



บริษัท ไอแอนดีไอ กรุ๊ป จำกัด (มหาชน)
I&I Group Public Company Limited
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IIG 003/2022

23 February 2022

Subject: Management discussion and analysis for the year ended December 31, 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 year ended December 31, 2021 as follows:

Statement of comprehensive income for the year ended 31 December

Overall Group Performance	For the year ended 31 December				Change	
	2021		2020		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Sales and Services Revenues	684.27	99.2	549.54	99.4	134.73	24.5
Other Revenue	5.76	0.8	3.56	0.6	2.20	61.8
Total Revenue	690.03	100.0	553.10	100.0	136.93	24.8
Cost of Sales and Services	493.12	71.5	385.02	69.6	108.10	28.1
Gross Margin (Exclude Other Income)	191.15	27.7	164.52	29.8	26.63	16.2
Selling and Administrative Expenses	96.05	13.9	89.44	16.2	6.61	7.4
Profit Before Finance Costs and Income Tax	100.86	14.6	78.64	14.2	22.22	28.3
Finance Costs	(0.55)	(0.1)	(0.05)	(0.0)	(0.50)	1,000.0
Profit Before Tax	100.31	14.5	78.59	14.2	21.72	27.6
Income Tax	(20.94)	(3.0)	(15.82)	(2.9)	(5.12)	(32.4)
Net Profit After Tax	79.37	11.5	62.77	11.3	16.60	26.4



Summary of Performance

Sales and Services Revenues (12M YoY)

For the year ended 31 December 2021 and 2020, the Company recorded total sales and service revenue of THB 684.27 million and THB 549.54 million, respectively. This is equal to an increase of 24.5% YoY. The significant increase came from growth of service revenue of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) by 15.2% and 26.5%, respectively.

Table 1: Sales and Services Revenues by type of service for the year ended 31 December

Revenue Types	For the year ended 31 December				Change	
	2021		2020		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
1. Revenue from Customer Relationship Management (CRM)	364.06	52.8	316.16	57.2	47.90	15.2
2. Revenue from Enterprise Resource Planning (ERP)	244.48	35.4	193.23	34.9	51.25	26.5
3. Revenue from Consulting service of Customer Experience Management (CEM) and Digital Marketing	35.15	5.1	20.44	3.7	14.71	72.0
4. Revenue from Data Analytics & Management (iiG Data)	14.49	2.1	1.63	0.3	12.86	789.0
5. Revenue from Placement Service	26.09	3.8	18.08	3.3	8.01	44.3
Sales and Services Revenues	684.27	99.2	549.54	99.4	134.73	24.5
Other Revenue	5.76	0.8	3.56	0.6	2.20	61.8
Total Revenue	690.03	100.0	553.10	100.0	136.93	24.8



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1. Revenue from Customer Relationship Management (CRM)

For the year ended 31 December 2021, the Revenue from Customer Relationship Management (CRM) increased by THB 47.90 million or 15.2% YoY. The increase is from salesforce subscription increased 17.0% YoY and revenue from implementation and application management service for CRM system increased 14.0% YoY, mainly from acquiring new major customers in life and other insurance business, property business, and energy business, altogether contributing to the increase in revenue from the subscription service of Salesforce software.

2. Revenue from Enterprise Resource Planning (ERP)

For the year ended 31 December 2021, the revenue from Enterprise Resource Planning (ERP) increased by THB 51.25 million or 26.5% YoY, mainly from the increase in revenue from Implementation and Application Management Service for ERP System of 30.01 million from acquiring a new customer in assets management business and the increase in revenue from Software Subscription & MA and the Grant of License from Oracle of THB 21.24 million compared to the same period of last year, from new service to migrate the legacy ERP on-premises to ERP on Cloud for our clients, resulting in a significant increase in recurring revenue. In addition, our subsidiary has also developed our own software, E-Tax on Cloud, for customers to submit E-Tax Invoice and E-Receipt to the Revenue Department. The E-Tax Program can 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 the non-oracle user in the future.

3. Revenue from Consulting service of Customer Experience Management (CEM) and Digital Marketing

For the year ended 31 December 2021, the revenue from consulting service and implementation specialized in brand strategy planning, customer experience management and digital marketing increased THB 14.71 million or increased 72.0% compared to the same period of last year, from acquiring new customers in commercial bank, hospital, and pharmaceutical manufacturing.

4. Revenue from Data Analytics & Management (iiG Data)

In Q4 2020, the Company launched a new business unit, Data Analytics & Management business or "iiG data". For the year ended 31 December 2021, the revenue from Data Analytics & Management was THB 14.49 million or increased THB 12.86 million or 789.0% compared to the same period of last year from providing service to customers in the hospital business which is continued contracts from last year and new customer in life insurance business.

5. Revenue from Placement Service

For the year ended 31 December 2021, the revenue from placement service increased THB 8.01 million or increased 44.3% compared to the same period of last year due to acquiring new customers in oil and energy and life insurance business.



Table 2: Sales and Services Revenues by type of recurring and non-recurring

Revenue Types	For the year ended 31 December				Change	
	2021		2020		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Revenues- Recurring	310.26	45.0	258.24	46.7	52.02	20.1
Revenues- Non-Recurring	374.01	54.2	291.3	52.7	82.71	28.4
Sales and Services Revenues	684.27	99.2	549.54	99.4	134.73	24.5
Other Revenue	5.76	0.8	3.56	0.6	2.20	61.8
Total Revenue	690.03	100.00	553.1	100.0	136.93	24.8

Recurring and Non-Recurring Revenue for the year ended 31 December 2021 (12M YoY)

For the year ended 31 December 2021, the recurring revenue increased THB 52.02 million or 20.1% compared to the same period of last year, mainly from an increase in revenue from new customers of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) services. Furthermore, the non-recurring revenue increased THB 82.71 million or 28.4% compared to the same period of last year, mainly from revenue from the new consulting project of Customer Experience Management (CEM) and Digital Marketing, Data Analytics & Management (iiG Data), and Enterprise Resource Planning (ERP) during the year. This results in the portion of the non-recurring revenue increased from 52.7% to 54.2% YoY.

Cost of Sales and Services

For the year ended 31 December 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 year ended 31 December 2021, the Company recorded cost of sales and services of THB 493.12 million or 71.5% of sales (For the year ended 31 December 2020: THB 385.02 million or 69.6% of sales.), increased 28.1% YoY. The reason from the service cost increase which was in the same direction of sale increased 24.5% YoY mainly came from increased in labor costs.

Selling and Administrative Expenses

For the year ended 31 December 2021, the Company recorded selling and administrative expenses THB 96.05 million or 13.9% of total revenues (For the year ended 31 December 2020: THB 89.44 million or 16.2% of total revenues), an increase of THB 6.61 million YoY but decreased by 2.3% point compared to the same period of last year.



Net Profit After Tax

For the year ended 31 December 2021, Net profit after tax was THB 79.37 million or 11.5% of total revenues, increased by THB 16.60 million or 26.4% compared to the same period of last year. This is mainly due to the increase in service revenue from Customer Relationship Management (CRM), Enterprise Resource Planning (ERP) and other business.

Statement of Financial Position ended 31 December 2021

Financial Position	31 December 2021		31 December 2020		Change Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Assets						
Cash and cash equivalents	159.45	20.0	159.00	25.1	0.45	0.3
Trade and Other receivables, net	137.41	17.2	88.87	14.0	48.54	54.6
Unbilled receivables	126.92	15.9	80.23	12.7	46.69	58.2
Prepaid software license fees	61.54	7.7	54.85	8.6	6.69	12.2
Other current assets	3.78	0.5	3.72	0.6	0.06	1.6
Goodwill	251.72	31.6	217.31	34.3	34.41	15.8
Other non-current assets	56.18	7.0	29.93	4.7	26.25	87.7
Total assets	797.00	100.0	633.91	100.0	163.09	25.7
Liabilities						
Current liabilities	195.39	24.5	124.10	19.6	71.29	57.4
Non-current liabilities	47.66	6.0	22.08	3.5	25.58	115.9
Total liabilities	243.05	30.5	146.18	23.1	96.87	66.3
Equity	553.95	69.5	487.73	76.9	66.22	13.6
Total liabilities and equity	797.00	100.0	633.91	100.0	163.09	25.7

Total Assets

Total assets as of 31 December 2021 is THB 797.00 million, increased THB 163.09 million or 25.7% compared to total assets as of 31 December 2020. The main reason came from the increase in an account receivable and unbilled receivables of THB 95.23 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 and not impaired in this period due to the good performance and solid cash flow status.



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Total Liabilities

Total liabilities as of 31 December 2021 is THB 243.05 million, increased THB 96.87 million or 66.3% compared to total liabilities as of 31 December 2020 due to the increase in trade and other payables of THB 46.95 million and increase in deferred income from software subscription, maintenance, and application management service revenue total of THB 20.44 million, which is in line with the increase in prepaid software license fees. The increase from account payable for investment in subsidiaries of THB 20.61 million, which is a result of the investment transaction of Diginative Co., Ltd in September 2021.

Equity

Total equity as of 31 December 2021 is THB 553.95 million, increased THB 66.22 million or 13.6%, mainly due to net profit from operation from the past year of THB 79.37 million offset with dividend paid during the period THB 15 million.

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 31 December 2021, the DSO (Day Sales Outstanding) was 56 days on average, a slightly decreased 1 days from 57 days as of 31 December 2020.

Please be informed accordingly.

Sincerely Yours,

(Mr. Somchai Mekasuvanroj)

Chief Executive Officer

I&I Group Public Company Limited