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AppliCAD Public Company Limited

14 May 2021

Subject: Management Discussion and Analysis of the first quarter ended as of 31 March 2021

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

AppliCAD Public Company Limited and its subsidiaries (“the Company”) would like to submit our management discussion and analysis of the first quarter ended as of 31 March 2021 comparing with the performance of the same period the first quarter in 2020 according to the regulation of the Stock Exchange of Thailand as follows;

Revenue from Sale and Service

Unit: Thousand baht	1Q2021	4Q2020	Change	1Q2020	Change
	baht	baht	% QoQ	baht	% YoY
Revenue from software sale	65,878	67,582	-2.52	74,804	-11.93
Revenue from hardware sale	22,668	15,844	43.07	16,157	40.30
Revenue from service	76,940	70,450	9.21	70,040	9.85
Other incomes	4,690	4,144	13.18	3,941	19.01
Total	170,176	158,020	7.69	164,942	3.17
Gross profit	76,665	69,547	10.23	80,455	-4.71
Gross profit Margin	46.33	45.20	2.50	49.97	-7.28

For the first quarter of 2021, the Company had the total revenue as 170.18 million baht increased by 7.69% while the revenue from software sale was 65.88 million baht decreased by 2.52%, the revenue from hardware sale was 22.67 million baht increased by 43.07% from the sale of 3D printers and 3D products of industry groups and government agencies and the revenue from service as 76.94 million baht increased by 9.21% from the same period of previous year as the Company had the revenue from the production work and retroactive installation services to customers and other incomes were 4.70 million baht increased by 13.18%. In term of Subscription Service, there were both expiration and renewal of service contracts, resulting to the Subscription Service of design software increased by 2.74% with the total number of



contracts in service of 3,291 contracts increased from the same period of previous year which was 3,203 contracts. As a result, the Company had the gross profit increased by 10.23% and gross profit margin increased by 2.50%

When comparing to the first quarter of 2020, the Company had the total revenue as 164.94 million baht increased by 3.17% which could be classified as the revenue from software sale as 74.80 million baht decreased by 11.93%. However, there was a trend to improve in the manufacturing sector for export, especially the automotive industry, computer parts and equipment during January and February but after the third wave of COVID-19, orders had been delayed. The revenue from hardware sale was 16.16 million baht increased by 40.30% from the increase in sales of medium-sized 3D printer. The revenue from service was 70.04 million baht increased by 9.85% due to the increase in the service income of the subsidiaries and the revenue of retroactive program installation to the customers.

Cost and Expense

Unit: Thousand baht	1Q2021	4Q2020	Change	1Q2020	Change
	baht	baht	% QoQ	baht	% YoY
Cost of software sale	37,920	40,229	-5.74	38,616	-1.80
Cost of hardware sale	15,312	10,713	42.93	9,874	55.07
Cost of service	35,589	33,385	6.60	32,056	11.02
Total	88,821	84,328	5.33	80,546	10.27
Cost of distribution	41,415	42,062	-1.54	43,509	-4.81
Administrative expense	22,855	29,100	-21.46	26,610	-14.11
Financial cost	89	67	33.31	103	-13.59
Corporate tax	4,890	1,899	157.51	3,459	41.37
Total	69,249	73,127	-5.30	73,681	-6.02
Net profit	12,106	565	2,042.65	10,715	12.98
Net profit margin	7.11	0.36	1,875.00	6.50	9.38
Earnings per Share (baht)	0.04	0.002	1,900.00	0.04	-

For the first quarter of 2021, the Company had the cost of software sale as 37.92 million baht which was the gross profit margin as 42.44% and the cost of hardware sale as 15.31 million baht which was the gross profit margin as 32.45%. In addition, the Company had the cost of service as 35.59 million baht which was the gross profit margin as 53.74%

When comparing to the first quarter of 2020, the Company had the cost of software sale as 38.62 million baht which was the gross profit margin as 48.38%, the cost of hardware sale as 9.88 million baht which was the gross profit margin as 38.89%. The Company also had the cost of service as 32.06 million



which was the gross profit margin as 54.23%. As the result, the Company had the gross profit margin decreased by 7.28%

When comparing to the first quarter of 2020, the Company had more effective and efficient management of distribution and administrative expenses, 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, the decrease of overdue trade receivables aging resulting to the decrease of the provision for doubtful debt allowance under TFRS9, causing the decrease in distribution costs and administrative expenses by 4.81% and 14.11%. As a result, in the first quarter of 2021, the Company had a net profit of 12.11 million baht increased by 12.98%, or 7.11% of net profit margin increased by 9.38%.

Statement of financial position

As at 31 March 2021, the Company had the total assets of 700.50 million baht, consisting of the cash and cash equivalents as 346.94 million baht, the account receivables and current receivables as 102.06 million baht, other receivables and prepaid of service cost as 76.03 million baht, the inventory as 48.08 million baht and the property, plant and equipment as 92.19 million baht, income tax assets as 15.27 million baht and other non-current assets as 13.79 million baht.

The total assets increased by 40.06 million baht or 6.07% comparing to the total assets as at 31 December 2019, due to the decrease of cash and cash equivalents as 15.40 million baht or 4.25%, the increase of account receivables and other receivables as 31.96 million baht or 45.59% due to the extension of collection period from receivables, the increase of receivables and prepaid of service cost as 3.96 million baht or 4.80%, the increase of inventory as 14.30 million baht or 42.33% due to paying a deposit for the 3D printer machine, the decrease of property, plant and equipment for investment as 0.46 million baht or 0.50% and the increase of intangible assets during development as 1.36 million baht or 25.55%.

The total current liabilities were 303.58 million baht increased by 25.06 million baht or 9.00%. Most liabilities were the increase of trade payable and current payable as 11.36 million baht or 12.01% due to the increase of trade payable, other payable - prepaid income caused by the Subscription Service as 12.06 million baht or 6.84%, the increase of corporate income tax payable as 0.32 million baht or 8.24%, the increase of non-current liabilities as 2.64 million baht or 6.31%, due to the changes in accounting policies arising from the application of Financial Reporting Standard No.16 on Leasing Contracts of the Company.

The shareholders' equity of the Company as at 31 March 2021 was 352.53 million baht increased by 12.37 million baht or 50.33% to the total asset, due to the operating results of the first quarter of 2021 of the Company increased by 12.12 million baht as of 31 December 2020, shareholders' equity was 340.16 million baht or equivalent to total assets equal of 51.50%.



Cash flow statement

(Unit: Thousand baht)

List	31 Mar 2021	31 Dec 2020	Change	% Increase (Decrease)
Net cash flow (used in) operating activities	(10,329)	(5,998)	(4,331)	72.21
Net cash flow (used in) investment activities	(4,453)	(4,432)	(21)	0.47
Net cash flow (used in) financing activities	(876)	(866)	(10)	1.15
Net increase (decrease) cash flow and cash equivalents	(15,395)	(11,467)	(3,928)	34.25
Cash flow and cash equivalents at the end of the year	346,941	342,204	4,737	1.38

For the first quarter ended as of 31 March 2021, the Company had the net cash flow (used in) operating activities as 10.33 million baht, the net cash flow (used in) investment activities as 4.45 million baht, mainly used in the investment for purchasing the property, plant and equipment and the purchase of intangible assets as 3.03 million baht and 1.58 million baht and received the cash from the sale of the property, plant and equipment as 0.16 million baht, the net cash flow (used in) financing activities as 0.88 million baht, the payment of debt under the finance lease and interest as the amount of 0.78 million baht and 0.09 million baht resulting to the cash and cash equivalents as of 31 March 2021 were 346.94 million baht

Yours sincerely,

(Miss Thitiporn Chartaisong)

Chief Finance Officer

AppliCAD Public Company Limited