



บริษัท ไอแอนดีไอ กรุ๊ป จำกัด (มหาชน)  
I&I Group Public Company Limited  
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IIG 016/2022

11 Nov 2022

Subject: Management discussion and analysis for the nine months ended September 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 nine months ended September 30, 2022 as follows:

Statement of comprehensive income for the three months ended 30 September

Overall Group Performance	For the three months ended 30 September				Change	
	2022		2021		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Sales and Services Revenues	246.59	98.6	172.06	99.0	74.53	43.3
Other Revenue	3.51	1.4	1.72	1.0	1.79	104.1
<b>Total Revenue</b>	<b>250.10</b>	<b>100.0</b>	<b>173.78</b>	<b>100.0</b>	<b>76.32</b>	<b>43.9</b>
Cost of Sales and Services	190.87	76.3	119.70	68.9	71.17	59.5
<b>Gross Margin</b> (Exclude Other Income)	<b>55.72</b>	<b>22.3</b>	<b>52.36</b>	<b>30.1</b>	<b>3.36</b>	<b>6.4</b>
Selling and Administrative Expenses	34.30	13.7	22.40	12.9	11.90	53.1
<b>Profit Before Finance Costs and</b> <b>Income Tax</b>	<b>24.93</b>	<b>10.0</b>	<b>31.68</b>	<b>18.2</b>	<b>(6.75)</b>	<b>(21.3)</b>
Finance Costs	(0.99)	(0.4)	(0.05)	(0.0)	(0.94)	1,880.0
<b>Profit Before Tax</b>	<b>23.94</b>	<b>9.6</b>	<b>31.63</b>	<b>18.2</b>	<b>(7.69)</b>	<b>(24.3)</b>
Income Tax	(5.63)	(2.3)	(7.25)	(4.2)	1.62	(22.3)
<b>Net Profit After Tax</b>	<b>18.31</b>	<b>7.3</b>	<b>24.38</b>	<b>14.0</b>	<b>(6.07)</b>	<b>(24.9)</b>



Statement of comprehensive income for the nine months ended 30 September

Overall Group Performance	For the nine months ended 30 June				Change	
	2022		2021		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Sales and Services Revenues	698.97	98.7	489.72	99.3	209.25	42.7
Other Revenue	8.91	1.5	4.82	1.0	4.09	84.9
<b>Total Revenue</b>	<b>707.88</b>	<b>100.0</b>	<b>494.54</b>	<b>100.0</b>	<b>213.34</b>	<b>43.1</b>
Cost of Sales and Services	528.26	74.6	351.14	71.0	177.12	50.4
<b>Gross Margin</b> (Exclude Other Income)	<b>170.71</b>	<b>24.1</b>	<b>138.58</b>	<b>28.0</b>	<b>32.13</b>	<b>23.2</b>
Selling and Administrative Expenses	87.74	12.4	71.36	14.4	16.38	23.0
<b>Profit Before Finance Costs and</b> <b>Income Tax</b>	<b>91.88</b>	<b>13.0</b>	<b>72.04</b>	<b>14.6</b>	<b>19.84</b>	<b>27.5</b>
Finance Costs	(1.79)	(0.2)	(0.12)	(0.0)	(1.67)	1,391.7
<b>Profit Before Tax</b>	<b>90.09</b>	<b>12.7</b>	<b>71.92</b>	<b>14.5</b>	<b>18.17</b>	<b>25.3</b>
Income Tax	(18.84)	(2.7)	(15.43)	(3.1)	(3.41)	(22.1)
<b>Net Profit After Tax</b>	<b>71.25</b>	<b>10.1</b>	<b>56.49</b>	<b>11.4</b>	<b>14.76</b>	<b>26.1</b>

Summary of Performance

**Sales and Services Revenues (9M YoY)**

For the nine months ended 30 September 2022, the Company recorded total sales and service revenue of THB 489.72 million. This is equal to an increase of 42.7% YoY. The significant increase came from the growth of service revenue of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) by 48.2% and 63.6% respectively.



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

Revenue Types	For the nine months ended 30 September				Change	
	2022		2021		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
1. Revenue from Customer Relationship Management (CRM)	387.74	54.8	261.97	53.0	125.77	48.0
2. Revenue from Enterprise Resource Planning (ERP)	277.44	39.2	169.55	34.3	107.88	63.6
3. Revenue from Consulting service of Customer Experience Management (CEM) and Digital Marketing	13.89	2.0	30.90	6.3	(17.01)	(55.1)
4. Revenue from Data Analytics & Management (iiG Data)	3.20	0.5	9.48	1.9	(6.28)	(66.2)
5. Revenue from Placement Service	16.71	2.4	17.82	3.6	(1.11)	(6.2)
<b>Sales and Services Revenues</b>	<b>698.97</b>	<b>98.7</b>	<b>489.72</b>	<b>99.0</b>	<b>209.25</b>	<b>42.7</b>
Other Revenue	8.91	1.3	4.82	1.0	4.09	84.9
<b>Total Revenue</b>	<b>707.88</b>	<b>100.0</b>	<b>494.54</b>	<b>100.0</b>	<b>213.34</b>	<b>43.1</b>

#### 1. Revenue from Customer Relationship Management (CRM)

For the nine months ended 30 September 2022, the Revenue from Customer Relationship Management (CRM) increased by THB 126.36 million or 48.2% YoY. The increase is from salesforce subscription increased 20.6% YoY and revenue from implementation and application management service for CRM system increased 85.1% 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.



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## 2. Revenue from Enterprise Resource Planning (ERP)

For the nine months ended 30 September 2022, the revenue from Enterprise Resource Planning (ERP) increased by THB 107.89 million or 63.6% YoY, mainly from the increase in revenue from Implementation and Application Management Service for ERP System of 74.77 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 19.81 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 services of Customer Experience Management (CEM) and Digital Marketing

For the nine months ended 30 September 2022, the revenue from consulting services and implementation specialized in brand strategy planning, customer experience management, and digital marketing decreased by THB 17.01 million compared to the same period of last year. The company received a high-value Customer Relationship Management (CRM) project. Resulting in insufficient human resources. However, the company is in the process of recruiting additional staff to be able to continuously expand such services.

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

For the nine months ended 30 September 2022, the revenue from Data Analytics & Management decreased by THB 6.88 million compared to the same period of last year. The company is during the bidding process.

## 5. Revenue from Placement Service

For the nine months ended 30 September 2022, the revenue from placement service slightly decreased by THB 1.11 million compared to the same period of last year. Resulting in insufficient human resources

## Sales and Services Revenues (3M YoY)

For the three months ended 30 September 2022, the Company recorded total sales and service revenue of THB 172.06 million. This is equal to an increase of 43.3% YoY. The significant increase came from the growth of service revenue of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) by 63.5% and 65.7% respectively.



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

Revenue Types	For the nine months ended 30 September				Change	
	2022		2021		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Revenues- Recurring	280.90	39.7	227.43	46.0	53.47	23.5
Revenues- Non-Recurring	418.07	59.1	262.29	53.0	155.78	59.4
<b>Sales and Services Revenues</b>	<b>698.97</b>	<b>98.7</b>	<b>489.72</b>	<b>99.0</b>	<b>209.25</b>	<b>42.7</b>
Other Revenue	8.91	1.3	4.82	1.0	4.09	84.9
<b>Total Revenue</b>	<b>707.88</b>	<b>100.0</b>	<b>494.54</b>	<b>100.0</b>	<b>213.34</b>	<b>43.1</b>

#### Recurring and Non-Recurring Revenue for the nine months ended 30 September 2022 (9M YoY)

For the nine months ended 30 September 2022, the recurring revenue increased THB 53.47 million or 23.5% 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 155.78 million or 59.4% 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 53.0% to 59.1% YoY.

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

For the three months ended 30 September 2022, the recurring revenue increased THB 18.29 million or 22.0% 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 by THB 56.24 million or 63.1% 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 51.3% to 58.1% YoY.



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### **Cost of Sales and Services**

For the nine months ended 30 September 2022, Cost of sales and services of the Company mainly came from cost of consultation and Implementation system. The overall cost of sales and service increased in line with our sales increases. For the nine months ended 30 September 2022, the Company recorded a cost of sales and services of THB 528.26 million or 74.6% of sales (For the nine months ended 30 September 2021: THB 351.14 million or 71.0% of sales.), increased 50.4% YoY. The reason came from the service cost increase which was in the same direction as sales increased 42.7% YoY. Mainly came from an increase in labor costs and costs of software licenses that were affected by the rising exchange rates. (The exchange rate of Thai baht per dollar depreciated from last year)

### **Selling and Administrative Expenses**

For the nine months ended 30 September 2022, the Company recorded selling and administrative expenses of THB 87.74 million or 12.4% of total revenues (For the nine months ended 30 September 2021: THB 71.36 million or 14.4% of total revenues), an increase of THB 16.38 million YoY because of the business expansion, The selling expenses increased according to the revenue growth. In addition, In Q3/2022, The company acquired the business of Lansing Group. (Lansing) results in transaction fees such as financial advisory fees (FA), legal advisory fees, and due diligence expenses. Such expenses are one-time expenses, which are approximately THB 3 million. However, the proportion of selling and administrative expenses to total revenue decreased from the previous year by 2.0%, which means that the selling and administrative expenses have improved efficiency from the previous year.

### **Net Profit After Tax**

For the nine months ended 30 September 2022, Net profit after tax was THB 71.25 million or 10.1% of total revenues, increased by THB 14.76 million. This is mainly due to the increase in service revenue from Customer Relationship Management (CRM), Enterprise Resource Planning (ERP), and other business. Due to the growth of the business operations. with total income representing an increase of 43.1% from the previous year.



Statement of Financial Position ended 30 September 2022

Financial Position	30 September 2022		31 December 2021		Change Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
<b>Assets</b>						
Cash and cash equivalents	76.07	7.1	159.45	20.0	(83.38)	(52.3)
Trade and Other receivables, net	192.91	18.1	137.41	17.2	55.50	40.4
Unbilled receivables	348.87	32.6	126.92	15.9	221.95	174.9
Prepaid software license fees	98.67	9.2	61.54	7.7	37.13	60.3
Other current assets	9.82	0.9	3.78	0.5	6.04	159.8
Deposits at bank used as collateral	47.80	4.5	14.74	1.8	33.06	224.3
Goodwill	251.72	23.6	251.72	31.6	-	-
Other non-current assets	42.70	4.0	41.44	5.2	1.26	3.0
<b>Total assets</b>	<b>1,068.56</b>	<b>100.0</b>	<b>797.00</b>	<b>100.0</b>	<b>271.56</b>	<b>34.1</b>
<b>Liabilities</b>						
Current liabilities	429.70	40.2	195.39	24.5	234.31	119.9
Non-current liabilities	53.66	5.0	47.65	6.0	6.00	12.6
<b>Total liabilities</b>	<b>483.36</b>	<b>45.2</b>	<b>243.05</b>	<b>30.5</b>	<b>240.31</b>	<b>98.9</b>
<b>Equity</b>	<b>585.20</b>	<b>54.8</b>	<b>553.95</b>	<b>69.5</b>	<b>31.25</b>	<b>5.6</b>
<b>Total liabilities and equity</b>	<b>1,068.56</b>	<b>100.0</b>	<b>797.00</b>	<b>100.0</b>	<b>271.56</b>	<b>34.1</b>

**Total Assets**

Total assets as of 30 September 2022 is THB 1,068.56 million, increased THB 271.56 million or 34.1% 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 277.45 million and increase in Prepaid software license fees of THB 37.13 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 September 2022 is THB 483.36 million, an increased of THB 240.31 million or 98.9% compared to total liabilities as of 31 December 2021 due to the increase in trade and other payables THB 76.15 million, short-term loan from financial institutions THB 84.79 million and deferred income from software subscription, maintenance, and application management service revenue total of THB 65.81 million, which is in line with the increase in prepaid software license fees.

#### **Equity**

Total equity as of 30 September 2022 is THB 585.20 million, an increase of THB 31.25 million or 5.6%, mainly due to net profit from operation from the past six months of THB 71.25 million offset by 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 the type of sales and service. Most of the credit terms of the Company and its subsidiaries are 30 days. As of 30 September 2022, the DSO (Day Sales Outstanding) was 61 days on average, a slightly increased 5 days from 56 days as of 31 December 2021. Because of the increase in unbilled receivables compared to the same period of last year which was in the same direction as serviced revenue.

Please be informed accordingly.

Sincerely Yours,

Mr. Somchai Mekasuvanroj  
Chief Executive Officer

I&I Group Public Company Limited