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AppliCAD Public Company Limited

13 November 2020

Subject: Management Discussion and Analysis for the Third Quarter ended 30 September 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 nine – month period ended 30 September 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

Unit: Thousand baht	3Q2020	3Q2019	Change	9M2020	9M2019	Change
	baht	baht	% Increase (Decrease)	baht	baht	% Increase (Decrease)
Revenue from software sales	69,816	80,785	(13.58)	210,617	212,943	(1.09)
Revenue from hardware sales	30,277	84,517	(64.18)	71,388	136,946	(47.87)
Revenue from services	68,751	70,627	(2.66)	212,109	213,076	(0.45)
Other income	552	1,115	(50.49)	5,988	6,337	(5.51)
Total	169,396	237,044	(28.54)	500,102	569,301	(12.16)
Gross profit	78,918	106,535	(25.92)	240,389	263,985	(8.94)
Margin	46.74	45.16		48.65	46.89	

For the third quarter of 2020, the Company has the total income as 169.40 million baht decreased by 28.54% while the revenue from sales is 100.09 million baht decreased by 39.44%, mainly as the Company has the decrease in sales with the revenue from hardware sales as 30.28 million baht decreased by 64.18% as a result of this year's recession, including both public and private sectors, there are concerns that the pandemic may be exacerbated again, causing some projects to be slowed. The Company also has the revenue from services 68.75 million baht decreased



by 2.66% from the same period of previous year. However, due to the service of Subscription Service of expiration and renewal of customer service contracts which result to the Subscription Service of SOLIDWORKS increased by 5.68% with the total number of contracts in service of 3,277 increased from the same period of previous year of 3,101 contracts.

For the first nine – month period of 2020, the Company has the total income as 500.01 million baht decreased by 12.16% from the same period of previous year which could be classified as the revenue from sales as 282.01 million baht decreased by 19.40% 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 that the pandemic may be exacerbated again, causing some projects to be slowed. However, the Company has the revenue from services as 212.11 million baht which similar to the same period of previous year.

Costs and Expenses

Unit: Thousand baht	3Q2020	3Q2019	Change	9M2020	9M2019	Change
	baht	baht	% Increase (Decrease)	baht	baht	% Increase (Decrease)
Cost of software	38,274	45,260	(15.43)	110,972	118,743	(6.54)
Cost of hardware	19,655	54,192	(63.73)	44,422	90,262	(50.78)
Cost of service	31,997	29,942	(6.86)	98,332	89,974	9.28
Total	89,926	129,394	(60.50)	253,726	298,979	(15.14)
Cost of distribution	38,983	46,692	(16.51)	120,412	127,679	(5.69)
Administrative expense	23,639	24,996	(5.43)	71,081	79,670	(10.78)
Net profit	13,464	29,074	(53.69)	44,417	49,588	(10.43)
Net profit margin	7.95	12.27		8.88	8.71	
Earnings per Share (Baht)	0.05	0.14		0.16	0.26	

For the third quarter of 2020, the Company has the cost of software as 38.27 million baht which is the gross profit margin as 45.18% and the cost of 3D design products as 19.66 million baht which is the gross profit margin as 35.08%. In addition, the Company has the cost of service as 32 million baht or 53.46% of the gross profit margin.

For the first nine – month period of 2020, the Company has the cost of software as 110.97 million baht which is the gross profit margin as 47.31%, the cost of 3D design products as 44.42 million baht which is the gross profit margin as 37.77%. The Company has the cost of services as 98.33 million baht or 53.64% of the gross profit margin decreased by 3.96% comparing to the gross profit



margin in 2019. As the result, the Company has the cost of sales and services as the amount of 253.73 million baht or 48.65% of the gross profit margin. In addition, for the first nine – month period of 2020, the Company has the cost of distribution as 120.41 million baht and the administrative expense as 71.08 million baht.

However, the Company has increased more effective cost management and lower marketing activities cost, including government measures to mitigate COVID - 19 and some research and development expenses are recorded as intangible assets during development which reduces the cost of distribution and expenses by 5.69% and 10.78% compared to the previous year. It results the first nine – month period of 2020 with the net profit of 44.42 million baht or 8.88% of the gross profit margin.

Statement of financial position

As at 30 September 2020, the Company has the total assets of 652.30 million baht consisting of the cash and cash equivalents as 354.59 million baht, the account receivables and current receivables as 79.73 million baht, other receivables and prepaid service cost as 69.43 million baht, the inventory as 27.38 million baht and the property, plant and equipment as 94.23 million baht.

The total assets increase by 36.85 million baht or 6 % comparing to the total assets as at 31 December 2019 due to the increase of the cash and cash equivalents as 0.92 million baht or 0.26%, the increase of the account receivables and other receivables as 13.75 million baht or 20.84% and the increase of property, plant and equipment for investment as 4.59 million baht or 5.12%.

The total current liabilities are 271.36 million baht increased by 16.03 million baht or 6.28%. 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 1.05 million baht or 1.34%, the deferred income from the Subscription Service increased by 6.14 million baht or 3.50%, the non-current liabilities increased by 4.45 million baht or 12.12% 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 30 September 2020 are 339.80 million baht, increased 16.37 million baht or 52.09% of total asset due to the increased from operating results of the Company as the amount of 44.49 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	30 Sep 2020	30 Sep 2019	Change	% Increase (Decrease)
Net cash flow (used in) operating activities	47,621	59,796	(12,175)	(20.36)
Net cash flow (used in) investment activities	(16,336)	(19,950)	3,614	(18.12)
Net cash flow (used in) financing activities	(30,321)	(8,375)	(21,946)	262.04
Effect of exchange rate on cash and equivalents	(47)	1,041	(1,088)	(104.51)
Net cash flow and cash equivalents	917	32,512	(31,595)	(97.18)

For the third quarter of 2020 ended 30 June 2020, the Company has the net cash flow (used in) operating activities as 47.62 million baht, the net cash flow (used in) investment activities as 16.34 million baht, mainly used in the investment for purchasing the property, plant and equipment as 15.07 million baht and received the cash from the sales of the property, plant and equipment as 0.70 million baht, the net cash flow (used in) financing activities as 30.32 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 30 September 2020 is as 354.59 million baht.

Yours sincerely,

(Miss Thitiporn Chartaisong)

Chief Finance Officer

AppliCAD Public Company Limited