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AppliCAD Public Company Limited

17 February 2023

Subject Management Discussion and Analysis for the year ended as of 31 December 2022

Dear The President

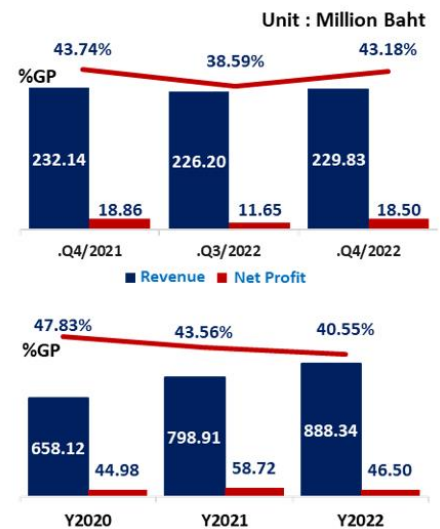
The Stock Exchange of Thailand

AppliCAD Public Company Limited and its subsidiaries ('the Company') would like to clarify the Company's overall operating report with reference to the consolidated financial statement as of 31 December 2022. The Company had net profit in the fourth quarter of 2022 amounted to 46.50 million baht, decreased by 12.22 million baht or 20.81% compared to the same period of the previous year which was 58.72 million baht. The main reason of the decreased net profit was an increasing in costs of products and services caused by the appreciation of the US dollar.

Overall Operating Report

In the fourth quarter of 2022, the revenue from sales of goods was 110.94 million baht, decreased by 28.37 million baht or 20.36%. The revenue from services was 113.24 million baht, increased by 25.37 million baht or 28.88%, due to the Company reclassified the revenue from an annual subscription of the software license to service revenue to be comply with TRFS 15 amounted to 20.18 million baht or 79.54% of the increasing revenue. The total revenue of the year 2022 was 888.34 million baht, increased by 89.43 million baht or 11.19% compared to the previous year.

The Company's gross profit was 96.80 million in the fourth quarter of 2022, decreased by 2.56 million baht or 2.58%. The gross profit was decreased whilst the total revenue was increased due to costs of products in fourth quarter of this year were higher than the same quarter of the previous year caused by the appreciation of the US dollar. However, the gross profit margin was still close to the same quarter of the previous year.





For the year 2022, the Company's group had a gross profit of 354.85 million baht, an increase of 13.10 million baht or 3.83%, causing the gross profit margin to decrease from 43.56% to 40.55% compared to the same period last year.

For the year 2022, the cost of distribution was 198.95 million baht, increased by 25.09 million baht compared to the same quarter last year. The increased cost of distribution mainly came from a depreciation of 3D printer for AppliCAD Innovation Center of 4.85 million baht, advertising and sales promotion expenses of 7.88 million baht, copyright infringement fees of 4.27 million baht, employee welfare expenses of 4.09 million baht, and sales consulting fees of 1.48 million baht. Moreover, the Company recognized more allowance for bad debt of 2.52 million baht compared to the same period last year.

For the year 2022, the administration expense was 110.92 million baht, increased by 10.28 or 10.21% compared to the same period last year. The increased administration expense was caused by several transactions as follows: (i) expenses on employee welfare 2.04 million baht, (ii) employee benefits 1.34 million baht, (iii) employee training and development expenses 3.10 million baht, and (iv) research and development expenses 0.75 million baht.

Statement of financial position



Asset

As of 31 December 2022, the Company and its subsidiaries' total assets were 772.44 million baht, increased by 39.52 million baht or 5.39%. The main changes are as follows:

The Company had cash and cash equivalents as of 31 December 2022 of 159.06 million baht and it showed that 201.77 million baht were decreased by saving 80.60 million baht to the 12 month-fixed deposit and 60 million baht to the 7 month- fixed deposit. As a result, the financial current assets were increased by 140.82 million baht.

Dividends of 56 million baht was distributed. The trade receivables and other receivables were 103.02 million baht, increased by 18.80 million baht, and consisted of undue receivables of 68.82 million baht or 66.80% of total accounts receivables.

Assets from contracts – current were 106.92 million baht, an increase of 19.64 million baht. Assets from contracts - non-current 29.55 million baht, an increase of 12.48 million baht, resulting from an increase in customer service contracts.

Inventories were 65 million baht, an increase of 18.17 million baht, which the inventories will gradually be delivered in the next period.

The Company had net property, plant, and equipment of 106.95 million baht increased by 6.15 million baht, right of use assets (ROU) of 12.09 million baht increased by 8.48million baht from a rental agreement of AppliCAD Innovation Center, and intangible assets of 24.42 million baht increased by 7.58 million baht which mainly came from ERP system under development of 3 million baht.

Liabilities

As of 31 December 2022, the Company had total liabilities of 426.74 million baht, increased by 51.03 million baht or 13.58%. The increment of total liabilities was from below reasons.

Trade and other current payables amounted to 125.69 million baht were increased by 4.56 million baht, of which 70.69 million baht were trade payables, accounting for 56.24% of total payables.

Liabilities from contracts – current amounted to 189.61 million baht were increased by 18.91 million baht or 11.08%, arising from customer service contracts and current lease liabilities that will be paid within the year amounted to 3.85 million baht were increased by 1.56 million baht or 68.06%.

Lease liabilities of 8.64 million baht were increased by 7.16 million baht or 484.25%, arising from the lease of AppliCAD Innovation Center.

Liabilities from contracts – non-current amounted to 44.32 million baht were increased by 14.59 million baht or 49.06%, arising from customer service contracts. Non-current provision for employee benefits amounted to 50.22 million baht was increased by 4.98 million baht or 11%, due to the transfer of employees among the Group.

Shareholders

As of 31 December 2022, the Company shareholders' equities were 345.70 million baht, decreased by 11.51 million baht or 3.22% due to the net profit from operations of the Group decreased by 10.73 million baht or 19.96% and the effect of higher exchange rate for the foreign currency of 0.80 million baht or 39.90%.

Cash Flow Statement

Unit: million baht

	Year 2022
Net cash flow from (used in) operating activities	33.30
Net cash flows from (used in) investment activities	(172.61)
Net cash flows from (used in) financing activities	(61.66)
Impact of exchange rate on cash and cash equivalents	(0.80)
Net increase (decrease) in cash and cash equivalents	(201.77)
Cash and cash equivalents - Beginning balance	360.82
Cash and cash equivalents - Ending balance	159.05

Cash Flow

In the fourth quarter as of 31 December 2022, the Company had a decrease of the net cash flow of 201.77 million baht. The Company had cash and cash equivalents of 360.82 million baht at the beginning of the period and 159.05 million baht at the end of the period. The details of each activity are as below.

The net cash flow from operating activities of 33.30 million baht was generated from an increasing in trade receivables and other receivables of 40.35 million baht, an increasing in other operating receivables of 12.48 million baht, an increasing in trade payables and other payables of 23.76 million baht, an increasing



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in other operating payables of 14.59 million, depreciation and write-off amount of 25.35 million baht, an adjustment in provision for doubtful accounts of 1.58 million baht, a gain from selling assets of 2.37 million baht, a income tax expense of 18.63 million baht, and an adjustment in employee benefits of 1.55 million baht caused by transferring employees between the Group.

The cash flow used in investing activities of 172.61 million baht, mostly used for investment in saving in the 7 month and 12 month-fixed deposit as 140.82 million baht, purchasing equipment and improvements according to the lease agreement of 27.79 million baht, and intangible assets under development of 8.53 million baht.

The net cash flow from financing activities of 61.66 million baht was from dividend payment of 56 million baht, lease payment of 4.99 million baht, and interest expense as 0.67 million baht.

Yours sincerely,

(Miss Thitiporn Chartaisong)
Chief Financial Officer
AppliCAD Public Company Limited