



บริษัท ไอแอนดีไอ กรุ๊ป จำกัด (มหาชน)
I&I Group Public Company Limited
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IIG 009/2022

11 Aug 2022

Subject: Management discussion and analysis for the six months ended June 30, 2022

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, 2022 as follows:

Statement of comprehensive income for the three months ended 30 June

Overall Group Performance	For the three months ended 30 June				Change	
	2022		2021		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Sales and Services Revenues	233.31	99.2	165.76	98.2	67.55	40.8
Other Revenue	1.84	0.8	3.10	1.8	(1.26)	(40.6)
Total Revenue	235.15	100.0	168.86	100.0	66.29	39.3
Cost of Sales and Services	176.54	75.1	117.57	69.6	58.97	50.2
Gross Margin (Exclude Other Income)	56.77	24.1	48.19	28.5	8.58	17.8
Selling and Administrative Expenses	27.47	11.7	24.97	14.8	2.50	10.0
Profit Before Finance Costs and Income Tax	31.14	13.2	26.32	15.6	4.82	18.3
Finance Costs	(0.44)	(0.2)	(0.05)	(0.0)	(0.39)	780.0
Profit Before Tax	30.70	13.1	26.27	15.6	4.43	16.9
Income Tax	(6.35)	(2.7)	(5.52)	(3.3)	(0.83)	15.0
Net Profit After Tax	24.35	10.4	20.75	12.3	3.60	17.3



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Statement of comprehensive income for the six months ended 30 June

Overall Group Performance	For the six months ended 30 June				Change	
	2022		2021		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Sales and Services Revenues	452.38	98.8	317.66	99.0	134.72	42.4
Other Revenue	5.40	1.2	3.10	1.0	2.30	74.2
Total Revenue	457.78	100.0	320.76	100.0	137.02	42.7
Cost of Sales and Services	337.39	73.7	231.44	72.1	105.95	45.8
Gross Margin (Exclude Other Income)	114.99	25.1	86.22	26.9	28.77	33.4
Selling and Administrative Expenses	53.44	11.7	48.96	15.3	4.48	9.2
Profit Before Finance Costs and Income Tax	66.95	14.6	40.36	12.6	26.59	65.9
Finance Costs	(0.80)	(0.2)	(0.06)	(0.0)	(0.74)	1,233.3
Profit Before Tax	66.15	14.4	40.30	12.6	25.85	64.1
Income Tax	(13.21)	(2.9)	(8.19)	(2.5)	(5.02)	(61.3)
Net Profit After Tax	52.94	11.6	32.11	10.0	20.83	64.9



Summary of Performance

Sales and Services Revenues (6M YoY)

For the six months ended 30 June 2022 and 2021, the Company recorded total sales and service revenue of THB 452.38 million and THB 317.66 million, respectively. This is equal to an increase of 42.4% YoY. The significant increase came from growth of service revenue of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) by 40.4% and 62.6%. respectively.

Table 1: Sales and Services Revenues by type of service for the six months ended 30 June

Revenue Types	For the six months ended 30 June				Change	
	2022		2021		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
1. Revenue from Customer Relationship Management (CRM)	243.15	53.1	173.52	54.1	69.92	40.4
2. Revenue from Enterprise Resource Planning (ERP)	186.00	40.6	114.38	35.7	71.62	62.6
3. Revenue from Consulting service of Customer Experience Management (CEM) and Digital Marketing	9.90	2.2	15.84	4.9	(5.94)	(37.5)
4. Revenue from Data Analytics & Management (iiG Data)	2.37	0.5	3.14	1.0	(1.06)	(31.0)
5. Revenue from Placement Service	10.96	2.4	10.78	3.4	0.18	1.7
Sales and Services Revenues	452.38	98.8	317.66	99.0	134.72	42.4
Other Revenue	5.40	1.2	3.10	1.0	2.30	74.2
Total Revenue	457.78	100.0	320.76	100.0	137.02	42.7



1. Revenue from Customer Relationship Management (CRM)

For the six months ended 30 June 2022, the Revenue from Customer Relationship Management (CRM) increased by THB 69.92 million or 40.4% YoY. The increase is from salesforce subscription increased 18.1% YoY and revenue from implementation and application management service for CRM system increased 70.3% 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 six months ended 30 June 2022, the revenue from Enterprise Resource Planning (ERP) increased by THB 71.62 million or 62.6% YoY, mainly from the increase in revenue from Implementation and Application Management Service for ERP System of 41.58 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 11.01 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.

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

For the six months ended 30 June 2022, the revenue from consulting services and implementation specialized in brand strategy planning, customer experience management, and digital marketing decreased THB 5.94 million compared to the same period of last year, The company is during the bidding process.

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

For the six months ended 30 June 2022, the revenue from Data Analytics & Management decreased by THB 1.06 million compared to the same period of last. The company is during the bidding process.

5. Revenue from Placement Service

For the six months ended 30 June 2022, the revenue from placement service increased THB 0.18 million or increased 1.7% compared to the same period of last year from providing service to customers in commercial bank.

Sales and Services Revenues (3M YoY)

For the three months ended 30 June 2022 and 2021, the Company recorded total sales and service revenue of THB 233.31 million and THB 165.76 million, respectively. This is equal to an increase of 40.8% YoY. The significant increase came from growth of service revenue of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) by 46.8% and 59.8%. respectively.



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

Revenue Types	For the six months ended 30 June				Change	
	2022		2021		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Revenues- Recurring	179.62	39.2	144.44	45.0	35.18	24.4
Revenues- Non-Recurring	272.76	59.6	173.22	54.0	99.54	57.5
Sales and Services Revenues	452.38	98.8	317.66	99.0	134.72	42.4
Other Revenue	5.40	1.2	3.10	1.0	2.30	74.2
Total Revenue	457.78	100.0	320.76	100.0	137.02	42.8

Recurring and Non-Recurring Revenue for the six months ended 30 June 2022 (6M YoY)

For the six months ended 30 June 2022, the recurring revenue increased THB 35.18 million or 24.4% 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 99.54 million or 57.5% compared to the same period of last year, mainly from revenue from the new consulting project of Customer Relationship Management (CRM), and Enterprise Resource Planning (ERP) during the year. This results in the portion of the non-recurring revenue increased from 54.0% to 59.6% YoY.

Recurring and Non-Recurring Revenue for the three months ended 30 June 2022 (3M YoY)

For the three months ended 30 June 2022, the recurring revenue increased THB 21.96 million or 30.1% 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 45.49 million or 49.2% compared to the same period of last year, mainly from revenue from the new consulting project of Customer Relationship Management (CRM), and Enterprise Resource Planning (ERP) during the year. This results in the portion of the non-recurring revenue increased from 54.9% to 58.8% YoY.



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Cost of Sales and Services

For the six months ended 30 June 2022, 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 June 2022, the Company recorded cost of sales and services of THB 337.39 million or 73.7% of sales (For the six months ended 30 June 2021: THB 231.44 million or 72.1% of sales.), increased 45.8% YoY. The reason from the service cost increase which was in the same direction of sale increased 42.4% YoY mainly came from increased in labor costs from the new projects.

Selling and Administrative Expenses

For the six months ended 30 June 2022, the Company recorded selling and administrative expenses THB 53.22 million or 11.7% of total revenues (For the six months ended 30 June 2021: THB 48.96 million or 15.3% of total revenues), an increase of THB 4.48 million YoY but decreased by 3.6% point compared to the same period of last year.

Net Profit After Tax

For the six months ended 30 June 2022, Net profit after tax was THB 52.94 million or 11.6% of total revenues, increased by THB 20.83 million or 64.9% 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 30 June 2022

Financial Position	30 June 2022		31 December 2021		Change Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Assets						
Cash and cash equivalents	70.37	7.2	159.45	20.0	(89.08)	(55.9)
Trade and Other receivables, net	192.97	19.7	137.41	17.2	55.56	40.4
Unbilled receivables	269.54	27.5	126.92	15.9	142.62	112.4
Prepaid software license fees	106.71	10.9	61.54	7.7	45.17	73.4
Other current assets	8.97	0.9	3.78	0.5	5.19	137.3
Deposits at bank used as collateral	36.35	3.7	14.74	1.8	21.61	146.6
Goodwill	251.72	25.7	251.72	31.6	-	-
Other non-current assets	43.91	4.5	41.44	5.2	2.47	6.0
Total assets	980.54	100.0	797.00	100.0	183.54	23.0
Liabilities						
Current liabilities	361.38	36.9	195.39	24.5	165.99	84.9
Non-current liabilities	52.27	5.3	47.65	6.0	4.61	9.7
Total liabilities	413.65	42.2	243.05	30.5	170.60	70.2
Equity	566.89	57.8	553.95	69.5	12.94	2.3
Total liabilities and equity	980.54	100.0	797.00	100.0	183.54	23.0

Total Assets

Total assets as of 30 June 2022 is THB 980.54 million, increased THB 183.54 million or 23.0% compared to total assets as of 31 December 2021. The main reason came from the increase in trade account receivable and unbilled receivables of THB 198.18 million and increase in Prepaid software license fees of THB 45.17 million. Non-Current Asset shown on the financial statement is deposits at bank used as collateral and 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 30 June 2022 is THB 413.65 million, increased THB 170.60 million or 70.2% compared to total liabilities as of 31 December 2021 due to the increase in trade and other payables THB 19.34 million, short-term loan from financial institutions THB 55 million and deferred income from software subscription, maintenance, and application management service revenue total of THB 87.68 million, which is in line with the increase in prepaid software license fees.

Equity

Total equity as of 30 June 2022 is THB 566.89 million, increased THB 12.94 million or 2.3%, mainly due to net profit from operation from the past six months of THB 52.94 million offset with dividend paid during the period of THB 40 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 30 June 2022, the DSO (Day Sales Outstanding) was 70 days on average, a slightly increased 14 days from 56 days as of 31 December 2021. Because of the increased of unbilled receivables compared to the same period of last year which was in the same direction of serviced revenue.

Please be informed accordingly.

Sincerely Yours,

Mr. Somchai Mekasuvanroj
Chief Executive Officer

I&I Group Public Company Limited