,349,724</b> | <b>(38,773,574)</b> | <b>178,349,724</b> | <b>(37,899,574)</b> |
| <b>Cash and cash equivalents increase (decrease) before exchange rate effects</b> |                    |                     |                    |                     |
| rate effects  | 238,137,151        | 66,765,061          | 229,462,017        | 68,165,712          |
| Impact of exchange rate on cash and cash equivalents                              | 456,600            | (200,860)           | -                  | -                   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                       | <b>238,593,751</b> | <b>66,564,201</b>   | <b>229,462,017</b> | <b>68,165,712</b>   |
| <b>Cash and cash equivalents - beginning balance (Notes 5)</b>                    | <b>115,076,942</b> | <b>48,512,741</b>   | <b>111,107,102</b> | <b>42,941,390</b>   |
| <b>Cash and cash equivalents - ending balance (Notes 5)</b>                       | <b>353,670,693</b> | <b>115,076,942</b>  | <b>340,569,119</b> | <b>111,107,102</b>  |

**Additional information for cash flows**

1. For the purpose of preparing the statement of cash flows, cash and cash equivalents items include cash in hand and cash at banks and short-term investment in promissory notes which are due within 3 months.

  
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**APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**1. GENERAL INFORMATION**

AppliCAD Public Company Limited, previously named ("AppliCAD Company Limited") The Company registered to be a public company limited on December 7, 2018, registration number 0107561000471. The company was established the Company Limited in Thailand. The Company's main business is sale of computer programs and maintenance services for computer programs, machines and equipment to design and develop other related products and services. By the registered address is 69 Soi Sukhumvit 68 Sukhumvit Road, Bangna-nuea, Bangna, Bangkok 10260.

**2. BASIS FOR PREPARATION OF CONSOLIDATION CONSOLIDATED FINANCIAL STATEMENT**

**2.1. Basis of preparation**

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The financial statements in English language have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or interpretation in two different languages, the Thai version of the financial statements shall main.

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

2.2. Basis of consolidation

- A) The consolidated financial statements include the financial statements of AppliCAD Public Company Limited and the subsidiary has control or holds more than 50 percent of the shares with voting rights as follows:

| Company's name                 | Nature of business               | Country of incorporation | Nature of business shareholding (%) |                         |
|--------------------------------|----------------------------------|--------------------------|-------------------------------------|-------------------------|
|                                |                                  |                          | As at December 31, 2019             | As at December 31, 2018 |
| Deti Co., Ltd                  | Training of computer program     | Thailand                 | 99.98                               | 99.98                   |
| Rabbit Prototype Co., Ltd.     | Contract manufacturing           | Thailand                 | 100.00                              | 100.00                  |
| PT Indonesia Applicad Co.,Ltd. | Distribution of computer program | Indonesia                | 67.00                               | 100.00                  |

- B) The Company has combined the subsidiaries' financial statements in the consolidated financial statements since the date that the Company has the authority to control in the subsidiaries until the end of that authority.
- C) The subsidiaries' financial statements have been prepared by using the significant accounting policies which are the same as the Company's.
- D) The assets and liabilities of the subsidiaries' financial statements established in the foreign country has changed the currency into Baht at the end of the reporting period. Moreover, the revenues and expenses have changed into Baht as the monthly average which its difference of the exchange rate is shown as the difference from convention of the financial statements in foreign currencies in the statement of changes in shareholders' equity.
- E) The outstanding balances between the Company and the subsidiaries, the significant intercompany transactions have been eliminated from the consolidated financial statements.
- F) The equity of non-controlling stakeholder is the profit or loss and the net assets of the subsidiary that is not a part of the Company and it is shown separately in the consolidated profit or loss and the shareholders equity is shown in the consolidate financial statement.

The Company has prepared the financial statements for the benefits of the public by showing the investment in its subsidiaries as the cost method.

The transections with its subsidiaries that matter have already been deducted from the consolidated financial statement.

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The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

The total assets of subsidiaries as at December 31, 2019 and 2018 and revenues for the year ended December 31, 2019 and 2018, as included in the consolidated financial statements presented in term of percentages are as follow:

|                                 | Percentage of subsidiary's total assets |              | Percentage of subsidiary's total revenues |      |
|---------------------------------|---|--------------|---|------|
|                                 | to consolidated total assets            |              | to consolidated total revenues            |      |
|                                 | December 31,                            | December 31, | For the year ended December 31,           |      |
|                                 | 2019                                    | 2018         | 2019                                      | 2018 |
| Deti Co., Ltd                   | 1.37                                    | 2.47         | 2.50                                      | 2.32 |
| Rabbit Prototype Co., Ltd.      | 2.75                                    | 4.23         | 3.54                                      | 3.20 |
| PT Indonesia Applicad Co., Ltd. | 2.95                                    | 2.01         | 5.96                                      | 4.04 |

**2.3. New financial reporting standards**

**2.3.1 Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2018) and new accounting treatment guidance which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

**TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

|                         |  |
|-------------------------|--|
| TAS 11 (revised 2017)   | Construction contracts                                       |
| TAS 18 (revised 2017)   | Revenue  |
| TSIC 31 (revised 2017)  | Revenue - Barter Transactions Involving Advertising Services |
| TFRIC 13 (revised 2017) | Customer Loyalty Programmes                                  |
| TFRIC 15 (revised 2017) | Agreements for the Construction of Real Estate               |
| TFRIC 18 (revised 2017) | Transfers of Assets from Customers                           |

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services

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to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

**2.3.2 Financial reporting standards that will become effective for fiscal years beginning on or after January, 1 2020.**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

|        |                                    |
|--------|------------------------------------|
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments              |

Accounting standard:

|        |                                     |
|--------|-------------------------------------|
| TAS 32 | Financial Instruments: Presentation |
|--------|-------------------------------------|

Financial Reporting Standard Interpretations:

|          |   |
|----------|---|
| TFRIC 16 | Hedges of a Net Investment in a Foreign Operation           |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.



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#### TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at January 1, 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at January 1, 2020 to be to increase the Group's assets by approximately Baht 5.16 million and the Company only approximately Baht 3.85 million, and the Group's liabilities by approximately Baht 5.16 million and the Company only approximately Baht 3.85 million.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1. Revenue recognition

##### Revenue from sales

Revenue from sales are recognised at the point in time when control of the asset is transferred to the customer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Revenue arrangements with multiple deliverables are allocated between the element in proportion to the delivered products and the obligations to be performed in providing services that are included in the contract using the basis of standalone selling prices of different products or services as obligated in the contract.

The recognised revenue which is not yet due per the contracts has been presented under the caption of "Contract asset" in the statement of financial position. The amounts recognised as contract assets are reclassified to other receivables when the Company's and its subsidiaries' right to consideration is unconditional.

The obligation to provide to a customer for which the Company and its subsidiaries have received from the customer is presented under the caption of "Contract liability" in the statement of financial position. Contract liabilities are recognised as revenue when the Company and its subsidiaries perform under the contract.

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**Revenue from service**

Revenue from services are recorded by consider the stage of completion which is calculated in accordance with the total cost of service incurred to the total eatimated cost that will be used inproviding in service under the contract.

**3.2. Cash and cash equivalents**

Cash and cash equivalents are cash and bank deposits and short-term investments with high liquidity which is due to be repaid within a period of not more than 3 months from the date of acquisition and there are no restrictions on withdrawal.

**3.3. Trade receivables**

Trade accounts receivable are stated at the net realizable value. The Company recorded allowance for doubtful accounts for estimated losses that may arise from collection of receivables which generally considers the collection experience and the analysis of debt aging.

**3.4. Inventory**

Inventories are stated at cost. (First in first out method) or net realizable value whichever is lower. The cost of purchase includes the purchase price and expenses directly related to the purchase of goods, such as import duties and transportation charges, less a discount of payment terms. And other discount Net realizable value is the estimate of the selling price in the ordinary course of business, less estimated costs to sell.

**3.5. Investments**

Investments in subsidiaries companies under the company only financial statements are stated in statements of financial position at cost (if any)

**3.6. Leasehold improvements and equipment and Depreciation**

Leasehold improvements and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

|  |                 |
|--|-----------------|
| Buildings                                | 24 - 28 years   |
| Leasehold improvements                   | 5, 10, 20 years |
| Furniture, fixtures and office equipment | 3, 4, 5 years   |
| Tools and Equipment                      | 5, 10 years     |
| Motor vehicles                           | 5 years         |

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Depreciation included in the calculation of performance.

No depreciation is provided on land and assets under installation

The Company and its subsidiaries, leasehold improvements and equipment are eliminated from the accounts upon disposal or when no expected future economic benefit from its use or disposal. Any gain or loss on disposal. Are recognized in profit or loss when the Company and its subsidiaries assets derecognised from the accounts.

**3.7. Intangible assets and amortizations**

The intangible assets are the computer softwares shown the values as the costs deducted the accumulated amortizations and the allowance for impairment of assets (if any).

The Company and its subsidiaries amortize the computer softwares as the straight-line method throughout the useful life approximately about 4- 5 years. The amortizations are included in the performance calculations.

**3.8. Business transactions with related parties**

The related parties with the Company refer to any related parties which have the control of the Company or being controlled by the Company, whether directly or indirectly, or under the same control as the Company.

In addition, the related parties include the associated companies and the persons which have the rights to vote both directly or indirectly also have significant influence on the Company management, directors or employees of the Company having the power to plan and control the operations of the Company.

**3.9. Long-term lease agreement**

The building lease agreement and equipment that has the risks and rewards of ownership that have mostly been transferred to the lessee are considered as financial leases. The financial leases are recorded as the capital expenditures by the fair value of the assets or the net value of lease payments under the leases whichever is lower. The lease obligations which are deducted the financial expenses are recorded as long-term liabilities. The interest expenses are recorded in the profits or losses over the lease period. The assets acquired under finance leases are depreciated over the useful life of the leased assets.

The building lease agreement and equipment that has the risks and rewards of ownership have not mostly been transferred to the lessee are considered as the operating leases. The payments of operating leases are recognized as the expenses in profits or losses on a straight-line method over the lease terms.

**3.10. Foreign currencies**

The Company has presented the consolidated and separate financial statements in Thai Baht, which is the currency used in the operation of the company. The transactions of each business included in the consolidated financial statements are measured by the currency used in the operation of each business.

The foreign currency transactions are converted into Thai Baht by using the exchange rate at the date of the transaction. The monetary assets and liabilities denominated in foreign currencies are converted into Thai Baht by using the exchange rate at the end of the period.

The profits and losses arising from the changes in exchange rate are included in the calculation of operating performance.

**3.11. Impairment of assets**

At the end of the reporting period, the Company and its subsidiaries will evaluate the impairment of leasehold improvement and equipment or other intangible assets and investments of the Company. If there is any indication of such assets may be impaired, the Company and its subsidiaries recognize the impairment losses when the recoverable amount of the assets is lower than the book value of that asset. The recoverable amount is the fair value deducted costs to sell and the value of the assets, whichever is higher.

The Company and its subsidiaries will recognize the impairment losses in profit or loss.

**3.12. Provision for employees' benefits**

*Short-term employee's benefits*

The Company and its subsidiaries record salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

*Post-employment benefits*

Defined contribution plans

The Company and its subsidiaries and employee have set up a provident fund. The provident fund is funded by payments from employees and by the Company. The monthly payments, of which the assets are held in a separate trust fund. The Company contributions to the provident fund are charged to profit or loss in the years to which they relate.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

*Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.*

The results of profits and losses arising from the actuarial science for the employee' benefits after leaving are recognized immediately in the other comprehensive income statements.

The results of profits and losses arising from the actuarial science for the other long-term benefit plans, employees are recognized immediately in the profit and losse statements.

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The liabilities of employees' benefit plans after leaving and the liabilities of the other long-term benefit plans comprise of the present value of obligations under the defined benefit plans which is deducted by the unperceived costs of service in the past and the unperceived actuarial profits or losses.

#### 3.13. Provision

The Company and its subsidiaries will record the provision in the account when the obligations resulting from the past events which already occurred and there is the possibility that the Company and its subsidiaries will lose the economic resources to liberate such obligations. The Company and its subsidiaries are able to reliably estimate the value of such obligations.

#### 3.14. Income taxes

The income taxes comprise of the current income taxes and the deferred income taxes.

##### The current income taxes

The Company and its subsidiaries record the the current income taxes as the expected amount to be paid to the tax authorities' government by calculating of the taxable income in accordance with the tax law.

##### The deferred income taxes

The Company and its subsidiaries record the the deferred income taxes of the temporary differences between the carrying amounts of assets and liabilities as the end of the reporting period the taxes based of the assets and the liabilities concerned.

The Company and its subsidiaries recognize the deferred income taxes' liabilities of the temporary differences of all taxable lists but recognize of the deferred tax assets for the deductible temporary tax differences including the tax losses which have not been used as the number of possibilities for the Company and its subsidiaries to receive the sufficient future taxable profits to take the advantages of the temporary differences between the taxes and the unused tax losses.

The Company and its subsidiaries will review the book value of the deferred tax assets at the end of the reporting period and will reduce the book value thereof. If there is the possibility of the Company and its subsidiaries to not have the sufficient taxable profits for the deferred tax assets completely or partially for utilization.

The Company and its subsidiaries will record the deferred taxes directly to the shareholders' equity if the taxes relate to the transactions that are recorded directly to shareholders' equity.

#### 4. DISCRETION AND ESTIMATION OF SIGNIFICANT ACCOUNTING

In order to prepare the financial statements in accordance with the Financial Reporting Standards, the management has to inherently use the discretion and estimation about the uncertainties. The discretion and estimation above will affect the amounts shown in the financial statements and the information presented in the notes to the financial statements.

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#### **Lease agreements**

In considering the type of lease agreements as the operating leases or the finance leases, the management has to use the discretion to determine the conditions and the details of the agreements to consider whether the Company and its subsidiaries have transferred or received the risks and the benefits of such the lease assets.

#### **Allowances for doubtful receivable**

In estimating the allowances for doubtful receivable, the management has to use the discretion to determine the losses that are expected to arise from the individual receivables by considering the collection experiences in the past, the age of the outstanding debts, the current economic situations and so on.

#### **Allowances for impairment of products**

To provide the financial statements showing the real value of inventories and the Company's operating performances, the Company has reconsidered the policy guidelines for impairment of inventories to cover all types of products as the finished products, spare parts and consumables by considering the book value of the assets above which higher than the value of products that are expected to be returned including the impairment of such the assets according to the age of holding dept for a long time and no movement in some cases.

#### **Leasehold improvements and equipment and depreciation**

In calculating the depreciation of leasehold improvements and equipment, the management is required to estimate the useful life and the residual values after using of leasehold improvements and equipment and has to review the useful life and the residual value if the changes occur.

Moreover, the management is required to review the depreciation of the leasehold improvements and equipment in each period and they have to record the losses from the impairments that are expected to be lower than the book value of such the assets. In this case, the management is required to use the discretion related the forecast of the future incomes and expenses associated with the assets.

#### **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

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Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### Deferred tax assets

The Company and its subsidiaries will perceive the deferred tax assets of the temporary differences for the tax deductions and the unused tax losses when there is the possibility that the Company and its subsidiaries will receive the sufficient future taxable profits to take the advantages of the temporary differences and the losses. In this case, the management is required to estimate how much of the deferred tax assets that the Company and its subsidiaries should perceive by considering the amount of the profit taxes that are expected to happen in the future in each period.

#### Post-employment benefits after leaving under defined benefit plans and other long-term benefits

The provisions under the defined benefit plans after the employees leave and the other long-term benefit plans are estimated as the actuarial science which requires the various assumptions such as the discount rates, the salary increase rates, the mortality rates and the future changes in the number of employees and so on.

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2019 and 2018 comprise the following:

|                           | (Unit : Baht) |              |              |              |
|---------------------------|---------------|--------------|--------------|--------------|
|                           | Consolidated  |              | Separate     |              |
|                           | As at         | As at        | As at        | As at        |
|                           | December 31,  | December 31, | December 31, | December 31, |
|                           | 2019          | 2018         | 2019         | 2018         |
| Cash                      | 14,726        | 1,826        | -            | -            |
| Bank                      | 353,655,967   | 115,075,116  | 340,569,119  | 111,107,102  |
| Cash and Cash equivalents | 353,670,693   | 115,076,942  | 340,569,119  | 111,107,102  |

As at December 31, 2019, cash at banks-saving accounts carry interest at the rates of 0.125% – 0.5% per annum (2018: 0.125% - 0.75% per annum)

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6. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at December 31, 2019 and 2018 comprise the following:

|  | (Unit : Baht)                 |                               |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | Consolidated                  |                               | Separate                      |                               |
|  | As at<br>December 31,<br>2019 | As at<br>December 31,<br>2018 | As at<br>December 31,<br>2019 | As at<br>December 31,<br>2018 |
| <u>Trade receivables - related parties</u>     |                               |                               |                               |                               |
| Aged on the basis of due dates not yet due     |                               |                               |                               |                               |
| Undue  | -                             | -                             | 62,571                        | 157,024                       |
| Overdue  |                               |                               |                               |                               |
| Less than 3 months                             | -                             | -                             | 1,090,043                     | 367,456                       |
| Over 3 months to 6 months                      | -                             | -                             | 114,874                       | 156,323                       |
| Over 6 months to 12 months                     | -                             | -                             | 848,040                       | 321,976                       |
| Over 12 months                                 | -                             | -                             | 440,521                       | 703,413                       |
| Total trade receivables-related parties        | -                             | -                             | 2,556,049                     | 1,706,192                     |
| <u>Trade receivables - non related parties</u> |                               |                               |                               |                               |
| Aged on the basis of due dates not yet due     |                               |                               |                               |                               |
| Undue  | 44,259,129                    | 47,862,895                    | 38,025,433                    | 42,403,354                    |
| Overdue  |                               |                               |                               |                               |
| Less than 3 months                             | 8,238,796                     | 22,155,146                    | 8,124,726                     | 20,750,157                    |
| Over 3 months to 6 months                      | 1,874,704                     | 855,080                       | 1,461,684                     | 628,341                       |
| Over 6 months to 12 months                     | -                             | 320,971                       | -                             | 232,180                       |
| Over 12 months                                 | -                             | -                             | -                             | -                             |
| Total  | 54,372,629                    | 71,194,092                    | 47,611,843                    | 64,014,032                    |
| <u>Less</u> Allowance for doubtful debts       | (206,751)                     | (323,271)                     | -                             | (239,434)                     |
| Total trade receivables – unrelated parties    | 54,165,878                    | 70,870,821                    | 47,611,843                    | 63,774,598                    |
| Other receivables - related parties            | -                             | -                             | 19,260                        | 37,760                        |
| Other receivables - unrelated parties          | 11,815,476                    | 13,918,572                    | 7,985,903                     | 13,349,461                    |
| Total trade and other current receivables      | 65,981,354                    | 84,789,393                    | 58,173,055                    | 78,868,011                    |
| <u>Less</u> Allowance for doubtful debts       | -                             | -                             | -                             | (2,946,364)                   |
| Total trade and other current receivables      | 65,981,354                    | 84,789,393                    | 58,173,055                    | 75,921,647                    |
| Other receivables - Prepaid service costs      | 64,591,915                    | 62,813,487                    | 63,316,376                    | 61,070,697                    |
| Total trade and other current receivables      | 130,573,269                   | 147,602,880                   | 121,489,431                   | 136,992,344                   |



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Allowance for doubtful accounts receivable have changed during years as follows:

(Unit : Baht)

|                   | Consolidated                  |                               | Separate                      |                               |
|-------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                   | As at<br>December 31,<br>2019 | As at<br>December 31,<br>2018 | As at<br>December 31,<br>2019 | As at<br>December 31,<br>2018 |
| Beginning balance | (323,271)                     | (311,620)                     | (239,434)                     | (311,620)                     |
| Increase          | (742,762)                     | (489,257)                     | (467,553)                     | (405,420)                     |
| Decrease          | 859,282                       | 477,606                       | 706,987                       | 477,606                       |
| Ending balance    | (206,751)                     | (323,271)                     | -                             | (239,434)                     |

During the year 2019, the allowance for doubtful decreased. The consolidated financial statements has written off bad debts about 6 person. Amount of Baht 0.64 million (the separate financial statements amount of Baht 0.64 million) the company didn't adjustment because an insignificant amount. The company press the claim by letters from write off the bad debt of the revenue departure and approved write off by the Chief Executive Officer following Company Sales policy and the consolidated financial statements received of payment from the receivables amount of Baht 0.22 million. (The separate financial statements amount of Baht 0.07 million)

During the year 2018, the allowance for doubtful decreased. The Company has written off bad debts about 4 person. Amount of Baht 0.46 million the company didn't adjustment because an insignificant amount. The company press the claim by letters from write off the bad debt of the revenue departure and approved write off by the Chief Executive Officer following Company Sales policy and received of payment from the receivables amount of Baht 0.02 million.

**7. INVENTORIES**

Inventories as at December 31, 2019 and 2018 comprise the following:

(Unit : Baht)

|                 | Consolidated                  |                               |   |                               |                               |                               |
|-----------------|-------------------------------|-------------------------------|---|-------------------------------|-------------------------------|-------------------------------|
|                 | Cost Method                   |                               | Adjustment of cost deduction<br>to net realizable value |                               | Inventories-Net               |                               |
|                 | As at<br>December<br>31, 2019 | As at<br>December<br>31, 2018 | As at<br>December<br>31, 2019                           | As at<br>December<br>31, 2018 | As at<br>December<br>31, 2019 | As at<br>December<br>31, 2018 |
| Material        | 1,499,307                     | 677,642                       | -   | -                             | 1,499,307                     | 677,642                       |
| Work in process | 103,059                       | 302,851                       | -   | -                             | 103,059                       | 302,851                       |
| Finished goods  | 21,505,582                    | 22,963,952                    | (2,449,530)   | (1,567,187)                   | 19,056,052                    | 21,396,765                    |
| Good in Transit | 2,884,924                     | 4,162,057                     | -   | -                             | 2,884,924                     | 4,162,057                     |
| Total           | 25,992,872                    | 28,106,502                    | (2,449,530)   | (1,567,187)                   | 23,543,342                    | 26,539,315                    |

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(Unit : Baht)

|                 | Separate    |            |   |             |                 |            |
|-----------------|-------------|------------|---|-------------|-----------------|------------|
|                 | Cost Method |            | Adjustment of cost deduction<br>to net realizable value |             | Inventories-Net |            |
|                 | As at       | As at      | As at   | As at       | As at           | As at      |
|                 | December    | December   | December  | December    | December        | December   |
|                 | 31, 2019    | 31, 2018   | 31, 2019  | 31, 2018    | 31, 2019        | 31, 2018   |
| Finished goods  | 19,843,710  | 20,684,985 | (2,247,920)   | (1,386,653) | 17,959,790      | 19,298,332 |
| Good in Transit | 2,884,924   | 4,162,057  | -   | -           | 2,884,924       | 4,162,057  |
| Total           | 22,728,634  | 24,847,042 | (2,247,920)   | (1,386,653) | 20,480,714      | 23,460,389 |

Allowance for impairment of consumables and inventories has been changed during the year as follows:

(Unit : Baht)

|                   | Consolidated |              | Separate     |              |
|-------------------|--------------|--------------|--------------|--------------|
|                   | As at        | As at        | As at        | As at        |
|                   | December 31, | December 31, | December 31, | December 31, |
|                   | 2019         | 2018         | 2019         | 2018         |
| Beginning balance | (1,567,187)  | (2,034,907)  | (1,386,653)  | (1,941,815)  |
| Increase          | (934,566)    | (1,403,728)  | (861,267)    | (1,222,624)  |
| Decrease          | 52,223       | 1,871,448    | -            | 1,777,786    |
| Ending balance    | (2,449,530)  | (1,567,187)  | (2,247,920)  | (1,386,653)  |

Consolidated

During the year, the Company recorded a decrease in cost of inventories to net realizable value of amount of Baht 0.93 million (as at December 31, 2018: amount of Baht 1.40 million) as part of cost of goods sold. The Company reversed the allowance for diminution in value of inventories amount of Baht 0.05 million (as at December 31, 2018: amount of Baht 1.87 million), by deducting from the value of inventories recognized as costs of sales during the year.

Separate

During the year, the Company recorded a decrease in cost of inventories to net realizable value of amount of Baht 0.86 million (as at December 31, 2018: amount of Baht 1.22 million) as part of cost of goods sold. The Company reversed the allowance for diminution in value of inventories as at December 31, 2018: amount of Baht 1.78 million, by deducting from the value of inventories recognized as costs of sales during the year.

**APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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**8. OTHER CURRENT ASSETS**

Other current assets as at December 31, 2019 and 2018 comprise the following:

|                  | (Unit : Baht)        |                      |                      |                      |
|------------------|----------------------|----------------------|----------------------|----------------------|
|                  | Consolidated         |                      | Separate             |                      |
|                  | As at                | As at                | As at                | As at                |
|                  | December 31,<br>2019 | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2018 |
| Deposit of goods | 231,493              | 1,903,091            | 208,066              | 1,903,091            |
| Other insurance  | 55,100               | 172,020              | 55,100               | -                    |
| <b>Total</b>     | <b>286,593</b>       | <b>2,075,111</b>     | <b>263,166</b>       | <b>1,903,091</b>     |

**9. INVESTMENTS IN SUBSIDIARIES**

Details of investments in subsidiaries as presented in separate financial statements are as follows:

| Company's name  | Issued and paid share capital |                      | Percentage of               |                             | (Unit : Baht)        |                      |
|---|-------------------------------|----------------------|-----------------------------|-----------------------------|----------------------|----------------------|
|   |                               |                      | Shareholding                |                             | Cost                 |                      |
|   | As at                         | As at                | As at                       | As at                       | As at                | As at                |
|   | December<br>31, 2019          | December<br>31, 2018 | December<br>31, 2019<br>(%) | December<br>31, 2018<br>(%) | December<br>31, 2019 | December<br>31, 2018 |
| Deti Co., Ltd.  | 1,000                         | 1,000                | 99.98                       | 99.98                       | 1,123,675            | 1,123,675            |
| Rabbit Prototype<br>Co., Ltd.                           | 5,000                         | 5,000                | 100.00                      | 100.00                      | 5,000,527            | 5,000,527            |
| PT Indonesia<br>Applicad Co., Ltd.                      | 270,000 USD                   | 270,000 USD          | 67.00*                      | 100.00                      | 6,111,736            | 9,121,994            |
| <b>Total</b>  |                               |                      |                             |                             | <b>12,235,938</b>    | <b>15,246,196</b>    |
| <u>Less</u> Allowance for impairment loss on investment |                               |                      |                             |                             | <u>(6,111,736)</u>   | <u>(9,121,994)</u>   |
| <b>Total Investment in subsidiaries - net</b>           |                               |                      |                             |                             | <b>6,124,202</b>     | <b>6,124,202</b>     |

\*The company has held 180,900 shares in Series B of PT. Indonesia AppliCAD, representing 67 percent of the total number of shares sold. (According to the Articles of Association APP Indo) the shares in Series B held by the Company are entitled to receive the dividends at the rate of 95 percent of the dividends announced by PT. Indonesia AppliCAD.

The board of director meeting No.4/2018 on August 7, 2018 approved change in shareholding proportion in PT. Applied Indonesia (APP Indo) from 99% to 67% to comply with the change of Alien law of Indonesia in the Distributor's sale not affiliated to production, that allows non-resident alien shareholders not higher than 67% of issued and paid up capital. The company engaged legal advisor in this regard, to have suggestion to comply with the said law and regulation, and the company will have control and benefits from APP Indo accordingly.

**APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

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The legal advisor suggested APP Indo reclassified APP Indo as follow.

| Shareholder                           | Type            | No. of Shares | %      |
|---------------------------------------|-----------------|---------------|--------|
| Mr. Ibnu Afi Sena (Local Shareholder) | Series A Shares | 89,100        | 33.00  |
| Applicad Co. Ltd                      | Series B Shares | 180,900       | 67.00  |
| Total Shares                          |                 | 270,000       | 100.00 |

To determined that Series B shareholders have right to receive dividends before Series A shareholders, at 95% of APP Indo declared dividends. The adjustment of APP Indo shareholders structure has been proposed to the meeting to sell share of 89,100 shares or equivalent to 33% of issued and paid up capital of APP Indo of Series A shares which is entitled to 5% dividends to Indonesian resident to Mr.Ibnu Afi Sena at USD 13,500. This price is reflected right to receive dividends.

During the year in 2019, the company recognized gain and loss on selling investment in the separate financial statement of Baht 0.43 million, and change in equity that not lose control in the consolidate financial statement of Baht 1.07 million.

According to the minutes of Board of Directors' Meeting as No. 5/2018, they have approved to additionally purchase the common stocks of Rabbit Prototype Company Limited by purchasing the existing common stocks from Mr. Thussanai Paisiriyaunyong for 9,998 shares representing as 19.996 of all shares and costing as 86.51 baht per share (according to the book value) from the financial statements ended on September 30, 2018 as the total amount of baht 864,926.98. It made the profits from the changes of shareholding in subsidiaries amount of baht 287,214 which is recorded in other components of the shareholders equity. The Company received the transfer of shares and registered with the Department of Business Development on December 3, 2018.

During in the year 2019 and 2018 it's subsidiary companies doesn't pay dividend.

**APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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**10. PROPERTY, PLANTS AND EQUIPMENT**

Property, plants and equipment as at December 31, 2019 and 2018 comprise the following:

|  | Consolidated |            |                            |                  |                    |           |                            |       | (Unit : Baht) |
|--|--------------|------------|----------------------------|------------------|--------------------|-----------|----------------------------|-------|---------------|
|  | Land         | Property   | Rent buildings improvement | Office Equipment | Tool and Equipment | Vehicles  | Assets during installation | Total |               |
| <b>Cost</b>  |              |            |                            |                  |                    |           |                            |       |               |
| As at January 1, 2019  | 19,918,461   | 31,316,435 | 16,743,253                 | 34,404,703       | 19,449,684         | 8,724,828 | -                          | -     | 130,557,364   |
| Additions  | -            | -          | 2,596,991                  | 8,889,214        | 14,300,119         | 1,323,000 | 2,583,436                  | -     | 29,692,760    |
| Distribution   | -            | -          | (692,400)                  | (2,567,210)      | (5,015,051)        | (728,327) | -                          | -     | (9,002,988)   |
| Transfer in (out)  | -            | -          | -                          | -                | 1,970,651          | -         | (2,370,136)                | -     | (399,485)     |
| As at December 31, 2019  | 19,918,461   | 31,316,435 | 18,647,844                 | 40,726,707       | 30,705,403         | 9,319,501 | 213,300                    | -     | 150,847,651   |
| <b>Accumulated Depreciation</b>  |              |            |                            |                  |                    |           |                            |       |               |
| As at January 1, 2019  | -            | 1,249,071  | 6,663,386                  | 28,110,824       | 11,306,312         | 7,726,363 | -                          | -     | 55,055,956    |
| Depreciation for the year  | -            | 1,223,644  | 1,763,138                  | 5,052,492        | 3,584,150          | 641,664   | -                          | -     | 12,265,088    |
| Depreciation for distribution  | -            | -          | (414,390)                  | (2,280,131)      | (2,744,031)        | (728,326) | -                          | -     | (6,166,878)   |
| As at December 31, 2019  | -            | 2,472,715  | 8,012,134                  | 30,883,185       | 12,146,431         | 7,639,701 | -                          | -     | 61,154,166    |
| <b>Financial statement conversion</b>  |              |            |                            |                  |                    |           |                            |       | (53,620)      |
| <b>Book Value</b>  |              |            |                            |                  |                    |           |                            |       |               |
| As at December 31, 2019  | 19,918,461   | 28,843,720 | 10,635,710                 | 9,843,522        | 18,558,972         | 1,679,800 | 213,300                    | -     | 89,639,865    |
| <b>Depreciation for the year</b>   |              |            |                            |                  |                    |           |                            |       |               |
| 2019 (amount of baht 2.15 million included in the service costs. The rest is included in sales and management costs) |              |            |                            |                  |                    |           |                            |       | 12,265,088    |

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
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(Unit : Baht)

|  | Consolidated |            |                            |                  |                    |           | Total       |
|--|--------------|------------|----------------------------|------------------|--------------------|-----------|-------------|
|  | Land         | Property   | Rent buildings improvement | Office Equipment | Tool and Equipment | Vehicles  |             |
| <b>Cost</b>  |              |            |                            |                  |                    |           |             |
| As at January 1, 2018  | 9,973,956    | 13,940,870 | 15,821,653                 | 32,380,095       | 19,073,286         | 8,799,828 | 99,989,688  |
| Additions  | 9,944,505    | 17,375,565 | 1,401,600                  | 3,899,730        | 767,491            | 175,000   | 33,563,891  |
| Transfer in (out)  | -            | -          | (480,000)                  | (1,875,122)      | (391,093)          | (250,000) | (2,996,215) |
| As at December 31, 2018  | 19,918,461   | 31,316,435 | 16,743,253                 | 34,404,703       | 19,449,684         | 8,724,828 | 130,557,364 |
| <b>Accumulated Depreciation</b>  |              |            |                            |                  |                    |           |             |
| As at January 1, 2018  | -            | 749,988    | 5,688,576                  | 25,698,661       | 8,804,212          | 6,885,459 | 47,826,896  |
| Depreciation for the year  | -            | 499,083    | 1,454,710                  | 4,172,147        | 2,788,107          | 1,090,903 | 10,004,950  |
| Depreciation for distribution  | -            | -          | (479,900)                  | (1,830,236)      | (286,007)          | (249,999) | (2,846,142) |
| As at December 31, 2018  | -            | 1,249,071  | 6,663,386                  | 28,040,572       | 11,306,312         | 7,726,363 | 54,985,704  |
| <b>Financial statement conversion</b>  |              |            |                            |                  |                    |           | (70,252)    |
| <b>Book Value</b>  |              |            |                            |                  |                    |           |             |
| As at December 31, 2018  | 19,918,461   | 30,067,364 | 10,079,867                 | 6,364,131        | 8,143,372          | 998,465   | 75,501,408  |
| <b>Depreciation for the year</b>   |              |            |                            |                  |                    |           |             |
| 2018 (amount of baht 2.02 million included in the service costs. The rest is included in sales and management costs) |              |            |                            |                  |                    |           | 10,004,950  |

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
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(Unit : Baht)

|  | Separate   |            |                |                  |             |           |             | Total |
|--|------------|------------|----------------|------------------|-------------|-----------|-------------|-------|
|  | Land       | Property   | Rent buildings |                  | Tool and    |           | Vehicles    |       |
|  |            |            | improvement    | Office Equipment | Equipment   |           |             |       |
| <b>Cost</b>  |            |            |                |                  |             |           |             |       |
| As at January 1, 2019  | 19,918,461 | 31,316,435 | 14,393,169     | 26,417,460       | 8,493,148   | 8,168,387 | 108,707,060 |       |
| Additions  | -          | -          | 2,470,857      | 5,573,954        | 13,329,288  | 1,323,000 | 22,697,099  |       |
| Distribution   | -          | -          | -              | (2,246,435)      | (4,553,701) | (728,327) | (7,528,463) |       |
| As at December 31, 2019  | 19,918,461 | 31,316,435 | 16,864,026     | 29,744,979       | 17,268,735  | 8,763,060 | 123,875,696 |       |
| <b>Accumulated Depreciation</b>  |            |            |                |                  |             |           |             |       |
| As at January 1, 2019  | -          | 1,249,071  | 5,581,312      | 21,214,364       | 6,518,426   | 7,147,817 | 41,710,990  |       |
| Depreciation for the year  | -          | 1,223,644  | 1,538,832      | 3,905,688        | 2,144,757   | 634,632   | 9,447,553   |       |
| Depreciation for distribution  | -          | -          | -              | (2,044,470)      | (2,553,536) | (728,326) | (5,326,332) |       |
| As at December 31, 2019  | -          | 2,472,715  | 7,120,144      | 23,075,582       | 6,109,647   | 7,054,123 | 45,832,211  |       |
| <b>Book Value</b>  |            |            |                |                  |             |           |             |       |
| As at December 31, 2019  | 19,918,461 | 28,843,720 | 9,743,882      | 6,669,397        | 11,159,088  | 1,708,937 | 78,043,485  |       |
| <b>Depreciation for the year</b>   |            |            |                |                  |             |           |             |       |
| 2019 (Amount of Baht 0.26 million included in the service costs. The rest is included in sales and management costs) |            |            |                |                  |             |           | 9,447,553   |       |

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(Unit : Baht)

| Cost   | Separate   |            |                            |                  |                    |           |             | Total |
|--|------------|------------|----------------------------|------------------|--------------------|-----------|-------------|-------|
|  | Land       | Property   | Rent buildings improvement | Office Equipment | Tool and Equipment | Vehicles  |             |       |
| As at January 1, 2018  | 9,973,956  | 13,940,870 | 13,676,369                 | 24,247,652       | 8,158,235          | 8,243,387 | 78,240,469  |       |
| Additions  | 9,944,505  | 17,375,565 | 1,196,800                  | 3,406,655        | 607,435            | 175,000   | 32,705,960  |       |
| Transfer in (out)  | -          | -          | (480,000)                  | (1,236,847)      | (272,522)          | (250,000) | (2,239,369) |       |
| As at December 31, 2018  | 19,918,461 | 31,316,435 | 14,393,169                 | 26,417,460       | 8,493,148          | 8,168,387 | 108,707,060 |       |
| <b>Accumulated Depreciation</b>  |            |            |                            |                  |                    |           |             |       |
| As at January 1, 2018  | -          | 749,988    | 4,843,569                  | 19,395,061       | 5,152,748          | 6,314,684 | 36,456,050  |       |
| Depreciation for the year  | -          | 499,083    | 1,217,643                  | 3,024,872        | 1,599,765          | 1,083,132 | 7,424,495   |       |
| Depreciation for distribution  | -          | -          | (479,900)                  | (1,205,569)      | (234,087)          | (249,999) | (2,169,555) |       |
| As at December 31, 2018  | -          | 1,249,071  | 5,581,312                  | 21,214,364       | 6,518,426          | 7,147,817 | 41,710,990  |       |
| <b>Book Value</b>  |            |            |                            |                  |                    |           |             |       |
| As at December 31, 2018  | 19,918,461 | 30,067,364 | 8,811,857                  | 5,203,096        | 1,974,722          | 1,020,570 | 66,996,070  |       |
| <b>Depreciation for the year</b>   |            |            |                            |                  |                    |           |             |       |
| 2018 (Amount of baht 0.24 million included in the service costs. The rest is included in sales and management costs) |            |            |                            |                  |                    |           | 7,424,495   |       |



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As at December 31, 2019, land and buildings are valued at cost in the consolidated financial statements in the amount of Baht 23.91 million and the separate financial statements in the amount of Baht 23.91 million which is the net value after accumulated depreciation in the consolidated financial statements amount of Baht 22.17 million and the separate financial statements amount of Baht 22.17 million are pledged as collateral for long-term loans from financial institutions (Note 12) and contingent liabilities (Note 23.2, 23.3, 23.4)

As at December 31, 2019, the Company and subsidiaries have certain equipment which has been fully depreciated but they are still in use. Book value before less accumulated depreciation of assets amount of Baht 32.33 million (as at December 31, 2018 amount of Baht 30.54 million) Specifically, The Company was amount of Baht 28.04 million (as at December 31, 2018 amount of Baht 23.31 million.)

As of December 31, 2019, the fair value of the building using the appraisal report of the appraiser according to the market comparison method, by using the selling price of the comparable land in the vicinity which is the fair value in level 2 of the fair value.

**11. TRADE AND OTHER CURRENT PAYABLES**

Trade and other current payables as at December 31, 2019 and 2018 comprise the following:

|   | (Unit : Baht)                 |                               |                               |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | Consolidated                  |                               | Separate                      |                               |
|   | As at<br>December 31,<br>2019 | As at<br>December 31,<br>2018 | As at<br>December 31,<br>2019 | As at<br>December 31,<br>2018 |
| Trade   |                               |                               |                               |                               |
| - Related parties (Note 21)                   | -                             | -                             | 2,298,121                     | 2,628,481                     |
| - Unrelated parties                           | 34,139,910                    | 40,773,581                    | 29,645,253                    | 35,869,466                    |
| Other Trade payables                          | 10,832,333                    | 5,546,521                     | 8,637,224                     | 5,620,630                     |
| Accrued expenses                              | 33,592,853                    | 47,893,781                    | 30,478,349                    | 45,372,999                    |
| <b>Total</b>                                  | <b>78,565,096</b>             | <b>94,213,883</b>             | <b>71,058,947</b>             | <b>89,491,576</b>             |
| Other Trade payables                          |                               |                               |                               |                               |
| Unearned income                               | 175,419,347                   | 165,515,271                   | 172,056,330                   | 161,378,480                   |
| <b>Total Trade and other current payables</b> | <b>253,984,443</b>            | <b>259,729,154</b>            | <b>243,115,277</b>            | <b>250,870,056</b>            |

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12. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

The Company loans from local financial institutions amount of Baht 17 million. The principal plus interest are monthly at 255,000 baht with a fixed interest rate of 6.275% per annum guaranteed by a director of the Company, secured by land and building as described in (Note 10).

|  | (Unit : Baht)        |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Consolidated         |                      | Separate             |                      |
|  | As at                | As at                | As at                | As at                |
|  | December 31,<br>2019 | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2018 |
| Long-term loans from bank                | -                    | 728,443              | -                    | 728,443              |
| <u>Less</u> Current portion of long-term | -                    | (728,443)            | -                    | (728,443)            |
| Net from current portion of long-term    | -                    | -                    | -                    | -                    |

13. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

|  | (Unit : Baht)        |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Consolidated         |                      | Separate             |                      |
|  | As at                | As at                | As at                | As at                |
|  | December 31,<br>2019 | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2018 |
| The benefit obligations at the beginning of the year             | 19,806,810           | 17,253,090           | 16,468,969           | 14,826,010           |
| Current service costs  | 7,694,570            | 2,770,657            | 6,528,039            | 2,255,264            |
| Interest costs   | 1,526,282            | 430,594              | 1,340,849            | 369,293              |
| Transfer employees   | -                    | -                    | -                    | (612,598)            |
| (Profit) loss from projections according to actuarial principles | 8,092,179            | -                    | 7,323,755            | -                    |
| Financial statement conversion                                   | (79,132)             | (4,652)              | -                    | -                    |
| Benefits paid during the year                                    | (240,300)            | (642,879)            | (240,300)            | (369,000)            |
| The benefit obligations at the end of the year                   | 36,800,409           | 19,806,810           | 31,421,312           | 16,468,969           |

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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|   | (Unit : Baht)        |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | Consolidated         |                      | Separate             |                      |
|   | As at                | As at                | As at                | As at                |
|   | December 31,<br>2019 | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2018 |
| The benefit obligations                     | 36,800,409           | 19,806,810           | 31,421,312           | 16,468,969           |
| <u>Less</u> Current portion of<br>long-term | <u>(354,333)</u>     | <u>(285,035)</u>     | <u>(311,518)</u>     | <u>(246,708)</u>     |
| The benefit obligations - Net               | <u>36,446,076</u>    | <u>19,521,775</u>    | <u>31,109,794</u>    | <u>16,222,261</u>    |

During the year 2018, there are employees transferred to the subsidiary (DETI Co., Ltd.) about 2 person resulting in the Company having to move the provision to the subsidiary company.

Expenses relating to long-term employee benefits recognized in profit or loss.

|  | (Unit : Baht)        |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Consolidated         |                      | Separate             |                      |
|  | As at                | As at                | As at                | As at                |
|  | December 31,<br>2019 | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2018 |
| Service cost                           | 1,144,157            | 126,945              | 268,686              | 126,945              |
| Selling and Administrative<br>expenses | <u>8,076,695</u>     | <u>3,074,306</u>     | <u>7,600,202</u>     | <u>2,497,612</u>     |
| Total                                  | <u>9,220,852</u>     | <u>3,201,251</u>     | <u>7,868,888</u>     | <u>2,624,557</u>     |

The Company and its subsidiaries expect to pay the long-term benefits of employees within one year forward from the consolidated financial statements which are approximately amount of Baht 0.35 million Baht (2018 : amount of Baht 0.28 million) and the separate financial statements which are 0.31 million Baht (2018 : amount of Baht 0.25 million).

As at December 31, 2019, the weighted average duration to pay the long-term benefits of employees of the Company and its subsidiaries in the consolidated financial statements are approximately about 14.9 years (2018: 14.6 years) and the separate financial statements are approximately about 14.9 years (2018: 14.6 years)

APPLICAD PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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The key assumptions for estimation as the actuarial science to calculate the provisions for employees' benefits are as follows:

|   | Consolidated            |                         |
|---|-------------------------|-------------------------|
|   | As at December 31, 2019 | As at December 31, 2018 |
| Discount rate (percent per year)                | 1.19 - 8.70             | 1.43 - 8.70             |
| Average salary increase rate (percent per year) | 6 - 8                   | 6 - 8                   |
| Turnover rate                                   | 0 - 23                  | 0 - 23                  |
| Retirement                                      | 55                      | 55                      |

|   | Separate                |                         |
|---|-------------------------|-------------------------|
|   | As at December 31, 2019 | As at December 31, 2018 |
| Discount rate (percent per year).               | 1.19 - 2.23             | 1.43 - 3.95             |
| Average salary increase rate (percent per year) | 6 - 8                   | 6 - 8                   |
| Turnover rate                                   | 0 - 23                  | 0 - 23                  |
| Retirement                                      | 55                      | 55                      |

The analysis of the sensitivity of the key assumptions as the actuarial science which affects the increases (decreases) of the employees' benefit obligations as at December 31, 2019 are as follows

(Unit : Baht)

|                      | Changes in present value of employee benefit obligations increased (decreased) |                |                |                |
|----------------------|--|----------------|----------------|----------------|
|                      | Consolidated   |                | Separate       |                |
|                      | Increase 1.00%   | Decrease 1.00% | Increase 1.00% | Decrease 1.00% |
| Discount rate        | (3,664,382)  | 4,267,667      | (3,244,135)    | 3,783,319      |
| Salary increase rate | 4,237,799  | (3,695,117)    | 3,756,544      | (3,271,071)    |

(Unit : Baht)

|                        | Changes in present value of employee benefit obligations increased (decreased) |                 |                 |                 |
|------------------------|--|-----------------|-----------------|-----------------|
|                        | Consolidated   |                 | Separate        |                 |
|                        | Increase 20.00%  | Decrease 20.00% | Increase 20.00% | Decrease 20.00% |
| Employee turnover rate | (3,922,807)  | 4,946,524       | (3,530,818)     | 4,460,526       |

The analysis of the sensitivity above might not show the actual changes in the employee's benefit obligations because it is difficult to change the various assumptions that arise separately from the other assumptions which may be relevant.

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The analysis of the due of the amount of the benefit payables in the future before the discount as at December 31, 2019 are as follows

|                                       | (Unit : Baht) |            |
|---------------------------------------|---------------|------------|
|                                       | Consolidated  | Separate   |
| Within 1 year                         | 1,016,569     | 876,791    |
| More than 1 year but not over 5 years | 9,734,642     | 8,105,350  |
| More than 5 years                     | 98,589,988    | 86,071,508 |

On April 5, 2019, The Labor Protection Act (No.7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from May 5, 2019 that the change is considered a project amendment for the post-employment benefits plan. The Company will record the effect of change by recognizing the past service cost immediately in the income statement in the period which the law is effective amount of Baht 4.50 million and 4.04 million as follow.

**14. SHARE CAPITAL**

According to the resolution of the Board of Directors as No. 5/2018 on November 9, 2018, they approved the resolutions as following:

- The resolution to consider and approve the dividend payment from the operating performance ended on September 30, 2018 amount of Baht 52,020,000 by setting to pay the interim dividend to the shareholders on December 4, 2018.
- The resolution to consider and approve the increase of the Company's capital from 36,000,000 baht (360,000 shares as 100 baht per share) to 82,800,000 baht (165,600,000 shares as 0.5 baht per share) and to consider and approve the change of the par value of the Company from 100 baht per share to 0.5 baht per share which increase the number of the Company's shares from 360,000 shares to 165,600,000 shares. The Company registered with the Department of Business Development on December 7, 2018.
- The resolution to consider and approve the transformation to Public Company Limited and the registration of the Company to the Stock Exchange MAI on November 9, 2018.

According to the resolution of the Annual General Meeting of Shareholder as No. 1/2019 on March 8, 2019, the Annual General Meeting of Shareholder approved subjects as follow.

- The Company has approved the payment of dividend from the retained earnings ended on December 31, 2018 to the shareholders listed on the book of shareholders' registration as of March 8, 2019 for the rate of 0.15 baht per share which is representing a total of 24,840,000 baht and the above payment of dividend will be paid to the shareholders within March 20, 2019.

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- The Company has the resolution to consider and approve the increase of the registered capital of the Company as 57,200,000 baht (fifty-seven million two hundred thousand baht) which can be separated into the common share as 114,400,000 shares (one hundred and forty-four million four hundred thousand shares) with a par value of 0.50 baht (fifty satang) from the existing registered capital of 82,800,000 baht (eighty-two million eight hundred thousand baht) which is the amount of registered capital of 140,000,000 baht (one hundred and forty million baht) and the common share as 280,000,000 shares (two hundred and eighty million shares) with a par value of 0.50 baht (fifty satang) and the paid-up capital from the original as 82,800,000 baht (eighty-two million eight hundred thousand baht) which is the paid-up capital of Baht 100,000,000 baht (one hundred million). The Company registered with the Department of Business Development on March 19, 2019.

The details of capital increase are follows,

1. The 34,400,000 of new ordinary shares to be offered to sell at the same time or each time to the existing shareholders in proportion to the price of 0.50 baht per share, the company has received the payment of the new shares during the period and registered the increase in the paid-up capital with the Department of Business Development on March 19, 2019
2. The 72,000,000 of new ordinary shares are for the initial public offering.
3. The 8,000,000 of new ordinary shares to be offered to directors, executives and employees and subsidiaries in the offering period at the same time and at the offering price of the shares are equal to the offering price of the new ordinary shares to the public for the firsttime according to item 2 above.

The company registered the increase authorized paid share capital from amount of Baht 100,000,000 was authorized paid share capital amount of baht 140,000,000 with the Ministry of Commerce on November 20, 2019.

#### 15. LEGAL RESERVE

Under the Public Limited Companies Act, the Company is required to set aside as a legal reserve at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is not distributable as a dividend.

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16. DIVIDEND

(Unit : Million Baht)

| Dividend                                   | Approved by   | Dividend         |                   |                  |
|--|---|------------------|-------------------|------------------|
|  |   | Dividend payment | payment per share | due              |
| Interim Dividend from profit 2017          | The Board of director has a Meeting round No.4/2018 on August 7, 2018   | 15.00            | *41.67            | August 10, 2018  |
| Interim Dividend from profit 9 months 2018 | The Board of director has a Meeting round No.5/2018 on November 9, 2018 | 52.02            | *144.50           | December 4, 2018 |
| Dividend from profit 2019                  | The General Shareholder's Meeting rounf No.1/2019 On March 8, 2019      | 24.84            | **0.15            | March 14, 2019   |

\* Dividend paid per share of 360,000 shares (par value of 100 baht per share)

\*\* Dividend paid per share 165,600,000 shares (par value of 0.50 baht per share)

17. EXPENSES BY NATURE

The following significant expenditure items, classified by nature are as follows:

(Unit : Baht)

|  | Consolidated |              | Separate    |              |
|--|--------------|--------------|-------------|--------------|
|  | 2019         | 2018         | 2019        | 2018         |
| Salaries and other benefits of employees | 175,431,155  | 158,583,742  | 147,907,962 | 134,067,033  |
| Commission                               | 53,870,253   | 59,508,305   | 46,386,691  | 55,154,852   |
| Depreciation and amortization            | 12,914,452   | 10,359,806   | 10,069,380  | 7,755,131    |
| Goods and services                       | 370,979,791  | 336,597,283  | 324,838,368 | 310,051,748  |
| Changes in inventories                   | (2,113,630)  | (10,814,305) | (2,118,408) | (11,912,528) |

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18. PROVIDENCE FUND

The Company and the employees of the Company have established the providence fund as the Provident Fund Act, B.E. 2530. The Company and the employees will monthly pay the contributions to the fund at the rate of 2-5 percent of salary. This providence fund is under the management of Kasikornthai Asset Management Company Limited and these contributions will be paid back to the employees when resigning as the regulations of the Company's fund. In during the year 2019, the Company and its subsidiaries acknowledge these contributions as the amount of Baht 3.35 million (2018: 2.85 million baht) and only the Company is 2.98 million Baht (2018: 2.48 million Baht).

19. INCOME TAX

Income tax for the year ended December 31, 2019 and 2018 are as follows:

|  | (Unit : Baht)     |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Consolidated      |                   | Separate          |                   |
|  | 2019              | 2018              | 2019              | 2018              |
| <b>Current income tax:</b>   |                   |                   |                   |                   |
| Income tax for the year  | 16,567,123        | 21,451,085        | 16,460,581        | 21,438,177        |
| <b>Deferred income tax</b>   |                   |                   |                   |                   |
| Deferred income tax from temporary differences and reversal of temporary differences | (1,991,743)       | (1,725,537)       | (1,777,295)       | (1,513,722)       |
| <b>Income tax shown in comprehensive profit and loss statement</b>                   | <b>14,575,380</b> | <b>19,725,548</b> | <b>14,683,286</b> | <b>19,924,455</b> |

The amount of income taxes related to each component of the other comprehensive profit and loss statements for the year ended on December 31, 2019 and 2018 could be summarized as follows

|   | (Unit : Baht) |      |           |      |
|---|---------------|------|-----------|------|
|   | Consolidated  |      | Separate  |      |
|   | 2019          | 2018 | 2019      | 2018 |
| Income tax resulted from (profit) loss estimated based on actuarial science | 1,281,777     | -    | 1,171,801 | -    |



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The reconciliations between accounting profits and income tax expenses are as follows:

|  | (Unit : Baht) |             |             |             |
|--|---------------|-------------|-------------|-------------|
|  | Consolidated  |             | Separate    |             |
|  | 2019          | 2018        | 2019        | 2018        |
| Accounting profit before income tax  | 72,200,946    | 94,964,005  | 67,624,546  | 97,790,060  |
| Division of accounting profit before income tax<br>in each income tax's rate of the Company<br>and its subsidiaries are as follows |               |             |             |             |
| Exemption of income tax  | (300,000)     | (600,000)   | -           | -           |
| Income tax rate of 10 percent  | -             | -           | -           | -           |
| Income tax rate of 15 percent  | -             | 359,994     | -           | -           |
| Income tax rate of 20 percent  | 67,624,546    | 102,550,290 | 67,624,546  | 97,790,060  |
| Income tax rate of 25 percent  | -             | -           | -           | -           |
| Accounting profit before income tax<br>multiplied by the tax rate  | 13,468,331    | 19,567,011  | 13,524,909  | 19,558,012  |
| Effect on deferred income tax from changes in<br>the tax rate  | -             | -           | -           | -           |
| Tax impact for:  |               |             |             |             |
| Costs cannot be deducted as expenditure for tax  | 3,318,686     | 3,735,089   | 2,935,672   | 3,708,836   |
| Tax loss of subsidiaries that has not been<br>recorded as deferred assets  | (185,891)     | -           | -           | -           |
| The expense account with more deductions   | (34,003)      | (1,851,015) | -           | (1,828,671) |
| Total  | 16,567,123    | 21,451,085  | 16,460,581  | 21,438,177  |
| Deferred tax arising from temporary differences<br>and reversal of temporary differences   | (1,991,743)   | (1,725,537) | (1,777,295) | (1,513,722) |
| Income tax expense show in comprehensive<br>profit and loss statement  | 14,575,380    | 19,725,548  | 14,683,286  | 19,924,455  |

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The components of deferred tax assets and the deferred tax liabilities comprise of the following:

(Unit : Baht)

|  | Statements of financial position |                      |                      |                      |
|--|----------------------------------|----------------------|----------------------|----------------------|
|  | Consolidated                     |                      | Separate             |                      |
|  | As at                            | As at                | As at                | As at                |
|  | December 31,<br>2019             | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2018 |
| <b>Deferred tax assets</b>                             |                                  |                      |                      |                      |
| Allowance for doubtful accounts                        |                                  |                      |                      |                      |
| - loans to subsidiaries                                | -                                | -                    | 2,561,107            | 1,552,157            |
| Allowance for doubtful accounts                        | 43,380                           | 61,984               | -                    | 489,842              |
| Allowance for product impairment                       | 489,906                          | 304,411              | 449,584              | 277,331              |
| Allowance for impairment of investment in subsidiaries | -                                | -                    | 1,222,347            | 1,971,717            |
| Reverse of long-term employee's benefits               | 6,899,168                        | 3,863,043            | 6,315,435            | 3,293,794            |
| Short-term provision                                   | 6,790,907                        | 5,266,911            | 6,790,907            | 5,266,910            |
| <b>Total</b>   | <b>14,223,361</b>                | <b>9,496,349</b>     | <b>17,339,380</b>    | <b>12,851,751</b>    |

As of December 31, 2019, the subsidiaries have the transactions of the temporary differences for tax deductions and the unused tax losses which will gradually end of the benefit period within 5 years as 0.34 million baht that the Company has not record the deferred tax assets because the Company already considered that the Company might not have the sufficient taxable profits to utilize the the temporary differences and the unused tax losses mentioned above.

(Unit : Baht)

|                                 | Statements of financial position |                      |                      |                      |
|---------------------------------|----------------------------------|----------------------|----------------------|----------------------|
|                                 | Consolidated                     |                      | Separate             |                      |
|                                 | As at                            | As at                | As at                | As at                |
|                                 | December 31,<br>2019             | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2018 |
| <b>Deferred tax liabilities</b> |                                  |                      |                      |                      |
| Difference between depreciation | -                                | 99,280               | -                    | 99,280               |
| <b>Total</b>                    | <b>-</b>                         | <b>99,280</b>        | <b>-</b>             | <b>99,280</b>        |

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20. EARNING PER SHARE

Basic earnings per share are calculated by dividing profit for the years attributed to equity holders of the Company.

(Excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the years.

|  | (Unit : Baht) |            |             |            |
|--|---------------|------------|-------------|------------|
|  | Consolidated  |            | Separate    |            |
|  | 2019          | 2018       | 2019        | 2018       |
| <b>For the year ended December 31,</b>                             |               |            |             |            |
| Profit (loss) attributable to equity holders of the Company (Baht) | 57,482,103    | 75,518,371 | 52,941,260  | 77,865,605 |
| Effect of dilutive potential ordinary shares (shares)              | 202,608,219   | 78,410,959 | 202,608,219 | 78,410,959 |
| Basic earnings (loss) per shares                                   | 0.28          | 0.96       | 0.26        | 0.99       |

21. RELATED PARTY TRANSACTIONS

The Company and its subsidiaries have the number of accounting transactions occurred with the related parties, assets, liabilities, income and the number of expenses occurred from the transactions with the related parties above. These related parties are associated with the shareholders and/or the same group of committees. These financial statements include the results of such transactions as following criteria.

**Relationship**

| Name of Company  | Relationship                            |
|--|---|
| Deti Company Limited                                     | Subsidiaries                            |
| Rabbit Prototype Company Limited                         | Subsidiaries                            |
| PT Indonesia AppliCAD Company Limited                    | Subsidiaries                            |
| Magnolia Quality Development Corporation Company Limited | Related companies with common directors |
| DT Designs Corporation Company Limited                   | Related companies with common directors |
| Siam City Cement Public Company Limited                  | Related companies with common directors |
| Iconsiam Signature Company Limited                       | Related companies with common directors |
| B.Grimm Power Public Company Limited                     | Related companies with common directors |

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**Pricing policies**

| Related  | Pricing criteria                                  |
|--|---|
| <u>Revenue from sale of finished goods</u>   |   |
| Deti Company Limited   | Cost plus margin                                  |
| Rabbit Prototype Company Limited   | Cost plus margin                                  |
| PT Indonesia AppliCAD Company Limited  | Cost plus margin                                  |
| Magnolia Quality Development Corporation Company Limited   | Cost plus margin                                  |
| DT Designs Corporation Company Limited   | Cost plus margin                                  |
| Siam City Cement Public Company Limited  | Cost plus margin                                  |
| B.Grimm Power Public Company Limited   | Cost plus margin                                  |
| Iconsiam Signature Company Limited   | Cost plus margin                                  |
| <u>Revenue from services</u>   |   |
| Deti Company Limited   | Cost plus margin                                  |
| Rabbit Prototype Company Limited   | Cost plus margin                                  |
| PT Indonesia AppliCAD Company Limited  | Cost plus margin                                  |
| <u>Purchasing of finished goods</u>  |   |
| Deti Company Limited   | Cost plus margin                                  |
| Rabbit Prototype Company Limited   | Cost plus margin                                  |
| PT Indonesia AppliCAD Company Limited  | Cost plus margin                                  |
| <u>Purchasing of service</u>   |   |
| Deti Company Limited   | As agreed in the contract (4,000 baht per month)  |
| Rabbit Prototype Company Limited   | Cost plus margin                                  |
| <u>Revenue from accounting services</u>  |   |
| Deti Company Limited   | As agreed in the contract (8,000 baht per month)  |
| Rabbit Prototype Company Limited   | As agreed in the contract (10,000 baht per month) |
| Short-term loans from related parties  | Interest rate as 1.30% to 6.275% per year         |
| Other income - interest receivable   | Interest rate as 1.30% to 6.275% per year         |
| <u>Rental of land</u>  |   |
| Mr. Prapas Tangadulrat (Director)  | As agreed in the contract (50,000 baht per month) |
| Remuneration of directors  | As approved in the annual shareholders meeting    |
| The remunerations of executive are the meeting allowances, salaries and related benefits paid to the company executives. |   |
| <u>Consulting contract</u>   |   |
| Mr. Prakit Lhaobooncharoen (Director)  | As agreed in the contract (40,000 baht per month) |

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During the year, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which were summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit : Baht)

|   | For the year ended December 31, |      |            |            |
|---|---------------------------------|------|------------|------------|
|   | Consolidated                    |      | Separate   |            |
|   | 2019                            | 2018 | 2019       | 2018       |
| <b>Transactions with subsidiaries</b>                   |                                 |      |            |            |
| (Eliminated from the consolidated financial statements) |                                 |      |            |            |
| Sales   | -                               | -    | 2,948,408  | 1,714,359  |
| Other income  | -                               | -    | 216,000    | 216,000    |
| Purchasing of finished goods                            | -                               | -    | 818,232    | 3,290,024  |
| Purchasing of service                                   | -                               | -    | 13,863,232 | 13,712,709 |
| Other Expense   | -                               | -    | 1,150,046  | 175,968    |
| Interest received                                       | -                               | -    | 403,368    | 510,329    |

The Company has entered land's committee agreement. The rental rate is Baht 50,000 per month. The agreement had a period of 3 years on July 1, 2019 to June 30, 2022.

The subsidiary has entered into a consulting contract with Mr. Prakit Lhaobooncharoen at Baht 40,000 per month. The agreement had on December 1, 2019 to May 31, 2020.

During the period 2019, the Company sold products to Siam City Cement Public Company Limited, B.Grimm Power Public Company Limited, Magnolia Quality Development Corporation Company Limited, and ICONSIAM Signature Limited. There is a director with the Company the total amount of Baht 0.14 million, 0.30 million, 0.06 million and 0.008 million respectively.

During the period 2018, the Company sold products to Magnolia Quality Development Corporation Company Limited and DT Designs Corporation Company Limited, There is a director with the Company the total amount of Baht 2.77 million and 0.18 million respectively, using cost plus a margin.

The balances of the accounts as at December 31, 2019 and 2018 between the Company and those related parties are as follows:

(Unit : Baht)

|  | Consolidated |      | Separate  |           |
|--|--------------|------|-----------|-----------|
|  | 2019         | 2018 | 2019      | 2018      |
| <b>Trade and other receivables - related parties</b> |              |      |           |           |
| Subsidiaries   | -            | -    | 2,575,309 | 4,690,316 |
| <b>Trade and other payables - related parties</b>    |              |      |           |           |
| Subsidiaries   | -            | -    | 2,298,121 | 2,628,481 |

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**Loans and accrued interest receivable from related parties**

Outstanding of loans and accrued interest receivable among related parties, subsidiaries, related companies and directors as at December 31, 2019 and 2018, the movements of loans and accrued interest receivable were as follows:

|   | Separate                              |                         |                           | (Unit : Baht)                         |
|---|---------------------------------------|-------------------------|---------------------------|---------------------------------------|
| Loans   | Balance as at<br>December<br>31, 2018 | Increase                | Decrease                  | Balance as at<br>December<br>31, 2019 |
| Subsidiaries                                  | 17,869,190                            | 9,189,364               | (2,128,333)               | 24,930,221                            |
| Accrued interest<br>receivables               | 707,201                               | 403,368                 | (361,491)                 | 749,078                               |
| <u>Less: Allowance for<br/>doubtful debts</u> | <u>(7,760,787)</u>                    | <u>(6,121,364)</u>      | <u>1,076,616</u>          | <u>(12,805,535)</u>                   |
| <b>Total</b>                                  | <b><u>10,815,604</u></b>              | <b><u>3,471,368</u></b> | <b><u>(1,413,208)</u></b> | <b><u>12,873,764</u></b>              |

In First quarter, 2019, the Company has considered the doubtful debts of the loans in PT.Indonesia AppliCAD Co., Ltd. Amount of Baht 3.17 million the management expects not to receive such loan repayments. And classified advance payment to loans in the amount of Baht 2.95 million. Because of the loan agreement with an interest rate of 4% per annum, currently considered doubtful.

In Third quarter, 2019, the Company received a loan and interest from PT Indonesia Applicad Company Limited amount of Baht 0.28 million. Therefore reversed allowance for impairment amount of Baht 0.28 million that the company has recorded and the Company has provided loans to PT Indonesia Applicad Company Limited amount of Baht 3.07 million with interest rates of 3.8% per annum.

In fourth quarter, 2019, the Company received a loan from DETI Company Limited and PT Indonesia Applicad Company Limited amount of Baht 0.95 million and 0.79 million. The company reversed allowance for doubtful accounts that recorded amount of baht 0.79 million.

During the period in 2018, its parent company gave subsidiary (Rabbit Prototype Company Limited) loan amount of Baht 2.60 million and received a loan and interest from a subsidiaries (DETI Company Limited and Rabbit Prototype Company Limited) amount of Baht 3.12 million and the Company has considered doubtful debts in PT Indonesia Applicad Company Limited in respect of the whole amount of accrued interest.

During in the period 2018, the subsidiary and related companies received loan and interest from directors amounting of Baht 4.15 million.

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Loans to directors Subsidiaries and related companies bear interest at the rate of 1.30 - 6.275 % per annum. The loan is repayable on demand and unsecured.

**Advances from Directors**

As at December 31, 2018, there is advance payment from Applicad Public company Limited amount of Baht 2,946,364 to PT Indonesia Applicad Co., Ltd. For use in the operation in business.

**Remueration of directors and management**

During the year ended December 31, 2019 and 2018, the Company and subsidiaries had employee benefit expenses paid to directors and management as follows:

|                              | (Unit : Baht)                   |                   |                   |                   |
|------------------------------|---------------------------------|-------------------|-------------------|-------------------|
|                              | For the year ended December 31, |                   |                   |                   |
|                              | Consolidated                    |                   | Separate          |                   |
|                              | 2019                            | 2018              | 2019              | 2018              |
| short-term employee benefits | 17,272,516                      | 15,335,239        | 14,696,580        | 12,934,441        |
| post employment benefits     | 428,636                         | 382,750           | 310,396           | 269,650           |
| <b>Total</b>                 | <b>17,701,152</b>               | <b>15,717,989</b> | <b>15,007,516</b> | <b>13,204,091</b> |

|                                 | (Unit : Baht)                   |           |           |           |
|---------------------------------|---------------------------------|-----------|-----------|-----------|
|                                 | For the year ended December 31, |           |           |           |
|                                 | Consolidated                    |           | Separate  |           |
|                                 | 2019                            | 2018      | 2019      | 2018      |
| Provision for employee benefits |                                 |           |           |           |
| - Management                    | 5,736,223                       | 3,677,605 | 3,931,658 | 2,732,492 |

**22. FINANCIAL INFORMATION BY SEGMENT**

This operating segment information presented is consistent with internal report which the board of directors have been regularly reviewed. This is used to make decisions about allocating resources to the segment and evaluating the performance of the segment.

For administrative purposes, the Company and subsidiaries are structured as a business unit by type of products and services. The Company and subsidiaries report the following three segments:

1. Computer software sale for Engineering and Architecture.
2. Machinery sale and equipment, computer parts, spare parts, materials and other products.
3. Service division as part of computer maintenance services, design and manufacture of industrial parts and prototypes and other services.

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The top decision makers review the performance of each business unit separately for the purpose of decision making regarding resource allocation and performance appraisal. The Company evaluated the performance of the segment by considering from operating profit or loss and total assets measured by using the same criteria used to measure profit or loss from operations and total assets in the financial statements. However, the Company and subsidiaries have central management which manages finance (including financial expenses and financial income) and the income tax of the whole group. Such revenues and expenses are not allocated to each operating segment.

Accounting for transactions between reporting segments is the same as accounting for business transactions with outsiders.

Information of income, profit and total assets of the company and subsidiary for the year ended December 31, 2019 and 2018 are as follows:



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|  | For the year ended December 31,     |      |                                      |      |                    |      | (Unit : Million Baht) |              |
|--|-------------------------------------|------|--------------------------------------|------|--------------------|------|-----------------------|--------------|
|  | Sale department<br>computer program |      | Sale department<br>machine and other |      | Service department |      |                       | Consolidated |
|  | 2019                                | 2018 | 2019                                 | 2018 | 2019               | 2018 |                       |              |
| <b>Revenue from sales and services</b> | 288                                 | 320  | 154                                  | 158  | 285                | 251  | 729                   |              |
| <b>Profit of segment</b>               | 131                                 | 148  | 52                                   | 59   | 164                | 144  | 351                   |              |
| Unallocated revenue and expenses :     |                                     |      |                                      |      |                    |      |                       |              |
| Other income                           |                                     |      |                                      |      |                    |      | 8                     |              |
| Distribution costs                     |                                     |      |                                      |      |                    |      | (176)                 |              |
| Administrative expenses                |                                     |      |                                      |      |                    |      | (106)                 |              |
| Finance costs                          |                                     |      |                                      |      |                    |      | -                     |              |
| Income tax expenses                    |                                     |      |                                      |      |                    |      | (15)                  |              |
| <b>Profit (loss) for the year</b>      |                                     |      |                                      |      |                    |      | <b>58</b>             |              |
|  |                                     |      |                                      |      |                    |      | <b>75</b>             |              |
| <b>Total assets</b>                    |                                     |      |                                      |      |                    |      |                       |              |
| Trade and other current receivable     | 25                                  | 30   | 6                                    | 8    | 21                 | 27   | 65                    |              |
| Prepaid service costs                  | -                                   | -    | -                                    | -    | 65                 | 63   | 63                    |              |
| Inventories                            | 10                                  | 12   | 12                                   | 14   | 2                  | -    | 26                    |              |
| Central assets                         |                                     |      |                                      |      |                    |      | 92                    |              |
| Other assets                           |                                     |      |                                      |      |                    |      | 382                   |              |
| <b>Total assets</b>                    |                                     |      |                                      |      |                    |      | <b>615</b>            |              |
|  |                                     |      |                                      |      |                    |      | <b>379</b>            |              |

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|  | For the year ended December 31,     |      |                                      |      |                    |      | (Unit : Million Baht) |          |
|--|-------------------------------------|------|--------------------------------------|------|--------------------|------|-----------------------|----------|
|  | Sale department<br>computer program |      | Sale department<br>machine and other |      | Service department |      |                       | Separate |
|  | 2019                                | 2018 | 2019                                 | 2018 | 2019               | 2018 | 2019                  | 2018     |
| <b>Revenue from sales and services</b> | 258                                 | 297  | 148                                  | 156  | 251                | 226  | 657                   | 679      |
| <b>Profit of segment</b>               | 113                                 | 139  | 50                                   | 57   | 142                | 127  | 305                   | 323      |
| Unallocated revenue and expenses :     |                                     |      |                                      |      |                    |      |                       |          |
| Other income                           |                                     |      |                                      |      |                    |      | 9                     | 10       |
| Distribution costs                     |                                     |      |                                      |      |                    |      | (156)                 | (146)    |
| Administrative expenses                |                                     |      |                                      |      |                    |      | (90)                  | (89)     |
| Finance costs                          |                                     |      |                                      |      |                    |      | -                     | -        |
| Income tax expenses                    |                                     |      |                                      |      |                    |      | (15)                  | (20)     |
| <b>Profit for the year</b>             |                                     |      |                                      |      |                    |      | 53                    | 78       |
| <b>Total assets</b>                    |                                     |      |                                      |      |                    |      |                       |          |
| Trade and other current receivable     | 23                                  | 28   | 8                                    | 9    | 17                 | 22   | 48                    | 59       |
| Prepaid service costs                  | -                                   | -    | -                                    | -    | 63                 | 61   | 63                    | 61       |
| Inventories                            | 8                                   | 11   | 12                                   | 12   | -                  | -    | 20                    | 23       |
| Central assets                         |                                     |      |                                      |      |                    |      | 81                    | 69       |
| Other assets                           |                                     |      |                                      |      |                    |      | 388                   | 161      |
| <b>Total assets</b>                    |                                     |      |                                      |      |                    |      | 600                   | 373      |

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Revenue from external customers is based on locations of the customers.

|                                 | (Unit : Million Baht) |            |
|---------------------------------|-----------------------|------------|
|                                 | 2019                  | 2018       |
| Revenue from external customers |                       |            |
| Thailand                        | 683                   | 700        |
| Indonesia                       | 44                    | 29         |
| Total                           | <u>727</u>            | <u>729</u> |

Major customers

In the year 2019 and 2018, the company earns revenue from one customer at there is earning more than 10 percent of total revenue.

**23. COMMITMENTS AND CONTINGENT LIABILITIES**

**23.1. Operating lease commitments**

In 2019, the company and its subsidiary has commitments in respect of the expenditure as are follow:

|                       | (Unit : Million Baht) |             |
|-----------------------|-----------------------|-------------|
|                       | Consolidated          | Separate    |
| Building improvements | 1.29                  | 1.29        |
| Purchase fixed assets | 0.46                  | -           |
| Total                 | <u>1.75</u>           | <u>1.29</u> |

The Company and subsidiaries entered into operating lease agreements related to building lease and service contract. The term of the agreement is from 1 to 3 years.

As at December 31, 2019 and 2018, the Company and subsidiaries have the future minimum lease payments required under operating leases and services are as follows:

|   | (Unit : Million Baht) |          |          |          |
|---|-----------------------|----------|----------|----------|
|   | Consolidated          |          | Separate |          |
|   | As at                 | As at    | As at    | As at    |
|   | December              | December | December | December |
|   | 31, 2019              | 31, 2018 | 31, 2019 | 31, 2018 |
| Payment                                 |                       |          |          |          |
| Due within one year                     | 5.19                  | 5.11     | 3.03     | 2.68     |
| Due over 1 year but not<br>over 3 years | 2.86                  | 3.69     | 2.28     | 1.63     |

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23.2. Guarantees

As at December 31, 2019, there were outstanding bank guarantees of approximately amount of Baht 20 million to performance guarantee of the contract. (2018: amount of Baht 20 million)

|                                 | (Unit : Baht)              |                            |
|---------------------------------|----------------------------|----------------------------|
|                                 | Consolidated / Separate    |                            |
|                                 | As at December<br>31, 2019 | As at December<br>31, 2018 |
| <b>Used credit to guarantee</b> |                            |                            |
| - Performance under contract    | 5,132,930                  | 9,982,618                  |

23.3. Letter of credit and trust receipts

The Company has credit facilities of letters of credit and trust receipts amounting to Baht 33 million. As at December 31, 2019, the Company has not used such credit lines.

23.4. Forward foreign currency exchange contracts

As at December 31, 2019 the settlement date on open forward contracts ranged 4 months foreign currency was USD and amounts to be received and contractual exchange rates of the outstanding contracts were:

| Contract period         | (Unit : Baht)                    |                               |                               |                               |                               |                               |
|-------------------------|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                         | Consolidated / Separate          |                               |                               |                               |                               |                               |
|                         | Foreign currency contract amount |                               | Contract rate                 |                               |                               |                               |
|                         | As at<br>December<br>31, 2019    | As at<br>December<br>31, 2018 | As at<br>December<br>31, 2019 | As at<br>December<br>31, 2018 | As at<br>December<br>31, 2019 | As at<br>December<br>31, 2018 |
| 17/10/2018 - 14/02/2019 | -                                | 301,159                       | -                             | 32.7950                       | -                             | 9,876,509                     |
| 31/11/2018 - 13/03/2019 | -                                | 541,016                       | -                             | 32.9400                       | -                             | 17,821,078                    |
| 12/12/2018 - 11/04/2019 | -                                | 202,566                       | -                             | 32.9200                       | -                             | 6,668,486                     |
| 11/12/2019 - 16/04/2020 | 258,755                          | -                             | 30.3500                       | -                             | 7,853,214                     | -                             |

**Fair value**

The net fair value of forward foreign exchange contracts as at December 31, 2019, is forward foreign exchange contracts as liability amount of Baht 0.02 million.

The fair value of forward foreign exchange contracts have been calculated using rate quoted by the Company's banker to terminate the contract on December 31, 2019. The valuation is classified as level 2 of the fair value hierarchy.

**24. FINANCIAL INSTRUMENTS**

**24.1. Risk Management Policy**

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade receivables, other receivables and trade payables and short-term loans and accrued interest receivable from related parties. Advances from Directors Liabilities under finance lease and hire purchase agreements. The financial risks associated with these financial instruments and how they are managed is described below.

**Credit risk**

The Company and subsidiaries is exposed to credit risk primarily with respect to trade receivables and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables and other receivables, loan receivable and accrued interest receivables to related parties as stated in the statements of financial position.

**Interest rate risk**

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdraft, short - term and long - term loans, accrued interest receivables to related parties. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate in the present. Significant financial assets and liabilities can be classified by interest rate for financial assets and liabilities that carry fixed interest rates can be classified by maturity date or the interest rate date. (If there is a new interest rate date before) as follows:

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(Unit : Million Baht)

| Consolidated                       |                      |   |                          |       |                              |             |
|------------------------------------|----------------------|---|--------------------------|-------|------------------------------|-------------|
| As at December 31, 2019            |                      |   |                          |       |                              |             |
| Fixed interest rate                |                      | Interest Rate<br>Up or Down<br>depending on<br>Market Price | None<br>Rate<br>interest | Total | Real<br>interest rate<br>(%) |             |
| Within<br>1 year                   | Over<br>1 to 5 years |   |                          |       |                              |             |
| <b>Financial assets</b>            |                      |   |                          |       |                              |             |
| Cash and cash equivalents          | -                    | -   | 354                      | -     | 354                          | 0.125 - 0.5 |
| Trade and other current receivable | -                    | -   | -                        | 131   | 131                          | -           |
|                                    | -                    | -   | 354                      | 131   | 485                          |             |
| <b>Financial liabilities</b>       |                      |   |                          |       |                              |             |
| Trade and other current payables   | -                    | -   | -                        | 254   | 254                          | -           |
|                                    | -                    | -   | -                        | 254   | 254                          |             |

(Unit : Million Baht)

| Consolidated                                |                      |   |                          |       |                              |              |
|---|----------------------|---|--------------------------|-------|------------------------------|--------------|
| As at December 31, 2018                     |                      |   |                          |       |                              |              |
| Fixed interest rate                         |                      | Interest Rate<br>Up or Down<br>depending on<br>Market Price | None<br>Rate<br>interest | Total | Real<br>interest rate<br>(%) |              |
| Within<br>1 year                            | Over<br>1 to 5 years |   |                          |       |                              |              |
| <b>Financial assets</b>                     |                      |   |                          |       |                              |              |
| Cash and cash equivalents                   | -                    | -   | 115                      | -     | 115                          | 0.125 - 0.75 |
| Trade and other current receivable          | -                    | -   | -                        | 148   | 148                          | -            |
|   | -                    | -   | 115                      | 148   | 263                          |              |
| <b>Financial liabilities</b>                |                      |   |                          |       |                              |              |
| Trade and other current payables            | -                    | -   | -                        | 260   | 260                          | -            |
| Long-term loans from financial institutions | 1                    | -   | -                        | -     | 1                            | 6.3          |
|   | 1                    | -   | -                        | 260   | 261                          |              |

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**Foreign exchange risk**

As at December 31, 2019 and 2018, Group Company's exposure to foreign currency risk arises mainly from trading transactions and loans that are denominated in foreign currencies are as follow:

|   | Currency  | As at<br>December 31,<br>2019 | As at<br>December 31,<br>2018 |
|---|-----------|-------------------------------|-------------------------------|
| Accounts receivable in foreign currencies | US Dollar | 92,078                        | 54,642                        |
| Accounts payable in foreign currencies    | US Dollar | 800,065                       | 900,710                       |
|   | EURO      | 2,761                         | 4,433                         |

**24.2. Fair value of financial instruments**

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depend on the nature of the instrument.

**24.3. Determination of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, bank overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities - available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

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(Unit : Million Baht)

|                                     | Consolidated / Separate |      |         |      |         |      |       |      |
|-------------------------------------|-------------------------|------|---------|------|---------|------|-------|------|
|                                     | Level 1                 |      | Level 2 |      | Level 3 |      | Total |      |
|                                     | 2019                    | 2018 | 2019    | 2018 | 2019    | 2018 | 2019  | 2018 |
| <b>Asset measured at fair value</b> |                         |      |         |      |         |      |       |      |
| Property, plant and equipment       |                         |      |         |      |         |      |       |      |
| Land and building                   | -                       | -    | 42      | 46   | -       | -    | 42    | 46   |

25. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern and strengthen the value of shareholding to shareholder. According to the statements of financial position as at December 31, 2019, the Group's debt to equity ratio was 0.9:1 (as at December 31, 2018: 3.1:1) and the Company's was 0.8:1 (as at December 31, 2018: 2.8:1)

26. SUBSEQUENT EVENT

According to the resolution from the meeting of the Board of Directions No. 1/2020, held on February 21, 2020 and No. 2/2020, held on 8 March 8, 2020, the Board of Directors has approved to propose to the Annual General Meeting of shareholders for the approval of dividend payment at the amount of 0.10 baht per share as the total amount of 28,000,000 baht for the Company's operating performance ended December 31, 2019 from the net profit of 52,941,260 baht. As the technical error, the Company has to adjust the dividend rate from 0.15 baht to 0.10 baht. The record date to determine the list of shareholders who are entitled to receive the dividend will be on April 27, 2020 and the dividend payment will be made within May 15, 2020. Hence, the right to receive the dividend is uncertain as there must be the approval from the Annual General Meeting of shareholders for the year 2019.

27. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on February 21, 2020.







**C O D E**  
O F  
**S U C C E S S**



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