

No. APP_AF210201

AppliCAD Public Company Limited

25 February 2021

Subject: Management Discussion and Analysis of the fiscal year ended 31 December 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 of the fiscal year ended 31 December 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 Sale and Service

Unit: Thousand baht	4Q2020	4Q2019	Change	2020	2019	Change
	baht	baht	% Increase (Decrease)	baht	baht	% Increase (Decrease)
Revenue from software sale	67,548	74,459	(9.28)	278,198	287,401	(3.18)
Revenue from hardware sale	15,844	17,329	(8.57)	87,233	154,277	(43.46)
Revenue from service	70,484	72,228	(2.42)	282,559	285,303	(0.96)
Other income	4,144	1,656	150.24	10,132	7,993	26.76
Total	158,020	165,672	(4.62)	658,122	734,974	(10.46)
Gross profit	69,547	82,700	(15.90)	309,936	346,685	(10.60)
Margin	45.20	50.42	(10.36)	47.83	47.69	0.30

For the fourth quarter of 2020, the Company has the total revenue as 158.02 million baht decreased by 4.62% while the revenue from software sale as 67.55 million baht decreased by 9.28%, the revenue from hardware sale as 15.84 million baht decreased by 8.57% and the revenue from service as 70.48 million baht decreased by 2.42% from the same period of previous year, because the Company has the decrease in the revenue from training service. However, the service of Subscription Service from expiration and renewal of service contracts resulting to the Subscription Service of SOLIDWORKS increased

by 5.67% with the total number of contracts in service of 3,298 increased from the same period of previous year of 3,121 contracts.

For 2020, the Company has the total revenue as 658.12 million baht decreased by 10.46% from the same period of previous year which could be classified as the revenue from software sale as 365.43 million baht decreased by 17.26% from the same period of 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. The investment from public sector in term of EEC is still under the planning stage as well as the concerns of the COVID-19 spreading, causing some projects to be postponed. However, the Company has the revenue from service as 282.56 million baht which similar to the same period of previous year.

Cost and Expense

Unit: Thousand baht	4Q2020	4Q2019	Change	2020	2019	Change
	baht	baht	% Increase (Decrease)	baht	baht	% Increase (Decrease)
Cost of software sale	40,229	38,113	5.55	151,201	156,856	(3.61)
Cost of hardware sale	10,713	12,222	(12.35)	55,135	102,484	(46.20)
Cost of service	33,385	30,981	7.76	131,717	120,955	8.90
Total	84,327	81,316	3.70	338,053	380,295	(11.11)
Cost of distribution	42,062	48,628	(13.50)	162,474	176,307	(7.85)
Administrative expense	29,100	26,495	9.83	100,181	106,164	(5.64)
Financial cost	67	-	-	341	7	4,771.42
Corporate tax	1,899	1,197	58.65	12,092	14,575	(17.04)
Total	73,128	76,320	(4.18)	275,088	297,053	(7.40)
Net profit	565	8,037	(92.97)	44,982	57,626	(21.94)
Net profit margin	0.36	4.85	(92.57)	6.83	7.84	(12.88)
Earnings per Share (baht)	0.002	0.040		0.16	0.28	

For the fourth quarter of 2020, the Company has the cost of software sale as 40.23 million baht which is the gross profit margin as 40.44% and the cost of hardware sale as 10.71 million baht which is the gross profit margin as 32.39%. In addition, the Company has the cost of service as 33.39 million baht or 52.63% of the gross profit margin.



For 2020, the Company has the cost of software sale as 151.20 million baht which is the gross profit margin as 45.65%, the cost of hardware sale as 55.14 million baht which is the gross profit margin as 36.80. The Company has the cost of service as 131.72 million baht or 53.39% of the gross profit margin. As the result, the Company has the cost of sale and service as the amount of 338.05 million baht or 47.83% of the gross profit margin. In addition, for 2020, the Company has the cost of distribution as 162.47 million baht and the administrative expense as 100.18 million baht, resulting to the similarity of the gross profit margin of the Company in 2019.

However, the Company has more effective in cost management and less marketing activities cost, including government measures to mitigate COVID - 19 employed by the Company such as the remittance of the Social Security Contribution, temporary suspension of delivery of provident funds from the employer and the record of some research and development expenses as intangible assets during development of 3.35 million baht which reduces the cost of distribution and administrative expenses by 7.85% and 5.64% compared to the previous year. It results in 2020 with the net profit of 44.98 million baht or 6.83% of the gross profit margin.

Statement of financial position

As at 31 December 2020, the Company has the total assets of 660.44 million baht, consisting of the cash and cash equivalents as 362.34 million baht, the account receivables and current receivables as 70.10 million baht, other receivables and prepaid of service cost as 72.55 million baht, the inventory as 33.78 million baht and the property, plant and equipment as 92.64 million baht, income tax assets as 16.29 million baht and other non-current assets as 10.02 million baht.

The total assets increase by 44.99 million baht or 7.31% comparing to the total assets as at 31 December 2019, due to the increase of cash and cash equivalents as 8.67 million baht or 2.45%, the increase of account receivables and other receivables as 6.20 million baht or 9.71%, the increase of receivables and prepaid of service cost as 7.96 million baht or 12.32%, the increase of inventory as 10.23 million baht or 43.47% and the increase of property, plant and equipment for investment as 3.01 million baht or 3.35% and the increase of intangible assets during development as 2.77 million baht or 108.11%.

The total current liabilities are 278.53 million baht increased by 23.17 million baht or 9.07 %. 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 16.02 million baht or 20.39%, the deferred income from the Subscription Service increased by 0.83 million baht or 0.47%, the non-current liabilities increased by 5.09 million baht or 13.88%, due to 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 31 December 2020 are 340.16 million baht increased by 16.73 million baht or 51.50% of total asset, due to the increased from operating results of the parent company as the amount of 44.99 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 which is equivalent to 52.55% of the total assets.

Cash flow statement

(Unit: Thousand baht)

List	31 Dec 2020	31 Dec 2019	Change	% Increase (Decrease)
Net cash flow (used in) operating activities	60,093	86,374	(20,281)	(30.43)
Net cash flow (used in) investment activities	(19,715)	(26,593)	6,880	(25.87)
Net cash flow (used in) financing activities	(31,460)	178,357	(209,817)	(117.64)
Net increase (decrease) cash flow and cash equivalents	8,665	238,594	(229,929)	(96.37)
Cash flow and cash equivalents at the end of the year	362,336	353,671	8,665	2.45

For 2020 ended 31 December 2020, the Company has the net cash flow (used in) operating activities as 60.09 million baht, the net cash flow (used in) investment activities as 19.72 million baht, mainly used in the investment for purchasing the property, plant and equipment as 17.09 million baht and received the cash from the sale of the property, plant and equipment as 0.70 million baht, the net cash flow (used in) financing activities as 31.46 million baht, the payment of debt under the finance lease as the amount of 3.12 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 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 31 December 2020 is as 362.34 million baht.

Yours sincerely,

(Miss Thitiporn Chartaisong)

Chief Finance Officer

AppliCAD Public Company Limited