



บริษัท ไอแอนดีไอ กรุ๊ป จำกัด (มหาชน)
I&I Group Public Company Limited
475 Siripinyo Building, Unit 1801, 18th Fl., Si Ayutthaya Road,
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No IIG 014/2021

11 August 2021

Subject: Management discussion and analysis for the six months ended June 30, 2021

Attn: Governors and President Market for Alternative Investment (MAI)

I&I Group Public Company Limited (“the Company”) would like to submit the management discussion and analysis of the operating results for the six months ended June 30, 2021 as follows:

Overall Group Performance	For Six Months Ended (Jan-Jun)				Change Increase/(Decrease)	
	2021		2020		THB mm	%
	THB mm	%	THB mm	%		
Sales and Services Revenues	317.66	99.0	231.92	99.1	85.74	37.0
Other Revenue	3.10	1.0	2.15	0.9	0.95	44.2
Total Revenue	320.76	100.0	234.07	100.0	86.69	37.0
Cost of Sales and Services	231.44	72.2	164.54	70.3	66.90	40.7
Gross Margin (Exclude Other Income)	86.22	27.1	67.38	29.1	18.84	28.0
Selling and Administrative Expenses	48.96	15.3	43.51	18.6	5.45	12.5
Profit Before Finance Costs and Income Tax	40.36	12.6	26.02	11.1	14.34	55.1
Finance Costs	(0.06)	(0.0)	(0.02)	(0.0)	(0.04)	200.0
Profit Before Tax	40.30	12.6	26.00	11.1	14.30	55.0
Income Tax	(8.19)	(2.6)	(5.28)	(2.3)	(2.91)	(55.1)
Net Profit After Tax	32.11	10.0	20.72	8.9	11.39	55.0



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Sales and Services Revenues

For the six months ended 30 Jun 2021, the Company recorded total sales and service revenue of THB 317.66 million. This is equal to an increased 37.0% YoY. The revenue from Customer Relationship Management (CRM) increased by THB 37.97 million or 28.0% YoY. The revenue from Enterprise Resource Planning (ERP) increased THB 29.36 million or 34.5% YoY. The revenue from digital marketing in six months ended 30 Jun 2021 is equal to THB 15.84 million, significantly increased THB 13.05 million or 467.7% YoY. Revenue from Data Analytics & Management (iiG Data), newly setup business unit in Q4 2020, increased by THB 3.14 million compared to the same period of last year. We foresee a significant and sustainable growth in this new business unit in line with our planned strategy to offer end-to-end solutions to our new and existing customers.

Cost of Sales and Services

For the six months ended 30 Jun 2021, Cost of sales and services of the Company mainly came from cost of consultation and Implementation system. Overall cost of sales and service increased in line with our sales increases. For the six months ended 30 Jun 2021, the Company recorded cost of sales and services of THB 231.44 million or 72.2% of sales (For the six months ended 30 Jun 2020: THB 165.54 million or 70.3% of sales.), increased 40.7% YoY. The reason mainly came from the service cost increase by the same direction of sale increased and the slightly increase in cost of software subscription from Salesforce. In addition, the Company hired more staff at the end of last year to support full-year workload. The first quarter is in Low Season, non-recurring revenue from implementation is lower than other quarters and will continuously increase to High Season in the 4th quarter due to the nature of the business.

Selling and Administrative Expenses

For the six months ended 30 Jun 2021, the Company recorded selling and administrative expenses THB 48.96 million or 15.3% of total revenues (For the six months ended 30 Jun 2020: THB 43.51 million or 18.6% of total revenues.) an increase of THB 5.45 million YoY but decreased by 3.3% point compared to the same period of last year. The increase in Selling and Administrative Expenses attributed to more sales and management staff for business expansion.

Net Profit After Tax

For the six months ended 30 Jun 2021, Net profit after tax was THB 32.11 million or 10% of total revenues, increased by THB 11.39 million or 55% compared to the same period of last year. This is mainly due to the increase in revenue from Salesforce CRM and other business.



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Revenue Structure

Revenue Types	For Six Months Ended (Jan-Jun)				Change Increase/(Decrease)	
	2021		2020		THB mm	%
	THB mm	%	THB mm	%		
1. Revenue from Customer Relationship Management (CRM)						
1.1 Salesforce software subscription	97.83	30.5	78.92	33.7	18.91	24.0
1.2 Implementation & AMS	75.69	23.6	56.63	24.2	19.06	33.7
Total Revenue from Customer Relationship Management (CRM)	173.52	54.1	135.55	57.9	37.97	28.0
2. Revenue from Enterprise Resource Planning (ERP)						
2.1 Oracle software subscription & MA	24.01	7.5	17.34	7.4	6.67	38.5
2.2 Implementation & AMS	85.45	26.6	63.65	27.2	21.80	34.2
2.3 Oracle license	4.92	1.5	4.03	1.7	0.89	22.1
Total Revenue from Enterprise Resource Planning (ERP)	114.38	35.7	85.02	36.3	29.36	34.5
3. Revenue from Consulting service of Customer Experience Management (CEM) and Digital Marketing						
	15.84	4.9	2.79	1.2	13.05	467.7
4. Revenue from Data Analytics & Management (iiG Data)						
	3.14	1.0	-	-	3.14	100.0
5. Revenue from Placement Service						
	10.78	3.4	8.56	3.7	2.22	25.9
Other Revenue						
	3.10	1.0	2.15	0.9	0.95	44.2
Total Revenue	320.76	100.0	234.07	100.0	86.69	37.0



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Revenue from Software Subscription from Salesforce

For the six months ended 30 Jun 2021, the revenue from software subscription from salesforce increased THB 18.91 million or increased 24.0% compared to the same period of last year. Due to the Company acquired new major customers in the life and non-life insurance businesses, revenue from subscription fee of Salesforce significantly increased compared YoY.

Revenue from Implementation and Application Management Service for CRM System

For the six months ended 30 Jun 2021, the revenue from implementation and application management service for CRM system increased THB 19.06 million or increased 33.7% compared to the same period of last year, mainly from acquiring new major customers in life insurance business.

Revenue from Software Subscription & MA and the Grant of License from Oracle

For the six months ended 30 Jun 2021, the revenue from software subscription (ERP on cloud) increased THB 6.67 million or increased 38.5% compared to the same period of last year because of "Snowball effect". Our business plan has been focusing on increase new subscriptions licenses of ERP on cloud, so our customer base is increasing. Furthermore, we are marketing to offer a new service to migrate the legacy ERP on premises to ERP on Cloud for our clients, resulting in the Company significant increase in recurring revenue. In addition, our subsidiary has also developed our own software, E-Tax program, added on services for our Oracle clients and new non-Oracle customers to enjoy a tax saving program with the Revenue Department. The E-Tax Program will operate with Oracle and other ERP software. So, this is an opportunity to create a new revenue stream from our customer base and new customer, including non-oracle user in the future.

Revenue from Implementation and Application Management Service for ERP System

For the six months ended 30 Jun 2021, the revenue from implementation and application management service for ERP system increased THB 21.80 million or increased 34.2% compared to the same period of last year due to the Company acquiring new customer in assets management business.

Revenue from Consulting Service and Implementation specialized in Brand Strategy Planning, Customer Experience Management and Digital Marketing

For the six months ended 30 Jun 2021, the revenue from consulting service and implementation specialized in brand strategy planning, customer experience management and digital marketing increased THB 13.05 million or increased 467.7% compared to the same period of last year the Company from acquiring new customers in commercial bank, hospital, and pharmaceutical manufacturing and distribution business.



Revenue from Data Analytics & Management (iiG Data)

In Q4 2020, the Company launched new business unit, Data Analytics & Management business or "iiG data". For the six months ended 30 Jun 2021, the revenue from Data Analytics & Management was THB 3.14 million from providing service to customers in the hospital business which is continued contracts from last year and new customer in life insurance business.

Revenue from Placement Service

For the six months ended 30 Jun 2021, the revenue from placement service increased THB 2.22 million or increased 25.9% compared to the same period of last year due to acquiring new customers in oil and energy and life insurance business. However, most of the customers delay using this service because of COVID-19 pandemic. We believe that revenue from placement service will recover to normal according to the progress of COVID-19 vaccines in Thailand.

The recurring and non-recurring income

Revenue from Customer Relationship Management (CRM)	For Six Months Ended (Jan-Jun)				Change Increase/(Decrease)	
	2021		2020		THB mm	%
	THB mm	%	THB mm	%		
Revenues- Recurring	104.66	60.3	85.01	62.7	19.65	23.1
Revenues- Non-Recurring	68.86	39.7	50.54	37.3	18.32	36.2
Total Revenues	173.52	100.0	135.55	100.0	37.97	28.0

Revenue from Enterprise Resource Planning (ERP)	For Six Months Ended (Jan-Jun)				Change Increase/(Decrease)	
	2021		2020		THB mm	%
	THB mm	%	THB mm	%		
Revenues- Recurring	32.4	28.3	25.29	29.7	7.11	28.1
Revenues- Non-Recurring	81.98	71.7	59.73	70.3	22.25	37.3
Total Revenues	114.38	100.0	85.02	100.0	29.36	34.5



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Revenue from Consulting service of Customer Experience Management (CEM) and Digital marketing	For Six Months Ended (Jan-Jun)				Change Increase/(Decrease)	
	2021		2020		THB mm	%
	THB mm	%	THB mm	%		
Revenues- Non-Recurring	15.84	100.0	2.79	100.0	13.05	467.7
Total Revenues	15.84	100.0	2.79	100.0	13.05	467.7

Revenue from Data Analytics & Management (iiG Data)	For Six Months Ended (Jan-Jun)				Change Increase/(Decrease)	
	2021		2020		THB mm	%
	THB mm	%	THB mm	%		
Revenues- Non-Recurring	3.14	100.0	-	-	3.14	100.0
Total Revenues	3.14	100.0	-	-	3.14	100.0

Revenue from Placement Service	For Six Months Ended (Jan-Jun)				Change Increase/(Decrease)	
	2021		2020		THB mm	%
	THB mm	%	THB mm	%		
Revenues- Recurring	10.78	100.0	8.56	100.0	2.22	25.9
Total Revenues	10.78	100.0	8.56	100.0	2.22	25.9

Total Revenue	For Six Months Ended (Jan-Jun)				Change Increase/(Decrease)	
	2021		2020		THB mm	%
	THB mm	%	THB mm	%		
Revenues- Recurring	147.84	46.1	118.86	50.8	28.98	24.4
Revenues- Non-Recurring	169.82	52.9	113.06	48.3	56.76	50.2
Other revenues	3.10	1.0	2.15	0.9	0.95	44.2
Total Revenues	320.76	100.0	234.07	100.0	86.69	37.0



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Recurring and Non-Recurring Revenue

For the six months ended 30 Jun 2021, the recurring revenue increased THB 28.98 million or increased 24.4% compared to the same period of last year, mainly from an increase in revenue from Customer Relationship Management (CRM) of THB 19.65 million, from Enterprise Resource Planning (ERP) of THB 7.11 million and from Placement Service of THB 2.22 million. Furthermore, the non-recurring revenue increased THB 56.76 million or increased 50.2% compared to the same period of last year, mainly from an increase in revenue from Customer Relationship Management (CRM) of THB 18.32 million, from Enterprise Resource Planning (ERP) of THB 22.25 million, from Consulting service of Customer Experience Management (CEM) and Digital marketing of THB 13.05 million and from Data Analytics & Management (iiG Data) of THB 3.14 million. This results in the portion of the non-recurring revenue increased from 48.3% to 52.9% YoY.

Financial Position

Financial Position	30 Jun 2021		31 Dec 2020		Change Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Assets						
Cash and cash equivalents	91.95	12.5	159.00	25.1	(67.05)	(42.2)
Trade and Other receivables, net	142.97	19.4	88.87	14.0	54.09	60.9
Unbilled receivables						
	141.73	19.3	80.23	12.7	61.49	76.6
Prepaid software license fees	81.84	11.1	54.85	8.6	26.99	49.2
Other current assets	6.59	0.9	3.72	0.6	2.87	77.2
Goodwill	217.31	29.6	217.31	34.3	-	-
Other non-current assets	52.70	7.2	29.93	4.7	22.77	76.1
Total assets	735.09	100.0	633.91	100.0	101.16	16.0
Liabilities						
Current liabilities	203.16	27.6	124.10	19.6	79.06	63.7
Non-current liabilities	27.09	3.7	22.08	3.5	5.01	22.7
Total liabilities	230.25	31.3	146.18	23.1	84.07	57.5
Equity	504.84	68.7	487.73	76.9	17.11	3.5
Total liabilities and equity	735.09	100.0	633.91	100.0	101.18	16.0



Total Assets

Total assets as of 30 June 2021 is THB 735.09 million increased THB 101.16 million or 16.0% compared to total assets as of 31 December 2020. The main reason came from the increase in unbilled receivables of THB 61.49 million and account receivable and other THB 54.09 million. Non-Current Asset shown on the financial statement is goodwill that will be tested for impairment at least on a yearly basis. The Goodwill is the amount recorded from company valuation/appraisal from the purchase price allocation of ICE, (which completed restructuring on March 27, 2019). The goodwill was not impaired in this period due to the good performance and solid cashflow status of ICE.

Total Liabilities

Total liabilities as of 30 June 2021 is THB 230.25 million increased THB 84.07 million or 57.5% compared to total liabilities as of 31 December 2020 due to the increase in deferred income from software subscription, maintenance, and application management service revenue total of THB 72.58 million, which is in line with the increase in prepaid software license fees.

Equity

Total equity as of 30 June 2021 is THB 504.84 million increased THB 17.11 million or 3.5%, mainly due to net profit from operation THB 32.11 million offset with dividend paid during the period THB 15 million.

Cash Flow Statement

Net cash provided by (used in)	Six months ended	
	30 June 2021	30 June 2020
	THB mm	THB mm
Cash Flow from Operating	(32.73)	42.24
Cash Flow from Investing	(17.87)	(0.43)
Cash Flow from Financing	(16.61)	(33.30)
Net increase (decrease) in cash and cash equivalents	(67.21)	8.51



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Cash Flow from Operating Activities

For the six months ended 30 Jun 2021, the Company's net cash used in operating activities was THB 32.73 million, decreased THB 74.79 million compared to the same period of last year which has a cash flow from operating activities equal to THB 42.24 million. The main reason came from the increase of unbilled receivable as the Company has acquired the new projects and most of the payment term is in the final milestone. Currently, we are in the process of working; therefore, we have not billed the customers yet.

Cash Flow from Investing Activities

For the six months ended 30 Jun 2021, the Company's net cash used in investing activities was THB 17.87 million decreased THB 17.44 million compared to the same period of last year which has a cash flow from investing activities equal to THB 0.43 million. The main reason came from restricted cash for Letter of guarantees amounting to THB 3.1 million, investment in joint venture THB 10 million, purchasing of office equipment THB 2.05 million and cash used in software development project THB 2.29 million.

Cash Flow from Financing Activities

For the six months ended 30 Jun 2021, the Company's net cash flow from financing activities was THB 16.61, increased THB 16.00 million due to dividend payment during this period which is THB 18.0 million lower than dividend payment in the last year.

AR Turnover and Collection Period

The standard credit term for our clients running between 30-120 days depending on type of sales and service. Most of the credit terms of the Company and its subsidiaries are 30 days. As of 30 June 2021, the DSO (Day Sales Outstanding) was 52 days on average, a slightly decreased from 57 days as of 31 December 2021.

Please be informed accordingly.

Sincerely Yours,

(Mr. Somchai Mekasuvanroj)

Chief Executive Officer

I&I Group Public Company Limited