

No. APP_CA200801

AppliCAD Public Company Limited

14 August 2020

Subject: Management Discussion and Analysis for the Second Quarter ended 30 June 2020

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

AppliCAD Public Company Limited and its subsidiaries ("the Company") would like to submit our management discussion and analysis for the first six months ended 30 June 2020 comparing with the performance of the same period of 2019 according to the regulation of the Stock Exchange of Thailand as follows;

Revenue from Sales and Services

For the second quarter of 2020, the Company has the total income as 165.76 million baht increased by 9.43% while the revenue from sales is 90.51 million baht increased by 13.58%, mainly as the Company has the growth in sales and also increased the sales to the project customers. The Company has the revenue from services as 73.32 million baht increased by 5.85% from the existing customers renewing the subscription service contract from the same period of the previous year with the revenue from subscription service increased to 8.20% and the Company has the active contract of SOLIDWORKS' Subscription Service of 3,244 contracts increased from the same period of the previous year which was 3,123 contracts.

For the first six months of 2020, the Company has the total income as 330.71 million baht decreased by 0.47% from the same period of the previous year which could be classified as the revenue from sales as 181.91 million baht decreased by 1.45% from the same period of the previous year, mainly due to the recession of the industrial production for export especially the automotive industry which has been affected by the world economic recession and the trade protectionism, as well as the recession of the construction sector in the slowdown in public investment. The domestic real estate has slowed down steadily due to the impact of the situation of coronavirus 2019 (COVID – 19). Meanwhile, the revenue from subscription service contracts as 143.36 million baht increased by 0.64% from the same period of the previous year.



Costs and Expenses

For the second quarter of 2020, the Company has the cost of sales of software as 34.03 million baht which is the gross profit margin as 48.44% and the cost of sales of 3D designing products as 14.69 million baht which is the gross profit margin as 41.14%. In addition, the Company has the cost of services as 34.28 million baht or 54.23% of the gross profit margin.

For the first six months of 2020, the Company has the cost of sales of software as 72.70 million baht which is the gross profit margin as 48.37%, due to the growth in sales of the project customers and the cost of sales of 3D designing products as 24.77 million baht which is the gross profit margin as 39.76. The Company has the cost of services as 66.34 million baht or 53.73% of the gross profit margin which is similar to the gross profit margin in 2019. As the result, the Company has the cost of sales and services as the amount of 163.81 million baht or 49.64% of the gross profit margin. In addition, for the first six months of 2020, the Company has the cost of distribution as 81.43 million baht and the administrative expense as 47.44 million baht which is resulted to the net profit of the Company of the first six months of 2020 as 30.95 million baht or 9.36% of net profit margin.

Statement of financial position

As at 30 June 2020, the Company has the total assets of 649.47 million baht consisting of the cash and cash equivalents as 322.17 million baht, the account receivables and current receivables as 97.53 million baht, other receivables and prepaid service cost as 71.11 million baht, the inventory as 38.70 million baht and the property, plant and equipment as 92.67 million baht.

The total assets increased by 34.03 million baht or 5.53% comparing to the total assets as at 31 December 2019 due to the decrease of the cash and cash equivalents as 31.51 million baht or 8.91% caused from the interim dividend from the net profit of the Company for the year ended 31 December 2019 as the amount of 28 million baht, the increase of the account receivables and other receivables as 31.55 million baht or 47.81% and the increase of property, plant and equipment for investment as 3.03 million baht or 3.38%.

The total current liabilities are 282.65 million baht increased by 27.30 million baht or 10.69%. Most liabilities are the account payables and other payables and the deferred income which are the current liabilities occurred from the operation of the Company. Moreover, the Company also has the account payables and other current payables increased by 14.38 million baht or 18.31%, the deferred income from the Subscription Service increased by 5.43 million baht or 3.09%, the non-current liabilities increased by 3.94 million baht or 10.75% occurred from the changes in accounting policies arising from the application of Financial Reporting Standard No.16 on Leasing Contracts of the Company for the first time since 1 January 2020.



The shareholders' equity of the Company as at 30 June 2020 are 326.22 million baht, increased by 2.79 million baht, equivalent to 50.23% of total asset due to the operating results of the Company in the amount of 31.03 million baht, the interim dividend from the net profit of the Company for the year ended 31 December 2019 as the amount of 28 million baht and when comparing to the information as at 31 December 2019, the shareholders' equity is 323.43 million baht, equivalent to 52.55% of the total assets.

Cash flow statement

For the second quarter of 2020 ended 30 June 2020, the Company has the net cash flow (used in) operating activities as 9.08 million baht, the cash flow (used in) investment activities as 10.69 million baht, mainly used in the investment for purchasing the property, plant and equipment as 10.08 million baht and the cash from the sales of the property, plant and equipment as 0.70 million baht, the cash flow (used in) financing activities as 29.73 million baht, the interim dividend from the net profit of the Company for the year ended 31 December 2019 as the amount of 28 million baht in the rate of 0.10 baht per share and when comparing to the same period of the previous year, the issuing new shares for the existing shareholders as 17.20 million baht and the dividend payment as 24.84 million baht which makes the cash and cash equivalents as at 30 June 2020 is 322.17 million baht.

Yours sincerely,

(Miss Thitiporn Chartaisong)

Chief Finance Officer

AppliCAD Public Company Limited